

ANNUAL REPORT FISCAL YEAR 2022



Trust Lands Management Division Montana Department of Natural Resources and Conservation



MISSION

Manage the State of Montana's trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future incomegenerating capacity of the land.



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EXECUTIVE TEAM

SHAWN THOMAS, Division Administrator

RYAN WEISS,

Real Estate Management Bureau Chief

DAN ROGERS,

Forest Management Bureau Chief

TREVOR TAYLOR,

Minerals Management Bureau Chief

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Agriculture & Grazing Management

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GREG PONCIN,

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Photo by Jeff Schmalenberg

MIKE O'HERRON,

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HOYT RICHARDS,

Area Manager, Central Land Office

CLIVE ROONEY,

Area Manager, Northeast Land Office

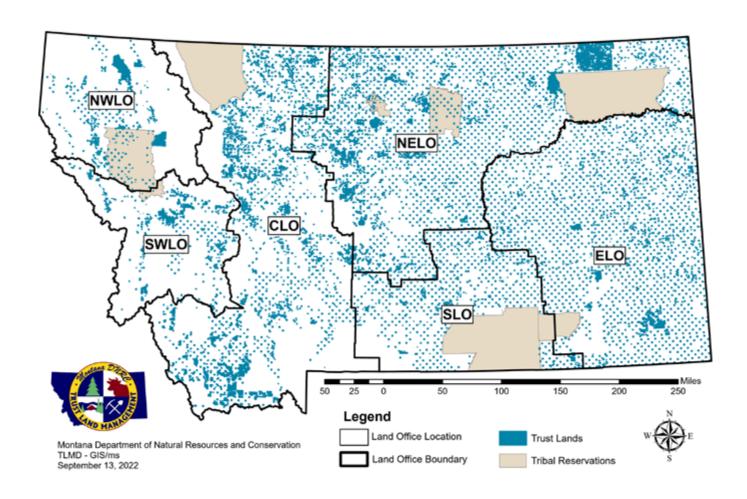
JEFF BOLLMAN,

Area Manager, Southern Land Office

CHRIS PILESKI,

Area Manager, Eastern Land Office

MONTANA TRUST LANDS



AREA LAND OFFICES

DNRC Headquarters

1539 Eleventh Avenue Helena, MT 59601

1. Northwestern Land Office

655 Timberwolf Parkway Kalispell, MT 59901 with unit offices in Kalispell, Libby, Plains, Stillwater, Swan

4. Northeastern Land Office

613 NE Main Street Lewistown, MT 59457 with unit offices in Lewistown, Glasgow, Havre

2. Southwestern Land Office 3. Central Land Office

1401 27th Avenue Missoula, MT 59804 with unit offices in Missoula, Clearwater, Anaconda, Hamilton

5. Southern Land Office

1371 Rimtop Drive Billings, MT 59105

8001 N Montana Avenue Helena, MT 59602 with unit offices in Helena, Bozeman, Conrad, Dillon

6. Eastern Land Office

321 Main Street Miles City, MT 59301

QUICK FACTS







5.2 MILLION TOTAL SURFACE ACRES

6.2 MILLION TOTAL MINERAL ACRES 1,337 OIL & GAS LEASES

51 MMBF TIMBER HARVESTED



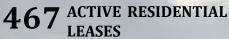


121 COMMERCIAL LEASES



33 CABIN SITES SOLD AT AUCTION

30 COAL LEASES













TRUST LANDS OVERVIEW AND HISTORY

The division is divided into four primary programs: agriculture and grazing management, forest management, minerals management, and real estate management. Staff and program specialists in Helena and Missoula provide program administration, direction, oversight, and support. Field personnel throughout the state provide on-the-ground management. Additional program information can be found at the division's website: dnrc.mt.gov/TrustLand/.

The department's obligation is to obtain the greatest benefit for the school trusts pursuant to 77-1-202, MCA. The greatest monetary return must be weighed against the long-term productivity of the land to ensure continued future returns to the trusts.

HISTORY

By the Enabling Act approved February 22, 1889, the Congress of the United States granted to the state of Montana, for Common Schools (K-12) support, sections 16 and 36 in every township within the state. Some of these sections had been homesteaded, some were within the boundaries of Indian reservations, and others had been disposed of before passage of the Enabling Act. Other lands were selected by the state in lieu of these lands. The Enabling Act and subsequent acts also granted acreage for other educational and state institutions. The trust beneficiaries are as follows:

- Common Schools (K-12)
- The University of Montana
- Montana State University Morrill Grant
- Montana State University Second Grant
- Montana Tech of the University of Montana
- State Normal School (Montana State University at Billings, University of Montana at Dillon)
- Public Buildings

- Veterans Home
- School for the Deaf & Blind
- State Reform School (Pine Hills)
- Montana Developmental Center (Sir Trust 2007)
- Montana State Hospital (Sir Trust 2007)
- Public Land Trust Navigable Rivers (2010)
- Acquired Lands Trust (2011)

In FY 2007, approximately 2,600 acres were donated to the State of Montana for school trust land. This donation added acreage to the School for the Deaf and Blind and created a trust for the Montana Developmental Center and the Montana State Hospital. Two other trusts have been created since then, Public Land Navigable Rivers and Acquired Lands.

The total acreage has fluctuated through the years due to land sales and acquisitions. Surface acreage at the end of FY 2022 was approximately 5.2 million acres and mineral acreage, approximately 6.2 million acres. Mineral acreage exceeds surface acreage because the mineral estate has been retained when lands were sold.

FY 2022 PROGRAM HIGHLIGHTS

AGRICULTURE & GRAZING MANAGEMENT BUREAU

The Agriculture and Grazing Management Bureau along with Area and Unit Office staff supervise the management and leasing of 4.7 million acres under approximately 8,900 agreements for crop and range land throughout the state.

SURFACE LEASING

The Surface Leasing Program is responsible for surface lease agreements. Last year, program staff processed approximately 1,412 lease renewals; advertised, competitively bid, and issued new leases; reviewed and processed assignments, subleases, pasturing agreements, custom farming agreements, pledges, and mortgages; and collected, verified, and posted rentals and fees.

LAND MANAGEMENT

The Land Management Program manages agricultural and grazing resources on state trust land. Responsibilities include the evaluation and assessment of range and crop land condition; administration of archaeological, paleontological, and historical properties on state trust land; investigations of lease noncompliance; participation in the federal Farm Program; and oversight of water developments, water rights, and improvement projects such as range renovation and resource development.

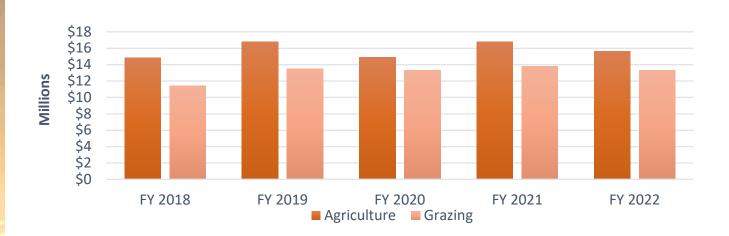
AGRICULTURE AND GRAZING LANDS

Currently, 2,737 agreements cover agricultural use of state trust lands. Crops raised on these lands are primarily dry land hay and small grains, but also include irrigated grain crops, corn, sugar beets, potatoes, peas, lentils, garbanzo beans, canola, safflower, alfalfa seed, and native grass seed.

In FY 2022, agricultural leasing on approx. 598,900 acres yielded \$15,655,032. in revenue. The majority of these leases are on a crop-share basis with a minimum share of 25% set by statute. Montana also participates in the Farm Program and receives payments from the US Department of Agriculture (USDA) Farm Service Agency. For FY 2022, these payments totaled \$1,243,587 (included in total ag revenue) primarily for lands enrolled in the Conservation Reserve Program (CRP) and from Price Loss Coverage (PLC) contracts.

Approximately 8,000 agreements allow grazing on trust lands. The nearly 4.2 million acres of classified grazing lands and forest lands have an estimated carrying capacity of 995,645 animal-unit-months (AUMs). The minimum rental rate for grazing leases, \$12.83 per AUM, is set by a formula which includes the average weighted price for beef cattle sold in Montana during the previous year. In FY 2022, grazing leases generated \$13,307,059 in revenue. See *Figure 1* for agriculture and grazing revenues from FY 2018 – FY 2022.

Figure 1 **Ag & Grazing Revenues**



FOREST MANAGEMENT BUREAU

Each year, foresters, scientists, and managers conduct activities to ensure the long-term sustainability of forested state trust lands. Annual activities are aimed at generating income, monitoring, and improving practices, investing in future productivity of forested stands, and conserving an array of resources. Revenue from these lands is derived mainly from the sale of forest products. While DNRC oversees less than 4% of the statewide forested landscape, the program accounts for nearly 20% of Montana's total timber volume sold per year. Statute directs DNRC to sell a consistent amount of timber each year, which in turn provides a consistent revenue source for the trust beneficiaries and a consistent source of material for the wood products industry.

