Lease Period. Based on testimony presented to the committee, longer-term leases would be worth more than the present six-year leases issued by the board, and higher rentals would be paid under these circumstances. Consequently, the committee recommends that the maximum lease period should be increased to 12 years, instead of the present ten-year maximum, and that the board should issue leases for the full 12-year period, with the safeguard added that the land in each lease must be reappraised and classified every six-years and that the lessee thereof must pay any increased rental rate or forfeit the lease, provided, likewise that if such reappraisal and classification results in a lesser appraisal the lessee will be entitled to a reduced rental rate.

Administrative Changes Recommended

The committee believes that a great deal of the administration of our state lands must be left to administrative discretion. However, the committee would suggest a few changes to the land board for its consideration.

Lease Consolidations and Extensions. The committee considers the board's policy of consolidating leases as one which is not sufficiently justified by resulting in more administrative efficiency when compared to its effect of causing concern on the part of would-be lessees that this represents an attempt to exclude them from bidding. This same comment holds true when leases are extended without public notice and an opportunity for competitive bidding.

Minority Report*

The purpose of this minority report is to respond to the General Assembly's original directive to the entire committee -- "to study the procedures and policies of the state board of land commissioners with a view toward securing a maximum revenue yield to the public school fund."

* *

A fundamental question before this committee has been how to secure a maximum revenue yield to the public school fund from our school lands. A SECOND QUESTION PERHAPS EQUALLY IMPORTANT IS WHY PERIODIC "INVESTIGATIONS" ARE CONDUCTED OF THE ADMINISTRATION OF SCHOOL LANDS.

Securing Maximum Return From School Lands

If all of the remaining 2,652,000 acres of school lands could be disposed of by January 1, 1962, at the land board's appraised value, and if the proceeds from the sale could be invested at the average rate received last year (3.17%), the school children of Colorado would be the recipients of greater funds than is now being collected from lease rentals. IN ADDITION, IF ALL STATE LANDS WERE SOLD, MANY OF THE PROBLEMS WHICH NOW CAUSE PERIODIC "INVESTIGATIONS" WOULD BE ELIMINATED.

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* Language in capitals represents differences with majority report.

However, the committee does not feel that 1962 is the only year that should be considered when looking to securing the maximum return to the public school fund - the committee is interested not only in 1962 but in 1972, 1982, 1992, and beyond. Further, the committee believes that much of the land board's difficulties can be alleviated or eliminated through the adoption of various legislative or administrative changes.

No one of course has suggested the possibility of disposing of all state lands by 1962. An orderly sale could probably be had over the next ten or 20 years. But would this porposal be the best solution in terms of long-term revenue? While this committee does not have a crystal ball which will enable it to positively answer "yes" or "no" to this question, the committee can look to the past as a possible guide to the future.

The committee recognizes that the value of state land 30 years ago varied from $1 to $10 per acre. However, if the state had sold all school lands 30 years ago, as some states have done, and if the state could have realized an average of $10 per acre for the approximately 3,000,000 acres, there would have been a total return of $30,000,000. Had that sum been invested, based on the interest on the investments received by the land board over the past 30 years (3.32%), revenues totaling $29,880,000 would have been collected.

On the other hand, income from surface rentals to the school fund during the 30-year period totaled approximately $17,530,000. However, compared to the $10 per acre figure assumed for 1930, the value of the school land in 1960 is estimated at $56,000,000, or an appreciation in value of $26,000,000 over the 1930 figure of $30,000,000. Consequently, on this basis, the school fund is obviously in better shape today than it would have been had the land been sold in 1930. That is, in terms of actual rentals, the school fund has collected $12,350,000 less from rentals than it would have had the land been sold and the money invested, but the increase in the value of the land itself more than makes up this difference by some $14,000,000.

Furthermore, surface leases yielded $1,266,000 in the 1960 fiscal year. The $30,000,000 that would have been realized in 1930 from the sale of the school lands would have yielded only $951,000 in 1960, based on the 3.17 per cent return realized on other investments in 1959, or $314,000 less than rentals yielded.

If land values were to remain stable, it might be wise to sell the school lands now. However, all indications point to an ever increasing value for land, particularly in view of the tremendous population growth experienced recently in this state.

