

WYOMING OFFICE OF STATE LANDS AND INVESTMENTS

122 West 25th Street
Cheyenne, WY 82002
Phone: 307.777.7331
Fax: 307.777.3524
slfmail@wyo.gov



MATTHEW H. MEAD
Governor

BRIDGET HILL
Director

POLICY

Effective Date
March 1, 2014

Reduction in Annual Rental Due to Drought Conditions

On June 3, 1999, the Wyoming Board of Land Commissioners (Board) adopted amendments to the Chapter 4 – Grazing and Agricultural Leasing Rules and Regulations, establishing a grazing fee formula to meet the criteria established in W.S. 36-5-101(b).

The formula:

1. Uses readily available data averaged over an adequate number of years to remove any radical fluctuations.
2. Includes factors which reasonably reflect the true market value of state leases.
3. Includes parameters within which the Board can be responsive to changing resource conditions, market demand and industry viability.
4. Includes factors which reasonably reflect the contributions made by the lessee.

The actual formula established in the Board of Land Commissioners' Rules and Regulations, Chapter 4, Section 6(b)(i) reads:

Private land lease rate on a per Animal Unit Month (AUM) basis, averaged for the five years preceding the current year, as estimated by the Wyoming Agricultural Statistics Service, times the five year weighted average "parity ratio" for beef cattle per cwt. as established by the National Agricultural Statistics Service as an adjustment for changing resource conditions, market demand and industry viability; less 20% to reflect contributions made by the lessee.

The formula was first used to establish the rental rate for the year 2000. The per AUM rate for 2000 was \$3.54. Per AUM fees by year since 2000 are as follows (note the private lease rates are converted to an AUM basis):

<u>State Lease Rate</u>	<u>Private Lease Rate</u>	<u>State Lease Rate</u>	<u>Private Lease Rate</u>
2001 \$3.68	\$11.25	2008 \$5.21	\$14.41
2002 \$3.83	\$11.75	2009 \$5.13	\$14.91
2003 \$4.04	\$12.50	2010 \$4.85	\$15.33
2004 \$4.13	\$12.99	2011 \$4.64	\$15.58
2005 \$4.42	\$12.91	2012 \$4.52	\$16.08
2006 \$4.78	\$13.33	2013 \$4.80	\$17.08
2007 \$5.17	\$14.16		

When the Office of State Lands and Investments (OSLI) developed the AUM fee formula for Board consideration, analysis of the statute in comparison to existing grazing leases was researched and it was determined that adjustments for “changing resource condition” are not often necessary. State grazing leases are issued for ten (10) year terms and during that term there will likely be mixtures of wet springs, tall grass, hot and dry seasons, grasshoppers, drought and blizzards. Wyoming is a large state and climatic conditions vary from one region to the next. After considering this, and combined with comments received from the public and industry, the Board ultimately approved the AUM fee formula.

Since the AUM fee formula already takes into account changing resource conditions by applying a parity ratio as determined by the National Agricultural Statistics Service, market demand and averages of private land lease rates for a five (5) year period, then further reduces the rate by twenty percent (20%) in consideration of lessee contributions to the lease, a credit or reduction of the annual lease rental rates during times of drought is already applied to every state grazing and agricultural lease.

Authority/Justification

W.S. 36-2-107
Wyoming Board of Land Commissioners’ Rules and Regulations
Chapter 4, Section 6

<u>Effective Date:</u> March 1, 2014	<u>Revision/Review Date:</u> March 1, 2019
<u>Summary of Revision/Review:</u> To Be Completed In 2019	<u>Supersedes Existing Policy:</u> Any policy and/or documentation prior to March 1, 2014