Our forest management standards and philosophy are based on biodiversity, sustainability, and active management. We are guided by the State Forest Land Management Plan (SFLMP) and associated rules (2003) and DNRC's Forested State Trust Lands Habitat Conservation Plan (2011).

FOREST PRODUCT SALES

The Forest Product Sales Program incorporates activities and expenditures required to grow, harvest, and sell forest products from state trust lands. All timber sales and permits are developed, analyzed, and reviewed in the field by foresters and resource specialists to ensure that sales comply with all applicable laws, policies, and management direction. The current annual sustainable yield from forested state trust lands is 60 million board feet (MMBF). TLMD maintained a successful forest products sales program in FY 2022, with harvest and revenue from open timber contracts while putting over 14,000 acres under active management. The Forest Management Program offered 60.2 MMBF of timber for sale, of which 56.7 MMBF was sold through timber sales and permits. The average stumpage price was \$183 per thousand board feet, a 2% increase compared to FY 2021. The volume sold has an estimated total stumpage value of \$10,380,243 and additional expected revenue of \$1,528,080 in Forest Improvement fees. A total of 51 MMBF of timber and a minor amount of other miscellaneous forest products (posts, pulp, boughs, etc.) were harvested from state trust lands during FY 2022 *Figure 2*. This volume generated \$9,387,397 in stumpage revenue for the year.

FOREST IMPROVEMENT

The Forest Improvement Program uses fees from harvested timber to improve the health, productivity, and value of forested trust lands. Use of these fees authorized by statute, includes disposal of logging slash, reforestation, access, road maintenance necessary for harvest operations, other treatments necessary to improve the condition and income potential of state forests, and compliance with other legal requirements associated with timber harvest.

In FY 2022, DNRC collected \$1,359,619 in Forest Improvement fees. In addition to other Forest Improvement Program projects, such as road maintenance and prescribed burning, DNRC planted 254,677 seedlings on 1,300 acres of state trust land and completed precommercial thinning treatments on 1,435 acres.

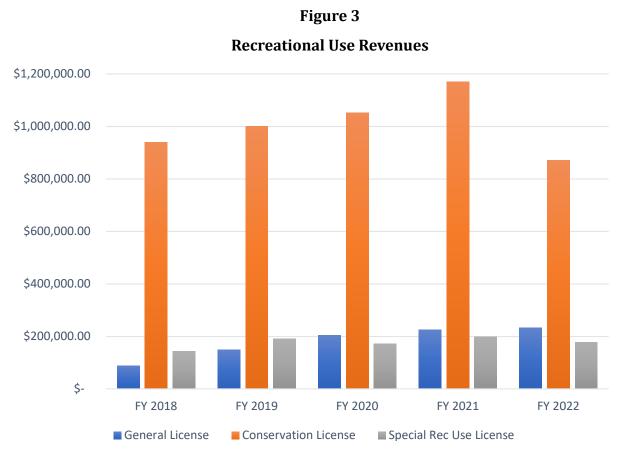


RECREATIONAL USE PROGRAM

Revenue is primarily generated through the sale of individual recreational use licenses and special recreational use licenses (SRULs) for commercial and concentrated uses. Additional revenue is collected through nightly rentals of the Werner Peak Lookout, and campground donations. The program is staffed with one FTE to implement statute and administrative rules related to recreational use of trust lands. The program funds two Game Warden FTEs within Montana's Department of Fish, Wildlife and Parks (FWP) to assist with enforcement needs on state trust lands.

Individual users must purchase either a conservation license issued through FWP for hunting and fishing related activities, or state lands recreational use licenses for all other dispersed recreation. By agreement between DNRC and FWP, FWP compensates state trust land beneficiaries \$2 for each conservation license sold. A state lands recreational use license is \$10 and allows the use of trust land for all other dispersed recreation, like hiking, skiing, birdwatching, berry picking, sight-seeing, snowmobiling, etc. Businesses and other group users are required to apply for an SRUL to conduct business on trust land or otherwise hold events.

In FY 2022, the Recreational Use Program generated \$1.28M. A new licensing system implemented by FWP in FY 2022 temporarily delayed reporting of \$204K in conservation license revenue until after the close of the fiscal year. Those revenues will be reported in FY 2023. Due to this fiscal year crossover, revenue reported for FY 2022 is 25% down from FY 2021; however, actual sales of licenses in FY 2022 were relatively stable. Conservation license sales were down slightly from FY 2021 but remain on a steady upward trendline from FY 2020. State lands general recreational use license sales saw a 4% increase.



ENTERING STATE LAND

LICENSE REQUIRED

WALK-IN ONLY

Violators will be prosecuted



Department of Natural Resources and Conservation

MINERALS MANAGEMENT BUREAU

The Minerals Management Bureau is responsible for leasing, permitting, and managing approximately 1,465 oil and gas, metalliferous and nonmetalliferous minerals, coal, and sand and gravel agreements on more than 545,000 acres of the available 6.2 million acres of school trust land and approximately 11,885 acres of other state-owned land throughout Montana.

OIL & GAS ACTIVITY

In FY 2022, the bureau managed 1,337 total leases, 585 of which are currently productive. Compared to FY 2021, the total number of leases issued is up 18.7%. Producing leases however, decreased by 5.7%. Even though production of gas and oil remained fairly constant, the increased average prices throughout the year drove up revenue earned for FY 2022.

FY 2022 royalty revenues totaled \$10,640,222, up 76.35% from FY 2021 primarily due to the increase in oil and gas prices. Rentals, non-drilling penalties, and bonus revenues totaled \$2,237,130, up 206.47% compared to FY 2021. This increase was driven by a combination of speculation on new leases and an increase in price and production. See *Figure 4* for a summary of revenues. *Figure 5* shows the FY 2022 mineral revenue by type and percentage.

COAL ACTIVITY

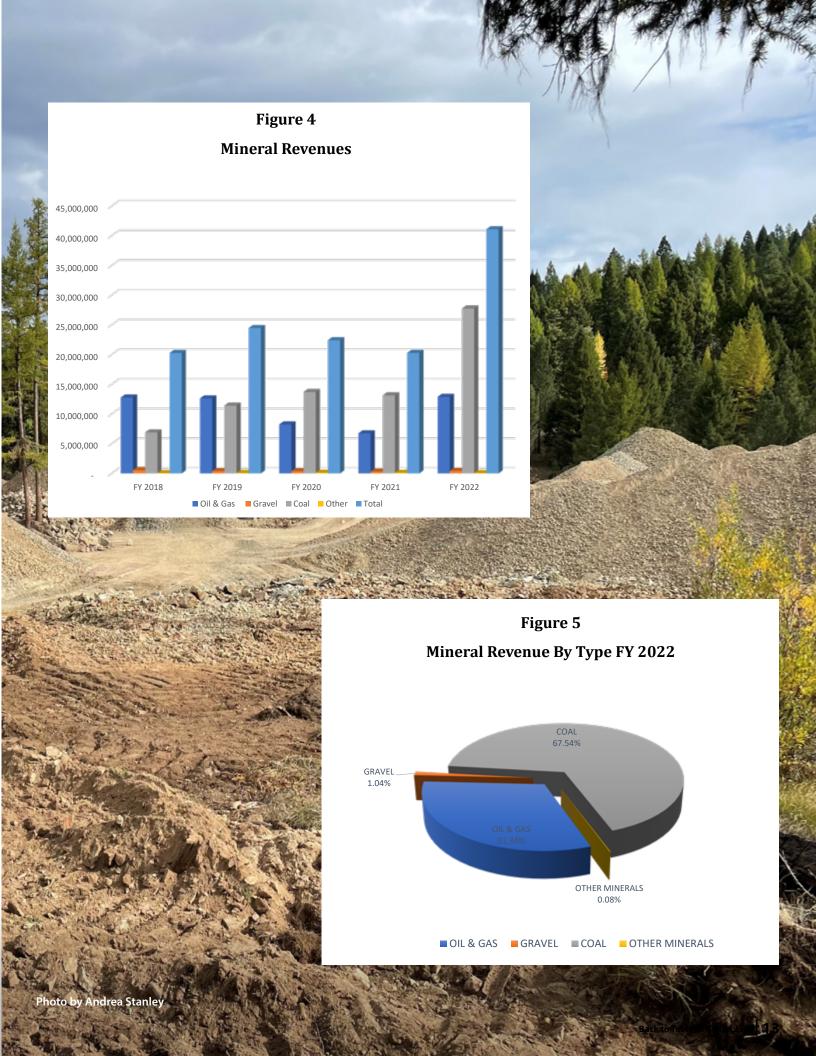
In FY 2022, the bureau managed 30 total leases, 6 of which are currently productive. Coal lease counts decreased by 3.2% between 2021 and 2022. Royalty revenues totaled \$27,738,260 which was a 111.34% increase from FY 2021. Rental revenues totaled \$7,848.

OTHER MINERALS

The bureau also issues land use licenses and leases for gravel and other minerals. In FY 2022, gravel revenues totaled \$428,264, which is a 45.18 % increase from FY 2021. Revenues for all other mineral activities totaled \$34,247.