THIS WOULD SUGGEST THAT WISDOM LIES WITH A POLICY OF KEEPING THE LAND. HOWEVER, THE COMMITTEE'S ATTENTION HAS ALSO BEEN CALLED TO THE ADVANTAGES WHICH WOULD FLOW FROM AN ORDERLY LIQUIDATION OF THE LANDS INTO A PERMANENT INVESTMENT FUND:

1. AN ESTIMATED 43 PER CENT INCREASE OVER CURRENT REVENUES, BASED ON A COMPARISON OF THE 3.17 PER CENT RETURN NOW BEING REALIZED ON INVESTED FUNDS AND THE 2.21 PER CENT RETURN NOW BEING HAD FROM RENTALS ON GRAZING AND AGRICULTURAL LEASES. ON THE OTHER HAND, IF GRAZING AND AGRICULTURAL LEASE RENTALS CONTINUE TO BE ADJUSTED UPWARDS AS THEY WERE DURING THE FIRST EIGHT AND ONE-HALF MONTHS OF 1960, AS REPORTED IN TABLE 17, OR $.41 PER ACRE AVERAGE FOR GRAZING LEASES AND $2.67 PER ACRE AVERAGE FOR AGRICULTURAL LEASES, THE RATE OF RETURN FROM INVESTMENTS AND FROM THESE LEASE RENTALS MAY SHORTLY BECOME QUITE COMPARABLE.

2. A SUBSTANTIAL CURTAILMENT OF A GOVERNMENT BUREAU. FEW EMPLOYEES WOULD BE REQUIRED TO ADMINISTER A TRUST COMPOSED ENTIRELY OF SECURITIES AND MINERAL RIGHTS; 26 EMPLOYEES ARE NOW REQUIRED TO ADMINISTER THE LANDS.

3. THE PLACEMENT OF THE LANDS ON LOCAL TAX ROLLS YIELDING A NEW AND ADDITIONAL ONE-HALF MILLION DOLLARS IN REVENUES TO LOCAL GOVERNMENTS AND SCHOOL DISTRICTS WHERE THE LAND LIES.

4. BETTER CONSERVATION PRACTICES THROUGH OWNERSHIP.

5. THE REMOVAL OF THE TRUST FROM THE TEMPTATIONS WHICH HAVE INVITED CRITICISMS, PAST AND PRESENT.

THESE INDUCEMENTS ARE SUFFICIENT, IN THE COMMITTEE'S OPINION, TO KEEP OPEN THE QUESTION OF "ORDERLY LIQUIDATION" FOR REVIEW AFTER THERE HAS BEEN A REASONABLE PERIOD FOR IMPROVEMENTS IN THE ADMINISTRATION OF THE LANDS, UNDER BETTER LAWS.

Use of Administrative Powers

Justice and good administration go hand-in-hand, but they cannot be achieved when administrative policies may be formulated, changed, or suspended on a day-to-day or case-to-case basis. No public body can operate in such a manner as to give the impression, whether true or not, that it is a law unto itself, and still retain the confidence of the people for whom it was established to serve. Furthermore, correcting abuses of administrative rule-making powers by public agencies is every bit as important a function to the legislative branch of government as it is to the judicial branch.

The statutory provisions relating to the supervision of state land by the State Board of Land Commissioners are rather general with the result that a great deal of administrative discretion has been left to the board. Consequently, the board's policies and regulations assume substantial importance in the handling of state land matters.

The board from time to time has adopted regulations and, as it should, has changed its regulations in view of changing conditions. More importantly, however, the board has also suspended its regulations in certain cases and enforced them in others. This ARBITRARY BEHAVIOR, WHICH has served to confuse and disconcert various persons in their dealings with the board, PROBABLY IS AS GREAT A CAUSE OF FRICTION AND DISCONTENT AS ANY SINGLE FACTOR WHICH HAS BEEN NOTED BY THE COMMITTEE IN ITS STUDY. THIS SITUATION IS FURTHER COMPLICATED BY THE FACT THAT THE BOARD HAS NOT FELT IT NECESSARY TO DEVELOP CLEAR-CUT OR COMPREHENSIVE POLICIES IN REGARD TO THE LEASING OF SURFACE LAND.

