

## Land Board Preference to Award Grazing Leases or Licenses to Bidders Involved in Production Livestock Operations

77-6-202 and 205, MCA and 36.25.111 and 117, ARM detail the process and requirements for a prospective lessee or licensee of state trust land to obtain a lease or license through competitive bidding.

In reviewing competitive bids deemed to be complete and proper on classified grazing ground the department should consider:

- Does the bid fulfill the fiduciary obligations of the Land Board and the department?
- Does the bid align with the Land Board and department's mission, including considering environmental factors and protecting the long-term income-generating capacity of the land?
- Is the bid in the best interest of the state?

When comparing two or more bids deemed to be complete and proper on classified grazing ground, and the above questions have been satisfied, and all other factors appear to be equal except one bidder has indicated in their bid form that they participate in production livestock operations, and one bidder has not:

- The department should award the lease or license to the bidder who has indicated that they intend to utilize the lease or license for production livestock operations.
- "Production livestock operations" means the use of the leased or licensed land primarily and directly for raising and marketing livestock, their offspring, or products derived from the livestock in the regular course of business. Production livestock operations include activities and uses that are customary and necessary in raising livestock and preparing them, their offspring, or the products derived therefrom for market.

This preference for lessees or licensees participating in production livestock operations can be taken into account, but does not supersede:

- The Land Board and department's fiduciary obligation to obtain the highest measure of advantage for the trust
- An existing lessee or licensee's preference right to match high bids and request a hearing on renewing leases or licenses