RIVERBED LEASING

On navigable waterways in Montana, the state owns those lands below the low-water mark; islands and their accretions formed in riverbeds after statehood; and certain abandoned channels formed by avulsion. The bureau continues its efforts to clarify title to the riverbeds and islands of navigable rivers. Because two navigable rivers in Montana flow through areas with major oil and gas resources, DNRC has conducted numerous riverbed studies to determine and document state ownership in those areas. Studies are also required in urban and developing areas. In FY 2022, the program managed 9,311 acres of leased riverbed and island tracts. These tracts provided the state with \$940,367 in oil and gas revenues.



REAL ESTATE MANAGEMENT BUREAU

The Real Estate Management Bureau manages all activity on state trust lands not classified as grazing, agriculture, or timber. These "other" surface tracts are administered for the benefit of the various trusts through short-term licenses, leasing, land exchanges and sales, in addition to issuance of right-of-way agreements. The bureau actively pursues land acquisitions, dispositions, and exchanges to improve the revenue generation of the trust land base. These fee title land transactions improve management opportunities and provide diversity of use through land consolidation and acquisition of legal access. As a result, this provides for greater revenue generating capacity for the trusts served by the department. Rightsof-way, easements, and access acquisition transactions also improve access to state trust lands and generate revenue to the permanent fund assigned to specific trusts. Commercial and residential ground leases are also an integral component of the bureau's functions. Lands located within city limits in various locations throughout the state present opportunities for development. The bureau contributes annual distributable revenue through commercial and residential leasing. Licenses for secondary, short-term activities are also managed by the bureau and generate revenue streams. The bureau assists other state agencies with the management of non-trust state land assets and records management. *Figure 6* shows real estate revenues from FY 2018 - 2022.

LAND SALES, ACQUISITIONS, AND EXCHANGES

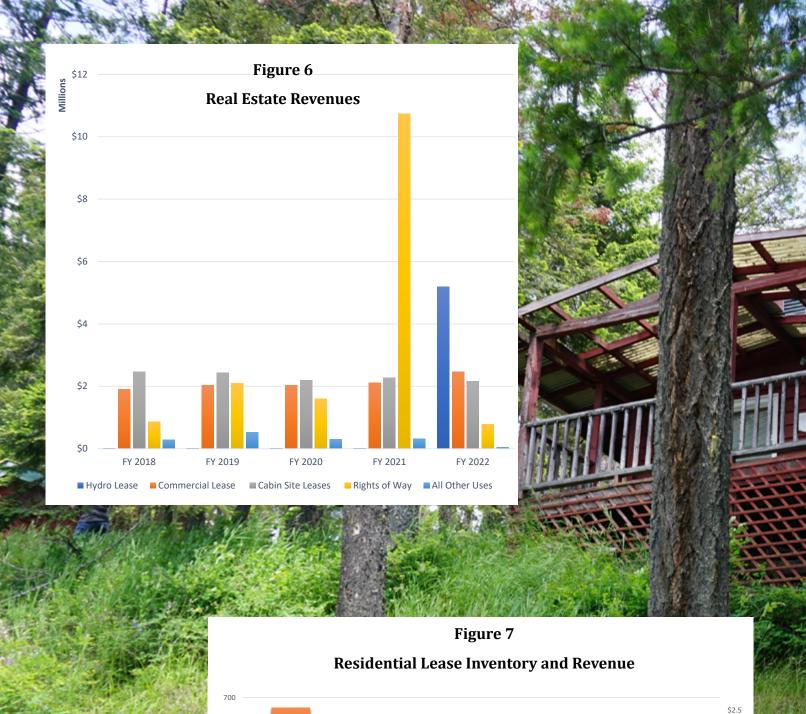
In FY 2022, the Land Banking and Cabin Site Sale Program sold 1,341 acres for a total sales price of \$7,350,200. Currently, more than 75 land banking and cabin site sales are in progress. Priority is given to selling isolated, low producing and vacant land.

The Lands Section also completed a Land Donation and began work on the land exchange provisions of the Montana Water Rights Protection Act. On December 27, 2020, the President signed Public Law Number 116-260, which included the Montana Water Rights Protection Act (MWRPA). The MWRPA authorizes and confirms the water rights settlement entered by the United States, the State of Montana, and the Confederated Salish and Kootenai Tribes of the Flathead Reservation of Montana (CSKT Compact).

Section 13(j) of the MWRPA authorizes the exchange of up to 36,808 acres of state trust lands within the boundaries of the Flathead Reservation for federal public lands in Montana managed by the U.S. Secretary of Agriculture (such as Forest Service lands) or the U.S. Secretary of Interior (such as Bureau of Land Management lands). Governor Greg Gianforte recently requested the Secretaries of Agriculture and Interior to commence discussions with the State regarding the land exchange process, which will take several years to implement. Lands staff are working to review and align state and federal policies for implementing a land exchange under both the state's Land Exchange Policy and the provisions in the MWRPA.

RESIDENTIAL LEASES

In FY 2022, bidding yielded twelve bids and ultimately resulted in six new cabin site leases. This bidding activity represents 57% of the available vacant leases, and the average bid rate was 6.49% of the land value. Over the year, 84 new leases were executed, including the renewal of 68 existing leases. The cabin site lease vacancy rate at the end of FY 2022 is 8.9% largely due to sales of active lease sites from the inventory. Figure 7 shows residential lease inventory and revenues from FY 2018 - FY 2022.



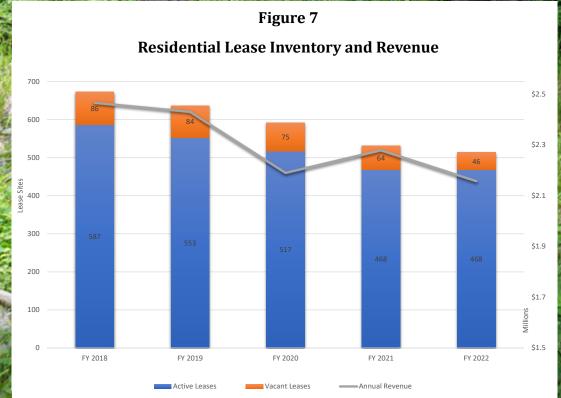


Photo by Seth Goodwin

COMMERCIAL LEASING

In FY 2022, the bureau executed two new commercial development leases generating \$37,632 in new revenue. One of these new leases is for a large commercial wind farm near Rock Springs developed by Clearwater Energy Resources and has the potential for a substantial revenue increase once fully operational. Preliminary forecasts project annual revenue to exceed \$70,000. Clearwater Energy also holds an option on an additional 2,500 acres of state trust land for the second phase of the same project with expectation of executing the option in 2023. Renewable energy interest continues to increase on state trust lands, with three active options to lease and several project proposals in early due diligence stages.

There are currently four active Requests for Proposals advertised on the commercial leasing website in the Bozeman and Missoula areas.

At the end of FY 2022, there were five active commercial lease options and 116 active commercial leases on state trust land, which includes all leases that are not agriculture, grazing, or residential in nature. Hydroelectric leases generated \$5.19 million in revenue.

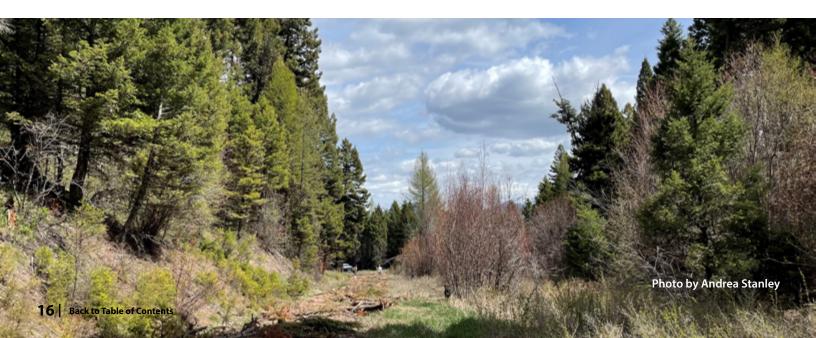
RIGHTS-OF-WAY/EASEMENTS

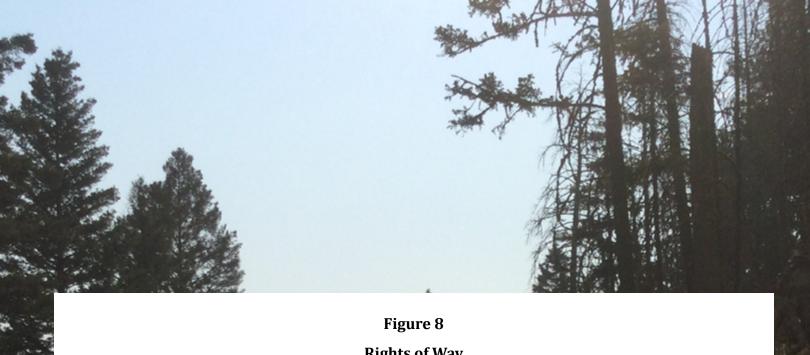
The Right of Way (ROW) Section processed and brought 195 ROW applications to the Land Board for approval in FY 2022. Most applications received were associated with new utility infrastructure in the state, especially installation of fiber optic cables in underserved areas of rural eastern Montana.