RETENTION OF LEASES IN CASES OF SALES. AS POINTED OUT ON PAGE 19, ON JUNE 1, 1959, THE BOARD ADOPTED A POLICY OF ALLOWING LESSEES TO RETAIN THEIR LEASED LAND AT AN INCREASED RENTAL RATE WHERE AN ACCEPTABLE SALES BID HAD BEEN RECEIVED. IN THE CASE OF ONE SECTION OF STATE LAND IN LAS ANIMAS COUNTY WHICH WAS OFFERED FOR SALE, THE BOARD NOT ONLY SUSPENDED THIS POLICY BUT THE LESSEE WAS NOT NOTIFIED UNTIL THREE DAYS BEFORE THE SALE DATE THAT HE WOULD NOT HAVE THE NORMAL TEN-DAY PERIOD WITHIN WHICH TO ELECT "TO RETAIN THE LEASE AT A RENTAL RATE WHICH WILL EQUAL 75% OF THE AMOUNT THE SALE PRICE WOULD PRODUCE IF ACCEPTED AND INVESTED AT 4%." MOREOVER, AS THE BOARD'S NOTIFICATION WAS RECEIVED BY THE LESSEE ON A FRIDAY AFTERNOON AND THE SALE WAS HELD THE FOLLOWING MONDAY, THE LESSEE HAD LITTLE TIME IN WHICH TO ARRANGE ANY FINANCING WHICH MAY HAVE BEEN NECESSARY TO ENABLE HIM TO HAVE PARTICIPATED IN THE LAND SALE AND RETAIN THIS SECTION AS A PART OF HIS RANCHING OPERATION.

Lease Extensions and Competition. The effect of the board's extending leases bears a direct relation to the matter of competition in bidding on leases. That is, a would-be lessee may not be aware of lease extensions which would preclude him from an opportunity to bid at the original expiration date had this date remained unchanged.

A somewhat unclear or inconsistent position is presented by the land board in connection with extending leases or cancelling leases before the original expiration date and issuing new ones. In its bulletin of May 25, 1955, under item number 4, the board reported:

> "...but under the present law that would not work as we are required to post expiration dates in the court house, and if we arbitrarily issue a new lease for five years, where the old one only had a year or two to run, it would be contrary to law as it would deprive any prospective applicant from his right to make an application for land he desires to lease." (Emphasis added)

However, the land board apparently changed its mind on this point because numerous examples are available where leases were prematurely cancelled and new ones issued, including some not involved in lease consolidation.

In the board's proceedings for December 31, 1956, the following comment appears:

> "Lease P-44 held by Orvin W. Palmer was assigned to Donald Jensen. It was then ordered that Lease P-44 be cancelled as of February 1, 1957, and a new five year agricultural lease was ordered to Donald Jensen at $2.00 per acre per annum..."

The original expiration date under lease P-44 was May 1, 1959, at a rate of $1.75 per acre per year, so the lease was cancelled slightly more than two years in advance.

As allowed by law, the board does not always accept the high bid in granting leases. Four examples of this, which were noted in the board's proceedings, may be of interest. The reason for the board's action in the first and last example is reported, but no specific reasons are included in the proceedings for the other two cases.

During the board's proceedings of October 31, 1955, a lease application filed by Floyd Garretson offering $5.66 per acre per annum was denied, with the following explanation:

> "When this lease was assigned to the present lessee a little over a year ago, the assignment consideration of $1,520.00 was paid. The board, therefore, do (sic) not consider it would be fair or using good business methods to take this lease away from the present lessee as long as he is willing to pay the rental fixed by the board."

Under the lease issued, number S-29159 to Darold, Hillard, and Marlene Yost, the rate on the 304 acres of agricultural land in Phillips County was set at $3.00 per acre per year.

At the board's proceedings of November 15, 1955, the board denied a conflicting grazing lease application of $1.00 per acre by Mr. A. A. Pelton and renewed the lease on 640 acres of grazing land in Cheyenne County to the lessee, Mr. Frank Moyer, at a rate of 45¢ per acre "after careful consideration by the Board." (The land had formerly leased for 20¢ per acre and the appraiser had valued the land at 30¢ per acre at renewal time.)

On November 30, 1955, the land board considered a conflicting lease application by Mr. Richard A. Harris who offered $2.50 per acre on agricultural land and 60¢ per acre on grazing land. "After a careful investigation and determination of all factors involved, lease was granted to the former lessee, August Frank, at a rental rate of $1.50 per acre per annum on 80 acres agricultural land and $0.60 per acre per annum on 951.04 acres grazing land."

The board, on December 31, 1956, ruled that the lessee, Mr. Harry Freeman, did not have to meet the high bid of Mr. M. B. Whittlesay, explaining that "inasmuch as the old lessee has recently paid the full consideration for the assignment of this lease, the Board considers that he is entitled to the renewal of his lease at the advanced rental rates." Mr. Freeman had paid $193 as consideration to the state to acquire this lease which included 50 acres of agricultural land at $1.50 per acre and 590 acres of grazing land at 25¢ per acre. At the renewal time, the conflicting application was $2.00 per acre for the agricultural land and 75¢ per acre for the grazing land. The lease, however, was renewed to Mr. Freeman for $2.00 per acre for the agricultural land and 43¢ per acre for the grazing land.

Lease Assignments. Another rule which has been suspended by the board is the one providing that, in cases of lease assignments, the consideration to the state shall equal one year's rental. In the proceedings of the board for July 31, 1958, the following comments are reported:

> "Lease No. S-29570 was assigned from Leslie H. Parker to Edmund P. Tapp, Jr. and Sons Trust Estate. The rental rate on the lease is $1.00 per acre, which was set by conflict. In approving the assignment, the Board fixed the assignment consideration at $247.50, based on the $1.00 per acre rental rate.
>
> "In reconsidering this matter the Board has agreed that the conflicting rate of $1.00 per acre should not have been the basis used in fixing the assignment consideration.
>
> "The assignment consideration is therefore amended to $99.00, based on a normal rental rate of $0.40. A credit of $148.50 is, therefore, due the lessee, Edmund P. Tapp, Jr. and Sons Trust Estate..."

The committee questions the justification for the board's reducing the assignment fee in any case when the new lessee knows beforehand what this charge will be. EVEN IF THE BOARD CONSISTENTLY ADHERED TO THE POLICY OF ONE YEAR'S RENTAL ASSIGNMENT FEE, THE QUESTION REMAINS WHETHER THIS POLICY PRODUCES THE BEST RETURN TO THE SCHOOL FUND. IT SEEMS GENERALLY AGREED THAT THE LEASEHOLD PRIVILEGE HAS A HIGHER MARKET VALUE THAN ONE YEAR'S RENTAL, AND THE EXTRA PROFITS ARE REALIZED BY THE ASSIGNORS. THE COMMITTEE AGREES THAT A BETTER RETURN TO THE SCHOOL FUND WOULD BE HAD IF LEASES BEING RELEASED OR ABANDONED IN MID-TERM WERE CANCELLED, AND COMPETITIVE BIDDING INVITED ON A NEW LEASE. COMPETITION SHOULD BE BASED ON BONUS BIDS FOR THE PRIVILEGE OF LEASING AT AN ANNUAL RATE OF 4 PER CENT OF THE FAIR MARKET VALUE OF THE LAND.

Subleasing Policies. Subleasing policies followed by the land board vary. In the lease contract, item number four provides:

> "Subleasing during any part of lease period will automatically cause loss of priority or preference right to renewal."

However, exactly what constitutes subleasing is another subject for board determination. In this respect, for example, in its bulletin of May 27, 1955, the board stated that "pasturing of cattle belonging to other than the lessee will not necessarily be considered subleasing." This position was further clarified in the board's bulletin of September 23, 1957, when it said:

> "In view of the present grazing law under which we are operating, we do not consider taking in cattle to pasture a violation of the lease contract..."

IN JANUARY OF 1955, EXAMPLES WERE NOTED IN THE BOARD"S PROCEEDINGS OF THREE DIFFERENT APPROACHES ON THE PART OF THE BOARD TO SUBLEASING PRACTICES, AND WHILE OTHER LIKE EXAMPLES WERE NOTED SUBSEQUENTLY IN LATER BOARD PROCEEDINGS, THESE THREE CASES PERHAPS WILL ILLUSTRATE THE SITUATION.