The Historic Right of Way statute was not re-authorized by the 2021 Legislature; thus, applications were no longer accepted after October 1, 2021. However, an influx of applications was received just prior to the sunset date, with several counties making application for existing county roads as well as private landowners for private access roads. These applications are currently being processed.

FY 2022 revenue fell below the average generated income from past fiscal years. A typical application in this fiscal year was for a utility cooperative in the eastern portion of the state across grazing lands. A few pipeline easements, which are assessed differently, provided a boost in the revenue stream in these areas, however there were no large-scale rights of way projects on state trust land in FY 2022.

Staff in the ROW Section continue to explore opportunities to acquire legal access to state trust lands across the state. Efforts continue negotiating levels of access with private landowners when possible and work continues on reciprocal access projects with our federal partners and industrial cooperators, particularly associated with forest management activities. In FY 2022 a private land reciprocal agreement adjacent to the Billings Heights area was completed, which provides all lawful purpose access for the State with the potential of developing state trust lands. Also included with this approval was access for the public. Additional reciprocal access packages and direct easement acquisitions are anticipated to be finalized in FY 2023.





Rights of Way

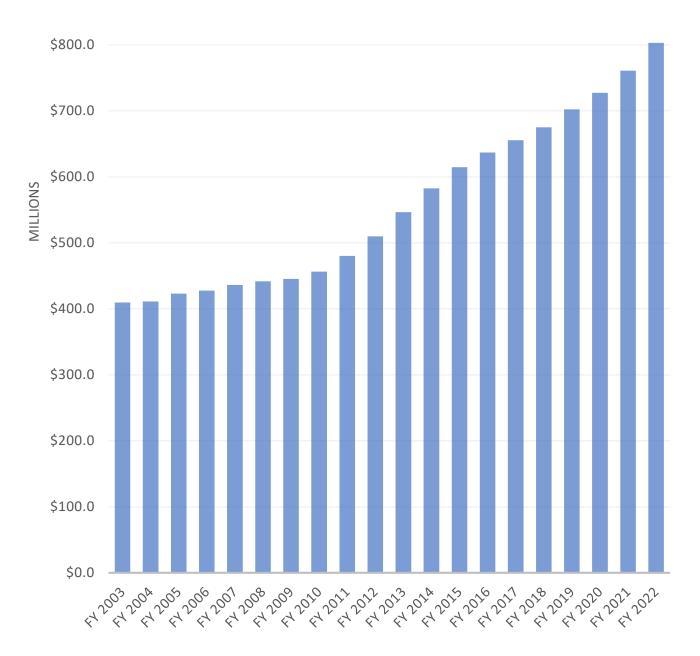


FINANCIAL HIGHLIGHTS

THE PERMANENT FUND

Under the Enabling Act proceeds from the sale and permanent disposition of any of the trust lands, or part thereof, shall constitute permanent funds for the support and maintenance of public schools and the various state institutions for which the lands had been granted. The Montana Constitution provides that these permanent funds shall forever remain inviolate, guaranteed by the state of Montana against loss or diversion. These funds are often referred to as "non-distributable." Figure 9 shows the Permanent Fund balance over the last 20 years. The balance of the Permanent Fund was \$802,997,491 for FY 2022.

Figure 9 **Permanent Fund Balance**



REVENUE

Figure 10 details the Net Revenue Distributions for the combined trusts over the last 10 years.

Figure 10 **Net Distributable Revenues**

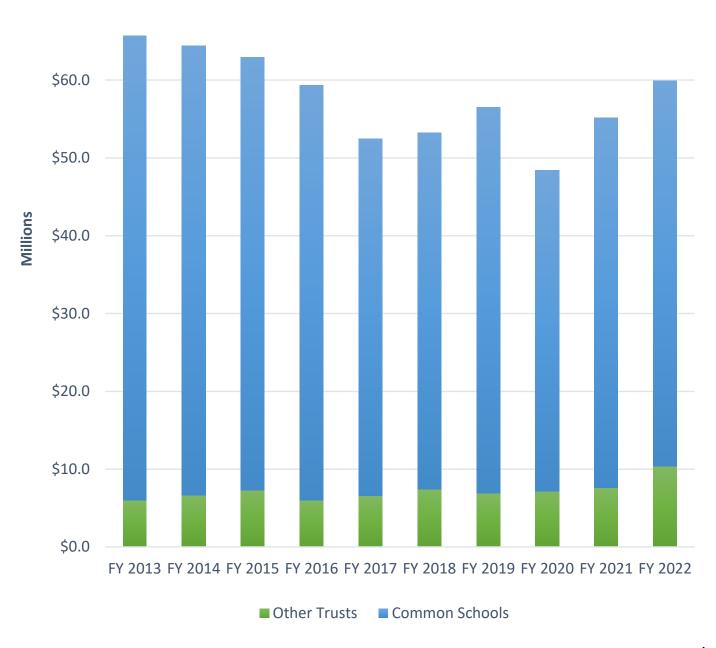


Table 1 shows the gross distributable and non-distributable interest and income proceeds for each of the trust beneficiaries for FY 2022. A small portion of trust revenues are used to fund administrative appropriations through the Trust Administration Account.

Table 1 Revenues by Trust FY 2022*

Revenues by Trust FY 2022*	Gross Distributable Revenues	Trust Earnings Reserves	Trust Admin Account ⁽²⁾	Net Distributable Revenues	Distributed to School Facility & Technology Acct ⁽⁵⁾
Common Schools (3) (4) (5)	\$63,931,324		\$12,291,717	\$49,505,050	\$7,432,707
Public Land Trust – Navigable Rivers ^{(3) (5)}	5,704,994	1,000,000	221,685	4,262,666	
The University of Montana	256,058		37,611	219,283	
MSU - Morrill Grant (1)	516,255			519,157	
MSU - Second Grant	1,851,138		445,802	1,412,028	
Montana Tech	1,425,618		260,853	1,168,536	
State Normal School	1,095,824		214,135	885,209	
School for the Deaf and Blind	480,590		230,322	253,105	
State Reform School	463,373		150,541	315,410	
Veterans Home	15,594		11,201	4,408	
Public Buildings	2,201,413		860,378	1,341,034	
MT Developmental Center	6,327		148	6,180	
MT State Hospital	6,327		150	6,178	
Lands Acquired - Public School ^{(3) (5)}	25,741		10,680	15,067	
Total	\$77,980,577	\$1,000,000	14,735,223	\$59,913,311	
	Gross				Parmanant

Nondistributable Revenue Trust	Gross Nondistributable Revenues	Net Nondistribtable Revenues	Permanent Fund Balance
Common Schools - permanent	\$38,373,356	\$38,373,356	\$742,741,480
Public Land Trust – Navigable Rivers	908,921	908,921	13,433,394
The University of Montana			1,657,273
MSU - Morrill Grant (1)	8,618	8,618	5,459,778
MSU - Second Grant	74,001	74,001	12,762,486
Montana Tech	33,666	33,666	7,298,582
State Normal School	2,835	2,835	6,739,944
School for the Deaf and Blind	106,562	106,562	7,164,622
State Reform School	78,588	78,588	5,618,231
Veterans Home			48,923
Lands Acquired - Public School	803	803	31,502
Total	\$39,587,350.00	\$39,587,350.00	\$802,997,491

^{*} Trust balances reflect deposit activity by DNRC and do not include valuation adjustments from investment activities by the Board of Investments.

⁽¹⁾ MSU-Morrill Grant administrative costs were transferred to the appropriation from fund 02297 per House Bill 19.

⁽²⁾ Trust Land Administration Account reflects the FY 2022 actual expenditures and accruals by trust.

⁽³⁾ Less 5% to permanent fund.

⁽⁴⁾ Org 59 STIP and Trust & Legacy Revenue.

⁽⁵⁾ School Facility and Technology Fund (77-1-218, MCA).



The School Facility and Technology Account contains certain revenues from the sale of timber on Common Schools' land, as defined in 20-9-516, MCA, revenues from activities on the Lands Acquired Trust, and Public Land Trust – Navigable Rivers. TLMD generated \$7,432,707 for the year, including revenue of \$3,170,041 from the sale of timber on Common Schools' land (in excess of 18 million board feet (MMBF)), \$4,262,666 from hydro lease revenue on the Public Land Trust, and \$25,741 from grazing leases, timber sales, commercial licenses and recreational use on the Lands Acquired Trust in the Potomac area.

Table 2 Five-Year Summary of Gross Revenue Generated by Activity

Activity	FY 2018	FY 2019	FY 2020	FY 2021	FY2022
Agriculture & Grazing Management	,	,	,		
Grazing Leases	\$11,427,352	\$13,499,087	\$13,348,287	\$13,778,502	\$13,307,059
Agriculture Leases	14,821,916	16,777,948	14,898,934	16,818,777	15,655,032
Totals	\$26,249,268	\$30,277,035	\$28,247,221	\$30,597,279	\$28,962,091
Recreational Use					
General Licenses	88,652	149,856	203,681	225,132	234,144
Conservation Licenses	940,904	999,938	1,052,910	1,170,162	871,792
Special Recreation Use Licenses	143,055	191,600	171,522	199,694	177,713
Totals	\$1,172,611	\$1,341,394	\$1,428,113	\$1,594,988	\$1,283,649
Forest Management					
Timber Sales	\$9,601,084	\$9,598,881	\$8,325,644	\$12,822,559	\$9,387,397
Forest Improvement Fees	1,084,043	896,366	742,327	1,558,230	1,359,619
Totals	\$10,685,127	\$10,495,247	\$9,067,971	\$14,380,789	\$10,747,015
Minerals Management					
Oil & Gas Revenues					
Rentals/Bonuses/ Penalties	\$3,110,997	\$2,208,226	\$1,198,953	\$729,958	\$2,237,131
Royalties	9,659,886	10,408,310	7,026,806	6,033,658	10,640,222
Seismic Exploration	1,217	1,016	3,635	0	150
Aggregate Minerals					
Rentals/Bonuses	0	600	1,600	200	400
Royalties	553,265	382,965	375,333	294,786	427,864
Coal					
Rentals/bonuses	59,075	38,317	25,046	13,526	7,848
Royalties	6,832,266	11,370,152	13,672,960	13,124,951	27,738,260
Other Minerals					
Rentals/Penalties	37,068	12,043	23,103	35,103	28,377
Royalties	1,020	40,103	79,854	59,983	5,870
Totals	\$20,254,794	\$24,461,732	\$22,407,291	\$20,292,165	\$41,086,122
Real Estate Management					
Rights-of-way/Easements	\$857,646	\$2,102,621	\$1,592,694	\$10,742,105	\$784,294
Residential Leases/Licenses	2,488,304	2,452,520	2,220,310	2,306,766	2,157,465
Other Leases/Licenses					
Commercial	2,051,577	2,489,005	2,249,274	2,366,942	2,470,379
Conservation	97,922	18,204	15,615	16,115	16,376
Other	20,121	31,591	28,867	26,083	30,723
Hydro Leases/Navigable Rivers	13,244	16,137	18,693	18,613	5,191,270
Totals	\$5,528,814	\$7,110,078	\$6,125,453	\$15,476,624	\$10,650,507
Other					
Trust and Legacy Interest	\$22,961,850	\$24,324,125	\$24,201,939	\$24,769,102	\$26,180,741
Other Revenues	628,149	1,198,900	595,344	233,897	356,996
Totals	\$23,589,999	\$25,523,025	\$24,797,283	\$25,002,999	\$26,537,738
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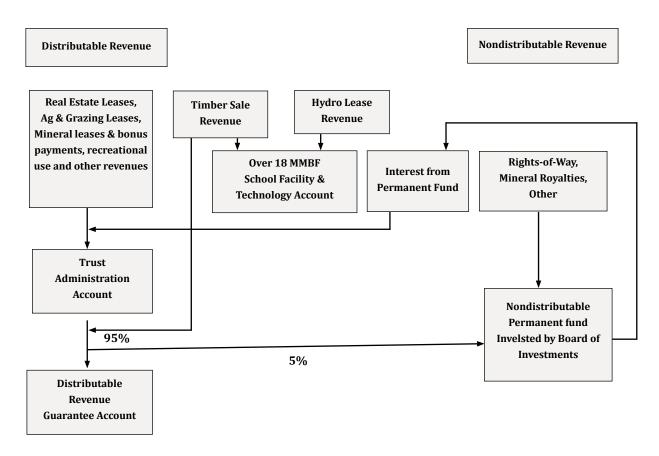
REVENUE DISTRIBUTION - COMMON SCHOOLS, UNIVERSITIES, AND OTHER TRUSTS

The distribution of revenues generated from Common Schools trust land is illustrated in *Figure 11*. From the distributable receipts, a small percentage is used to fund the Trust Administration Account, see *Table 1*. Ninety-five percent of the remaining distributable revenue is distributed yearly to the state Guarantee Account for use by public schools of the state. The Permanent Fund comprises the other 5 percent, together with nondistributable revenue. The interest earned on the Permanent Fund is also distributed to the Guarantee Account for use by public schools, with the exception of 5 percent, which is returned to the Permanent Fund for reinvestment.

Distribution of revenues to the university trusts and other trusts is similar to that of the Common Schools trust. The exception is the MSU-Morrill Grant, whose administrative costs are funded by the General Fund (House Bill 19, 2007 legislature). For the University System trusts, timber sale revenues are considered distributable. The Public Buildings trust does not have a permanent fund; therefore, remaining receipts are distributed to the Department of Administration.

In addition to state trust land, the division manages some land for other agencies. Revenue generated from other agency land is transferred directly to the appropriate state agency.

Figure 11 Distribution of Revenues Common Schools Trust Land





The mission of the Trust Land Management Division (TLMD) is to administer and manage the state trust timber, surface, and mineral resources for the benefit of the Common Schools and other endowed institutions in Montana, under direction of the Board of Land Commissioners.

The Board of Land Commissioners, which is also known as the "State Land Board," consists of the following:



Governor **Greg Gianforte**



Secretary of State Christi Jacobsen



Attorney General Austin Knudsen



Superintendent of **Public Instruction Elsie Arntzen**



Commissioner of Securities & Insurance Troy Downing

Montana State Trust Lands RETURN ON ASSETS FY 2022

Trust Lands Management Division Mission

Manage the State of Montana's trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land.



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PREFACE

This *Return on Assets Report* is an annual publication from the Trust Lands Management Division (TLMD) of the Department of Natural Resources and Conservation (DNRC) detailing the earnings and business trends of state trust land and mineral management. This edition of the *Return on Assets Report* covers fiscal year 2022 (FY 2022), which began July 1, 2021 and ended June 30, 2022.

The *Return on Assets Report* is three sections which examine market conditions affecting trust revenues; return on assets for each trust; and land management program performance, including classified forest lands returns as required by law, see (MCA 77-1-223) and (MCA 15-44-103).

The *Return on Assets Report* is made available with specific accounting limitations. This report is not an official income or cash flow statement. Asset values and returns are estimated based on the best available data, revenues and expenses may vary from those reported in DNRC's *Annual Report* due to the inclusion or exclusion of specific accounts. Returns reported are income returns which do not account for year-over-year changes in asset values. Finally, unless otherwise noted, dollar values throughout the report are expressed in nominal terms.



MARKETS

Montana state trust lands are, principally, working lands. These lands are held in trust for the perpetual yield of revenues to support Montana's public education institutions. The majority of business transactions on school trust lands are the result of derived demand for land and resources in open markets. For example, grazing land must be leased by private ranching operations as part of their business operation to raise and sell livestock. Grazing land rental value is thus derived from and directly connected to the supply and demand for U.S. livestock. Changes in consumer preferences for beef (i.e. changes in the direct demand for beef) could affect the rental value and contracting opportunity on school trust lands.

Though most business generated by the school trust lands occurs in traditional industries (i.e. commercial forest products, livestock grazing, irrigated and dryland agriculture, energy and mineral resource development, and real estate development) there are a few alternative revenue streams generated from: recreation, ecosystem services and technology related industries. For both the traditional and emerging business revenue streams, future opportunities for revenue center around land use and depend on local, national and global economic conditions and market trends.



TIMBER AND FOREST PRODUCTS

Indicators for timber and forest products industry health in Montana include private sector employment, forest product prices, and quantities of timber harvested and sold from various land ownerships. Demand for timber and subsequent timber contract prices are derived ultimately from consumer demand for lumber and other finished forest products

In Montana, where many rural economies are supported by logging services and forest products manufacturing, it's important to observe industry trends from a private employment perspective. Figure 1 shows statewide industry employment trends with an approximate fifty percent decline in total employment from 2001 to 2020. From a historic perspective, sawmills, paper mills, and other forest products manufacturing has lost a tremendous amount of invested capital, due to a multitude of external reasons. Some of the impacts to the industry have included: local supply shortages, international trade agreements, and shocks to lumber prices resulting from financial sector securitization excess and the 2008-2012 mortgage crisis and housing recession. Forest products markets were on an upswing through FY 2022, as housing starts rapidly recovered from an early 2020 Covid-19 related slowdown Figure 2 and an increased demand for lumber created low inventories and supply chain backlogs, resulting in record lumber prices. Lumber traded at an all-time high, hitting its peak in May 2021. Starting in March 2022, lumber prices have softened as rising interest rates and a recessionary outlook have impacted housing markets and building activity.