IN THE FIRST EXAMPLE, ON JANUARY 14, 1955, THE BOARD ORDERED THAT LEASE NUMBER S-25867 NOT BE RENEWED TO MR. L. D. BANTA BECAUSE OF HIS CONTINUOUS SUBLEASING. ON THE OTHER HAND, ON JANUARY 31, 1955, THE BOARD ORDERED A NEW FIVE-YEAR GRAZING LEASE BE ISSUED TO MR. W. C. WHEELER AT A RENTAL RATE OF 34¢ PER ACRE. THE BOARD ALSO ORDERED THAT ACCEPTANCE BE MADE OF $57 IN FULL SETTLEMENT OF SUBLEASING BY MR. WHEELER DURING THE 1954 SEASON. At that same meeting, the board issued a lease to Mr. John C. Vroman, Jr., with the following comment:

> "This is to be an immunity lease and rental rates are to apply for the full five year term of the lease. Lessee is granted the privilege of subleasing for the term of the lease." (Emphasis added)

The state land board reports that immunity leases are no longer issued as a result of a change in policy in 1956.

Lease Rate Policies. The situation with regard to lease rate policies of the land board is not clear. For example, at the Denver meeting, Mr. Willburn, board commissioner engineer, said that the rental fee is arrived at by the productivity of what the land is being leased for. On the other hand, at the Colorado Springs meeting, Mr. Ramsey, board president, reported that "when a man comes in there, and renewed (sic) a lease for six years, and went out there the next day and put it in a five-year soil bank contract, we knew nothing about that, and cared less, as a matter of fact."

This raises the question as to how the matter of productivity is evaluated if the board does not care to know the purpose for which the land will be used, especially in view of the fact that the board knowingly would issue a lease at 37¢ per acre, part of which, at least, was placed in the federal soil bank program.

Reference is made to Table 7, on page 28, showing that, compared to other states, Colorado ranks high in terms of surface lease rentals, as may be noted in the following summary:

Total Surface Income		Agricultural Leases		Grazing Leases	
Oklahoma	$1.31	Washington	$7.03	Colorado	$.31
Nebraska	1.15	Montana	3.16	Washington	.20
Washington	1.02	Colorado	2.56	Wyoming	.20
Colorado	.42	Idaho	2.10	Idaho	.11
Montana	.41	Arizona	1.97	Montana	.09
North Dakota	.40			Oregon	.08
Idaho	.17			Arizona	.05
Arizona	.10			New Mexico	.05
New Mexico	.05				

Lease Rate Reductions. In reviewing the board's proceedings, a few instances were noted where lease rates were reduced. One instance, reported in the proceedings of February 28, 1955, was to the effect that the board felt the lease to Mr. Carl Hussey was too high whereupon it ordered the old lease cancelled and a new five-year lease issued. The original lease, S-28241, was issued for the period March 6, 1954, to March 6, 1959, at the annual rate of $5.00 per acre on 140 acres of agricultural land and 34¢ per acre on 500 acres of grazing land. The rates under the new lease are $2.75 per acre on the 140 acres of agricultural land and 34¢ per acre on the 500 acres of grazing land.

A similar report to the Hussey lease is noted in the proceedings for June 29, 1956, as follows:

> "Because of the rental rate being excessive, the Board ordered the cancellation of Lease No. S-27709, effective March 25th, 1956, and under Application 56/373 a new five year lease is granted the lessee at a rental rate of $0.40 per acre per annum, the lease to date from March 25th, 1956. Lessee, Eva Adcock."

S-27709, which was a five-year grazing lease beginning on March 25, 1953, carried a yearly rate of $1.25 per acre on 59.75 acres of grazing land.

It is noted that these actions were taken under the provisions of the Colorado statutes, being sections 112-3-9 and 112-3-14.

Soil Banking. The board pointed out to the committee that the law authorizes ten-year agricultural or grazing leases and reported that, in extending some leases to allow lessees to participate in the soil bank program, no lease was ever extended over the original ten-year period. Also, it was stated that these leases were not renegotiated or new leases issued: "No rates were changed, or anything of that sort. We just made an extension."

In regard to the report that no leases were extended for soil banking purposes over the original ten-year period, i.e., ten years from the date the lease was first put into effect, in the board's proceedings for February 28, 1958, lease number S-27958 (Mr. W. A. Forbes, lessee) was extended to December 4, 1964, which lease went into effect originally on December 4, 1953, or 11 years over-all. Section 112-3-18 (1), 1955 C.R.S. Supplement, states: "...No lease of such lands for grazing or agricultural purposes shall be for a longer period than ten years..."