Figure 1. Montana Forestry and Forest Product **Private Employment**

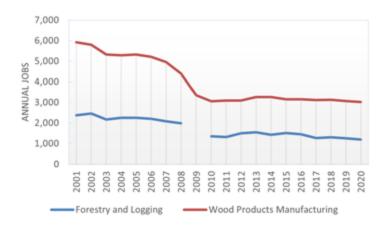
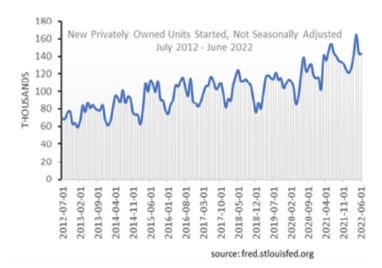


Figure 2. Monthly National Housing Starts, 2012-2022, thousands



AGRICULTURE AND GRAZING

Indicators for agriculture and livestock grazing industry health in Montana include private sector employment, crop and livestock prices, farm production quantities, and gross farm sales. Demand for agriculture and range land and subsequent land lease prices are derived ultimately from consumer demand for crops, and food, including meat.

Montana's agriculture sector is vast and provides a high percentage of jobs in many rural communities across the state. Additionally, Montana's agriculture production is tracked by USDA, and other entities. For a quick look at industry trends, *Figure 3* shows gross agriculture product across Montana. Crop sales have leveled in recent years but have not departed from historic variation. Final livestock production statistics for 2021 in Montana are not yet available. Trust Lands grazing revenues are linked to cattle prices, shown in *Figure 4*. For most of FY 2021, feeder markets trended upward, despite a drought-driven selloff which began in the last months of FY 2021. These markets continued to beat the prior five-year trend through FY 2022.

Figure 3. Montana Agriculture Production Value (2015 adjusted dollars)

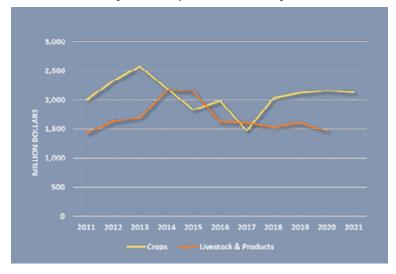


Figure 4. U.S. Cattle Prices Received



MINERALS

The Minerals Management Bureau is responsible for leasing, permitting, and managing approximately 1,200 oil and gas, coal and other mineral agreements on nearly 476 thousand acres of the 6.2 million acres of school trust mineral rights throughout Montana. Most revenue generated by the Minerals Program comes from oil and coal markets. Oil production, and prices received, in Montana are driven by national oil markets as depicted in *Figure 5*. In *Figure 6*, the oil supply glut can be observed as sharply reduced prices and domestic production, which in turn impacted trust mineral revenues in fiscal years 2015 and 2016. Oil prices and revenues had partially recovered since fiscal year 2016, however the market hit an unprecedented negative price early in calendar year 2020. Coal royalties are the largest revenue source in the Minerals Program, followed by oil.



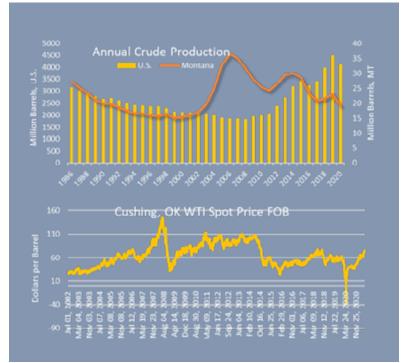
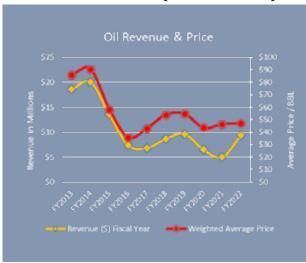


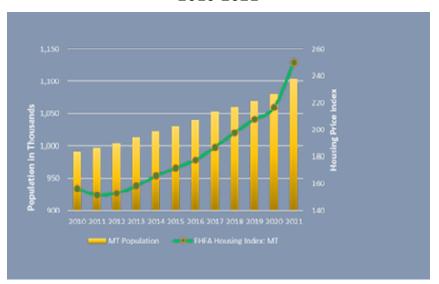
Figure 6. DNRC Minerals Management Oil Revenues and Market Price (FY 2013-2022)



REAL ESTATE

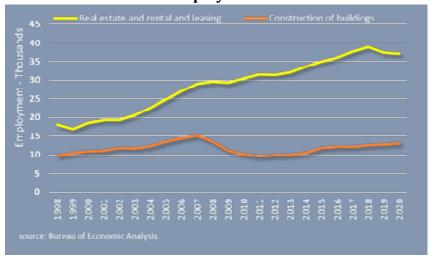
Less than one percent of statewide surface ownership is classified Other, designating properties under lease or development for real estate purposes. The primary categories of leasing revenue within the Real Estate Program are driven by residential home site and cabin site leasing, and commercial leasing for a variety of purposes. Real estate lease revenues for residential or commercial use are driven by the value of Trust Land parcels, which tend to respond to trends in population and housing prices as shown in *Figure 7*, as well as other factors such as employment, consumer spending and business investment. Montana employment in Real Estate leasing and Building construction is illustrated in *Figure 8*. Revenues from Trust Lands real estate leasing activities improved over FY 2021, as shown in *Table 7* of this repor.

Figure 7. Montana Population and Housing Price Index, 2010-2021



Rights-of-way revenues have also been a significant portion of Real Estate revenues. These are more difficult to forecast, as they are largely driven by outside requests. Many counties are still working through the historic road rights-of-way process, and new access agreements in support of other property sales, exchanges, and developments will likely continue to bring in revenues over future years

Figure 8. Montana Real Estate Rental and Construction **Employment**



STATE TRUST PERFORMANCE

Montana state trust surface and mineral rights total 5.2 million surface acres and 6.2 million subsurface acres, respectively. Figure 9 highlights the approximately 78 percent of trust surface acres that are classified as grazing lands, which are located primarily east of the continental divide. The remaining acres are classified as agriculture and forested lands, at 11 and 10 percent of total surface ownership, respectively. Finally, less than one percent of the trust portfolio surface acreage is designated for developed real estate business activities including residential, commercial, community, and conservation properties. Figure 9 also illustrates the gross revenue contributions from each classification of surface lands.

These multi-category lands represent the bulk of school trust assets, the remaining assets are fixed investments in commercial and government bonds. Land asset values, which are important for benchmarking the financial performance of trust land business over time, are largely estimated. The exception to this is when transaction evidence is available to trust land managers. Since 2003, land banking legislation (MCA 77-2-361-367) has legally permitted a limited number of state trust parcels to be exchanged, bought or sold through careful provisions. While operating to improve income generation, accessibility, and other parallel land management objectives, the Land Banking Program also produces data on the value of a limited number of trust surface parcels. These data, in combination with USDA National Agriculture Statistics Service (NASS), help support the evaluation of aggregated asset values. Finally, mineral rights are excluded from valuation estimates in this report, because mineral estate rights are permanently reserved assets of the State (MCA 77-2-304) and cannot be sold, except by a rental and royalty basis as provided by law.

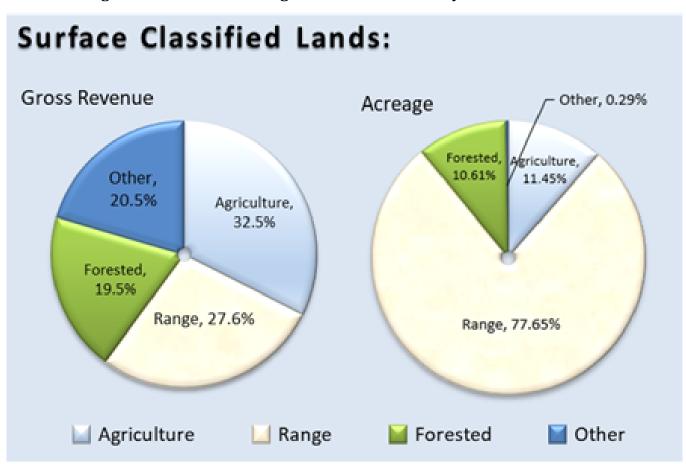


Figure 9. Trust Land Acreage and Gross Revenue by Land Classification

To better understand the diversity of ownership in the school trust portfolio, *Figure 10* and *Table 1* share the percentage and total acreage of surface ownership represented by the various trust beneficiaries, The largest single trust is Common Schools which owns over 90 percent, or 4.6+ million acres of all school trust land in Montana. The remainder of school trusts make up a small portion of the total business volume and surface ownership of the trust portfolio. Ownership percentages can shift over time, depending on sales and acquisitions resulting from land banking and exchanges. Such occurrences would typically reflect changes in acreage, rather than asset book values, due to requirements to exchange land of par values.

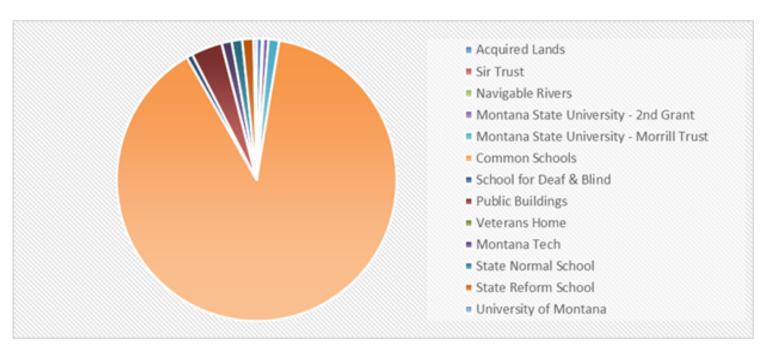


Figure 10. Trust Land Acreage by Trust Ownership

In the central columns of *Table 1*, existing surface ownership details are provided. Mineral estate ownership details are shown in the right most column. Overall, a very small portion of mineral acreages will ever be developed.

Table 1. Surface and Subsurface Estate Acres by Trust Ownership and Land Classification

Trust	Agriculture Acres	Range Acres	Forested Acres	Other Acres	All Surface Acres*	Oil, Gas, Coal Estate Acres**
Common Schools	570,761	3,701,497	361,635	7,503	4,641,396	5,606,575
Public Buildings	5,304	106,442	71,841	1,818	185,405	172,323
MSU – Second Grant	84	9,043	22,321	295	31,743	46,598
MSU – Morrill Grant	2,030	55,876	5,522	45	63,473	77,929
State Normal School	2,908	45,810	14,661	190	63,569	80,455
Montana Tech	10,405	37,047	15,771	209	63,431	86,267
University of Montana	2,306	13,481	1,440	16	17,243	33,754
School for Deaf & Blind	1,409	24,577	10,380	94	36,461	41,171
State Reform School	996	48,692	18,007	77	67,772	74,107
Veterans Home	90	1,270	0	57	1,418	1,276
Sir Trust	477	2,123	0	0	2,600	
Public Land Trust- Navigable Rivers	0	172	0	4,245	4,417	20,114
Acquired Lands – Public Schools	0	0	32,295	0	32,295	
Total	596,770	4,046,029	553,873	14,549	5,211,222	6,240,569

^{*}Total acreage may differ from other reports due to the timing of sales and acquisitions through Land Banking and Cabinsite Sales.

Table 2 reports historical USDA National Agricultural Statistics Service (NASS) survey data on farm real estate values in Montana from 2013 to 2022. NASS data are not region specific but are useful as an aggregated observation of rural and working land value trends in Montana.

Table 2. Annual Montana Farm Real Estate Values (Acres and U.S. dollars reported by USDA NASS 2013-2022)

Calendar Year	All Farm Land		Agricultural (Crop Land	Range, Pasture Land		
	Price/Acre	Annual Change (%)	Price/Acre	Annual Change (%)	Price/Acre	Annual Change (%)	
2013	790	3.90%	890	4.20%	580	1.80%	
2014	860	8.86%	987	10.90%	640	10.34%	
2015	890	3.49%	997	1.01%	650	1.56%	
2016	900	1.12%	1010	1.30%	650	0.00%	
2017	917	1.89%	1010	0.00%	660	1.54%	
2018	916	-0.11%	1020	0.99%	667	1.06%	
2019	915	-0.11%	1040	1.96%	680	1.95%	
2020	915	0.00%	1030	-0.96%	680	0.00%	
2021	930	1.64%	1050	1.94%	700	2.94%	
2022	1030	10.75%	1160	10.48%	775	10.71%	

^{**}Oil & Gas acreage used for reporting. True acreage when including Coal Estate acres having no overlapping Oil & Gas rights would be larger

Table 3 reports FY 2022 estimated average asset values on a per acre basis. These values are appreciated from a FY 2011 baseline valuation with a conservative methodology utilizing the trend data provided by the USDA in Table 2. Rural and forested lands are appreciated based on a proportion of appreciation reported annually by USDA farm and rural land surveys. Real estate and other special use lands are valued using the same approach except where existing appraisals (i.e. transaction evidence) can provide timely market valuation data. Forest land valuation is commonly estimated using income-approach methods. In the case of school trust lands, and for tracking and benchmarking assets over multiple years, a less volatile valuation methodology, which can account for real estate and alternative values, is preferred.

Table 3. Average Trust Surface Asset Values by Area and Classification (U.S. dollars per acre estimated by DNRC FY 2022)

Land Office	Agriculture Average	Grazing Average Asset Value/Acre	Forest Average Asset Value/Acre	
Central	940	828	1173	
Eastern	403	277	0	
Northeastern	671	348	392	
Northwestern	2680	1655	2278	
Southern	1006	622	0	
Southwestern	1475	1104	1497	

^{*} Real estate values reflect existing DNRC land appraisals, proximity to urban areas, and other developed land market factors, and vary widely within Area Offices. Annual adjustments are made using average land appreciation. Land appraisals do not include privately owned structures on cabin sites, or other real estate

Table 4 reports FY 2022 beginning estimated total asset values for each trust. Trust real assets totaled approximately \$3.833 billion. These sums are derived through the application of *Table 3* data with *Table 1* current classified acres.

Table 4. Total Average Surface Estate Assets by Trust and Classification (U.S. dollars estimated by DNRC FY 2022)

	Agriculture Assets	Grazing Assets	Forest Assets	Other Assets	Total Assets*
Common Schools	399,257,148	1,783,598,217	720,832,901	99,542,590	3,003,230,855
Public Buildings	4,203,984	81,658,742	138,505,248	8,538,262	232,906,237
MSU – Second Grant	82,381	7,553,563	42,674,020	9,000,357	59,310,321
MSU – Morrill Grant	1,577,275	39,096,668	10,909,165	1,302,022	52,885,129
State Normal School	2,036,374	30,069,860	29,657,431	3,061,574	64,825,239
Montana Tech	7,896,540	22,719,610	31,535,316	10,154,019	72,305,485
University of Montana	1,605,222	6,282,227	2,280,755	1,096,652	11,264,856
Deaf & Blind School	1,100,935	18,901,411	22,020,716	3,585,669	45,608,731
State Reform School	860,901	34,334,196	24,159,978	4,006,068	63,361,144
Veterans Home	241,167	441,395	0	2,609,799	3,292,362
Sir Trust	192,369	588,629	0	0	780,998
Public Land Trust - Navigable Rivers	0	71,795	0	175,566,632	175,638,428
Acquired Lands – Public Schools	0	0	48,347,990	0	48,347,990
Total Assets	419,054,296	2,025,316,314	1,070,923,521	318,463,644	3,833,757,775

^{*} Excludes mineral rights and Permanent Fund valuations

Table 5 reports FY 2022 trust lands management net income by trust. MSU-Morrill Trust shows a 95% Profit Ratio due to its unique funding mechanism; these management costs are not funded from the gross revenues but rather appropriated separately and legislatively capped.

The Sir Trust, included in acreage and asset tables above, does not hold financial accounts. Revenues generated on parcels acquired in the Sir Trust are split across three small trusts: the MT Development Center, the MT State Hospital, and the School for the Deaf & Blind.

Table 5. Net Revenues by Trust (U.S. dollars estimated by DNRC 2022)

	SubSurface Assets	Surface Assets								
	Minerals Management	Ag and Grazing Management	Rec Use	Real Estate Management	Forest Management	Land Services*	Subtotal: Surface Asset** Management	Net from Other Assets	Total Net Operating Income	Profit Ratio
Common Schools	\$38,922,558	\$24,919,780	\$860,301	\$2,097,482	\$2,558,198	\$37,184	\$30,472,945	\$20,605,402	\$90,000,905	87%
Capitol Buildings	\$151,920	\$446,185	\$18,249	\$26,242	\$807,620	-\$82,184	\$1,216,112	-\$129,054	\$1,238,978	54%
MSU – Second Grant	\$1,059	\$33,506	-\$662	\$494,110	\$560,449	\$12,513	\$1,099,916	\$382,821	\$1,483,796	72%
MSU Morrill	\$5,490	\$253,898	\$17,810	\$22,144	\$18,915	\$0	\$312,767	\$179,601	\$497,858	95%
Western / Eastern	-\$2,530	\$248,779	\$16,297	\$60,425	\$340,544	-\$39,393	\$626,651	\$179,122	\$803,243	71%
Montana Tech	-\$1,266	\$392,800	\$17,613	\$550,125	\$30,553	\$8,300	\$999,391	\$198,284	\$1,196,410	78%
University of Montana	-\$362	\$121,464	\$3,680	\$62,369	-\$6,618	-\$1,247	\$179,647	\$39,942	\$219,228	85%
Deaf & Blind School	\$5,226	\$111,887	\$10,294	\$45,140	\$2,014	-\$27,837	\$141,498	\$214,386	\$361,109	54%
Pine Hills School	-\$9	\$160,319	\$12,462	\$48,494	-\$1,393	-\$13,638	\$206,244	\$141,983	\$348,219	63%
Veterans Home	-\$3	\$4,883	\$292	\$2,788	-\$70	-\$6,680	\$1,213	\$1,594	\$2,803	18%
MT Development Center	\$0	\$5,818	\$359				\$6,193		\$6,193	98%
MT State Hospital	\$0	\$5,818	\$359				\$6,193		\$6,193	98%
Public Land Trust- Navigable Rivers	\$850,076	-\$996	\$206	\$5,139,093	-\$1,257	-\$20,501	\$5,116,546	\$425,927	\$6,392,548	97%
Acquired Lands – Public Schools	\$0	\$12,395	\$6,770		-\$5,223	\$353	\$14,293	\$1,025	\$15,318	59%
Grand Total	\$19,238,177	\$28,591,007	\$1,339,422	\$3,696,745	\$8,106,293	\$9,830,668	\$51,564,136	\$20,744,302	\$91,546,615	85%

^{*}Land services revenue includes Forest Improvement, right-of-way and Other categorized payments.