The statement that no lease negotiations or rate changes were made also appears to be in error. In the proceedings for August 15, 1959, two lessees, who had entered into soil bank contracts for terms longer than their state land leases provided, requested that their state land leases be cancelled and new ones issued. This was done at no increase in rental rate for one (Mr. Ralph L. Foxworthy), but the rental rate was increased for the other lessee (Mr. J. E. Baker), from $1.00 to $1.50 per acre on 125 agricultural acres and from 33¢ to 35¢ per acre per year on 435 grazing acres.

On February 15, 1957, the board granted a lease at what appears to be a grazing land rate, part of which at least was to be placed in the soil bank program. The proceedings for that date contain the following statement:

> "In order that State lessee, Leonard C. Tarpenning, may conform to the Soil Bank program, the Board ordered that Leases S-28376 and S-28517 be cancelled as of January 1, 1957, the lands held thereunder to be combined into one lease at a rental rate of 37¢ per acre per annum. Lease to be a six year term lease..."

Prior to this lease consolidation, S-28376 had been established on September 2, 1954, as a five-year lease, at the rate of 32¢ per acre for grazing use. S-28517, to run from January 13, 1955, to January 13, 1960, also had a rate of 32¢ per acre for grazing use.

However, as reported on page 14, state-owned land is no longer eligible to be placed in the federal soil bank program, and this consequently is not now a current issue before the committee.

APPRAISAL PRACTICES

THE TERM "APPRAISER" TO MANY PEOPLE MEANS A PERSON WHO PLACES A VALUE ON SOMETHING, AND IN THE CASE OF THE TITLE "FIELD APPRAISER" FOR THE LAND BOARD, THE TERM MAY BE FELT TO MEAN ONE WHO PLACES A VALUE OF SO MANY DOLLARS PER ACRE ON STATE LAND. THE LAND BOARD HAS INFORMED THE COMMITTEE THAT, BY AND LARGE, THIS IS NOT THE BASIC FUNCTION OF THEIR APPRAISERS AS GENERALLY THE LESSEES AND THE APPRAISERS DISCUSS THE LEASES IN TERMS OF THE RENTAL RATE PER ACRE AND NOT VALUE PER ACRE, AND THAT THE VALUE FIGURE PER ACRE REPORTED HAS LITTLE MEANING AT ALL. IN SUBSTANCE, IT APPEARS THAT THE BOARD EMPLOYS FIELD "REPRESENTATIVES" RATHER THAN "APPRAISERS" IN THE SENSE OF ESTABLISHING LAND VALUES.

AS REPORTED IN TABLE 17, ON PAGES 55-56, THE RATE PER ACRE PLACED ON LEASES IN 1955, 1957, AND 1960 VARIES FROM DISTRICT TO DISTRICT AND COUNTY TO COUNTY TO SUCH AN EXTENT THAT NO OVER-ALL POLICY IS EVIDENT. FURTHERMORE, THE BOARD HAS REPORTED THAT IT CONSIDERS THE VALUES PER ACRE REPORTED BY THE APPRAISERS TO BE GENERALLY MEANINGLESS.

ANOTHER PUZZLING ASPECT IN REGARD TO THE BOARD'S APPRAISAL PRACTICES IS THE SUBSTANTIAL DIFFERENCE IN RATIO (NOT DOLLARS) OF RETURN BETWEEN GRAZING AND AGRICULTURAL LEASES. ON THE BASIS OF THE SEPTEMBER, 1960, LAND BOARD APPRAISALS, STATE GRAZING LAND HAS AN AVERAGE VALUATION OF $16.38 AND AN AVERAGE RENTAL OF $.316 PER ACRE, COMPARED TO A $64.80 VALUE AND $2.45 RENTAL PER ACRE FOR AGRICULTURAL LAND. THUS, IN TERMS OF RENTAL TO VALUE, GRAZING LESSEES ARE PAYING A 1.93 PER CENT RETURN WHILE AGRICULTURAL LESSEES ARE PAYING A 3.78 PER CENT RETURN.

THE JUSTIFICATION FOR THIS SITUATION IS DIFFICULT TO UNDERSTAND. OBVIOUSLY, AGRICULTURAL LESSEES SHOULD PAY A HIGHER DOLLAR RATE PER ACRE THAN GRAZING LESSEES, AS THEIR EARNINGS THEREFROM ARE EXPECTED TO BE SUBSTANTIALLY GREATER, BUT AT THE SAME TIME IT WOULD BE REASONABLE TO EXPECT THAT THE RATIO OF RENTAL TO VALUE WOULD BE THE SAME OR NEARLY THE SAME IN BOTH CASES, OTHER CONDITIONS BEING EQUAL.