The net revenues in *Table 5* reflect separating program expenses and revenues according to land classification categories, to support estimating the returns on those asset classifications. The following Program performance tables, starting with *Table 7*, reflect a more traditional look at totals by management program, and include some revenues on non-Trust lands.

^{**} Surface asset management costs reflect division costs excluding mineral program administration

Table 6. FY 2022 Income Returns by Surface Lands Asset Class

	Ag & Grazing	Forested	Other Real Estate	Surface Assets Income Returns***
Common Schools	1.1%	0.4%	2.1%	1.01%
Capitol Buildings	0.5%	0.6%	0.3%	0.52%
MSU – Second Grant	0.4%	1.3%	5.5%	1.85%
MSU Morrill	0.6%	0.2%	1.7%	0.59%
Western / Eastern	0.8%	1.1%	2.0%	0.97%
Montana Tech	1.3%	0.1%	5.4%	1.38%
University of Montana	1.5%	-0.3%	5.7%	1.59%
Deaf & Blind School	0.6%	0.0%	1.3%	0.31%
Pine Hills School	0.5%	0.0%	1.2%	0.33%
Veterans Home	0.7%		0.1%	0.04%
Public Land Trust- Navigable Rivers	-1.4%		2.9%	2.91%
Acquired Lands – Public Schools		0.0%		0.03%
TOTAL SURFACE ASSETS INCOME RETURN	1.00%	0.51%	2.68%	0.90%

^{***}Income returns are a dividend equivalent and calculated as the ratio of surface net operating income to estimated average surface asset value of this fiscal year.

^{***}Income returns are a dividend equivalent and calculated as the ratio of surface net operating income to estimated average surface asset value of this fiscal year.

TRUST LAND PROGRAM PERFORMANCE

Total program revenues and operational expenses (i.e. costs of doing business) have generally increased over the last eight years. *Table 7, Table 8,* and *Table 9* summarize program revenues, costs, and net operating income, respectively, and *Figures 11, 12* and *13* illustrate the trends in program revenues and costs over the same years

Table 7. Trust Land Total Program Revenues FY 2012 through FY 2021 (U.S. dollars reported by DNRC TLMD)

Program	Agriculture and Grazing Mgmt	Forest Mgmt	Real Estate Mgmt	Minerals Mgmt	Recreational Use Mgmt	Total Program Revenues	Permanent Fund Earnings / Other	Total Revenues
FY 2012	23,898,972	7,173,483	8,0776,183	45,846,476	1,101,020	87,048,332	24,543,638	111,591,970
FY 2013	27,827,321	10,504,738	8,139,565	38,873,679	1,089,037	92,052,551	23,431,753	115,484,304
FY 2014	28,495,222	11,204,002	9,049,364	39,116,340	1,101,392	90,958,006	23,460,822	114,418,828
FY 2015	28,894,893	11,950,115	8,974,400	28,553,590	1,233,102	84,895,976	24,207,216	109,103,192
FY 2016	31,930,471	8,566,451	9,014,114	19,041,008	1,233,225	71,680,479	24,167,124	95,847,603
FY 2017	27,909,929	10,958,249	4,564,587	16,303,811	1,238,805	62,247,394	23,990,823	86,238,217
FY 2018	26,249,268	10,685,127	4,671,168	20,254,794	1,172,611	63,890,614	23,589,999	87,480,613
FY 2019	30,277,035	10,495,247	5,007,457	24,461,732	1,341,394	73,685,486	25,523,025	99,208,511
FY 2020	28,247,221	8,325,644	4,532,759	22,407,291	1,428,113	67,276,049	24,797,283	92,073,332
FY 2021	30,597,279	14,295,587	4,734,519	20,257,471	1,594,763	82,253,049	25,004,321	107,257,369

^{*}Rights of Way revenues not included in Real Estate column, rather are included in Total Program Revenues. These revenues can be generated on any classification of surface trust land ownership. Forest Improvements revenues are included in the Total Program Revenues, rather than the Forest Mgmt column.

Figure 11. Annual Revenues by Program, FY 2013 through FY 2022

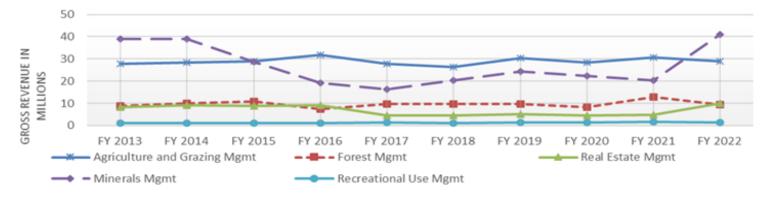


Table 8. Trust Land Total Program Costs FY 2013 through FY 2022 (U.S. dollars reported by DNRC TLMD)

Program	Agriculture and Grazing Management Costs	Forest Management Costs	Real Estate Management Costs*	Minerals Management Costs	Recreational Use Management Costs	Total Program Costs**	Division Management Costs	Total Division Costs
FY 2013	1,618,377	5,662,690	1,669,435	993,887	174,996	10,119,385	2,481,035	12,600,420
FY 2014	1,735,023	5,421,067	1,826,934	987,336	194,708	10,165,068	2,923,007	13,088,075
FY 2015	1,741,498	6,022,300	1,889,774	933,227	185,322	10,772,121	3,274,242	14,046,363
FY 2016	1,872,312	5,681,176	1,987,614	1,030,263	207,129	10,778,494	3,484,667	14,263,161
FY 2017	1,941,820	5,709,143	2,072,777	1,071,173	168,151	10,963,064	3,735,123	14,698,187
FY 2018	1,818,708	4,120,890	1,059,940	982,674	202,622	10,614,499	3,885,685	14,500,184
FY 2019	1,877,798	4,435,468	690,643	1,018,308	230,446	11,104,686	3,793,567	14,898,256
FY 2020	1,927,869	4,856,801	1,151,882	1,141,512	222,801	11,912,750	4,207,697	16,120,446
FY 2021	1,999,582	4,716,266	713,498	1,019,293	255,340	10,544,954	4,023,500	15,587,748
FY 2022	2,239,317	5,083,666	1,316,376	1,101,540	319,618	11,483,740	3,939,708	16,524,988

^{*}Land Transactions/ Rights of Way costs excluded from Real Estate Management column in FY 2018-FY 2022, included in previous years in this column. These costs are associated with all classified surface trust lands and are included in the Total Program Costs column in FY 2018-FY 2022.

Figure 12. Annual Costs by Program, FY 2013 through FY 2022



^{**}Includes Forest Improvement. These expenses are used for various land asset improvements, including acquiring access to Trust parcels. These expenses were included in the Forest Management Costs column for

Table 9. Trust Land Program Net Operating Income FY 2013 through FY 2022 (U.S. dollars reported by DNRC TLMD)

Program	Agriculture and Grazing Management	Forest Management	Real Estate Management	Minerals Management	Recreational Use Management	Total Program Net Operating Income	Real and Financial Assets Net Operating Income	Total Division Costs
FY 2013	26,208,944	4,842,048	12,088,341	37,879,792	914,041	81,933,166	102,883,884	12,600,420
FY 2014	26,760,199	5,782,935	9,214,116	38,129,004	906,684	80,792,938	101,330,753	13,088,075
FY 2015	27,153,395	5,927,815	12,374,502	27,620,363	1,047,780	74,123,855	95,056,829	14,046,363
FY 2016	30,058,159	2,885,275	8,921,710	18,010,745	1,026,096	60,901,985	81,584,442	14,263,161
FY 2017	25,968,109	5,249,106	3,763,823	15,232,638	1,070,654	51,284,330	71,540,030	14,698,187
FY 2018	24,430,560	5,480,194	3,611,228	19,272,120	969,989	53,276,115	72,980,429	14,500,184
FY 2019	28,399,237	5,163,413	4,316,814	23,443,424	1,110,948	62,580,800	84,310,255	14,898,256
FY 2020	26,319,353	3,468,843	3,380,877	21,265,778	1,205,312	55,363,299	75,952,886	16,120,446
FY 2021	28,597,697	8,021,091	4,021,021	19,272,871	1,336,054	71,708,095	91,669,621	15,587,748
FY 2022	26,716,535	4,303,731	8,549,836	39,984,582	964,031	81,244,891	102,763,173	16,524,988

Figure 13. Annual Net Operating Income by Program, FY 2013 through FY 2022