Denial of Access to Potential Lessees

Some parcels of state land are entirely surrounded by deeded land belonging to one owner. In these cases, competition for the state parcel can be obviated when access thereto is denied by the private land owner. On the other hand, such an isolated parcel may assume a nuisance value beyond its actual value to the owner of the surrounding private land.

While the committee is aware of the problems which can result from this situation, the members do not believe this to be a problem requiring legislative action. The committee would suggest that the state land board explore this situation further to determine if any administrative action should be taken to correct any abuses in these cases and, where an acceptable offer is made, to sell these isolated tracts.

Landowner Services

As mentioned on page 37, some of the western states make allowances for such lessee activities as soil conservation or noxious weed control work. In this state, the law requires lessees to be compensated in the event of lease transfers or land sales for authorized improvements which they have made, including fences, wells, stock tanks, etc., but no specific authorizations are provided to credit lessees for soil conservation, noxious weed control, or similar activities.

The present law adequately protects the investment in improvements by lessees and no additional charge is needed. It is to the lessee's benefit to maintain the land in its most profitable condition and no credits need therefore be provided by the state land board.

Non-resident Lessees

Non-resident lessees of state land appear to cause some concern to Colorado residents who are unable to obtain leases on state land. While some states impose restrictions on non-residents, the committee does not believe it would be constitutional to limit state land leases to Colorado residents only. In addition, this could be a limiting factor in terms of obtaining the maximum revenue yield as it would reduce competition in some instances.

Lessee Improvements on State Land

Lessees may add improvements to their state land under lease in the form of fences, wells, buildings, etc., and the title thereto is retained by the lessee on all such improvements which had received the authorization of the land board. Lessee improvements are also subject to ad valorem taxation.*

As authorized by law, in the event a lessee no longer controls the lease, he must be compensated for the value of these improvements by the new lessee or owner of the land. One effect of the present provision is to limit lease competition and land sales in cases where there is disagreement over the appraised value of the improvements as set by the land board.

A check of the 1959 report of the State Tax Commission shows that improvements on state land are placed on the tax rolls in only 34 of the 53 counties where this land is located. To illustrate, one state lease alone in Washington County has lessee improvements valued by the land board at $29,611, but no such assessments at all are on that county's tax rolls. In view of the fact that some counties report that their tax base suffers as a result of the state land located therein, the committee would merely point out that a number of counties apparently are not concerned enough now to utilize their full taxing powers on lessee improvements.

*Section 137-12-1 (5), 137-12-18, 1957 C.R.S. Supplement.

Conflict of Interest

Throughout the course of this study the issue of conflict of interest on the part of land board members and employees and other state officials (legislators for the most part) has received a great deal of publicity in the press. The committee not only has been quite aware of this issue but has devoted a substantital amount of consideration to this question. Moreover, the committee would like to point out that it found no evidence to indicate that any state law in this connection was violated nor that any public official exerted pressure upon the land board to receive "favorable" lease terms.

However, the State Board of Land Commissioners and its employees MUST BE ABOVE SUSPICION IN COLLECTING REVENUES FOR THE SCHOOL CHILDREN OF THIS STATE. The current practice by some field appraisers OF THE BOARD of engaging in private real estate brokerage or sales agent transactions RAISES THE QUESTION OF WHETHER OR NOT THE EMPLOYEE WOULD KEEP THE SCHOOL FUND'S BEST INTERESTS UPPERMOST IN HIS ACTIONS, PARTICULARLY WHERE THE PERSONS PAYING HIM REAL ESTATE COMMISSIONS ARE ALSO LESSEES OF STATE LAND.

Emotionalism

Another cause of friction and discontent may well be classified as "emotionalism." That is, because two members of the three-member board are strongly identified with the interests of cattlemen, non-lessees may suspect the existence of an "unholy" alliance between the board and its rancher-lessees. On the other hand, state land lessees appear to be suspicious of any changes in this area as it is a matter which, for many, is felt to directly threaten their economic livelihood. To illustrate, some of these people may be quick to accept any statement as fact which is in support of their position regardless of its validity, or discount anything which does not support their position no matter how accurate it might be; also, rumors are readily believed no matter how fantastic they might be, such as one that the purpose of this committee was to raise state land rental rates to a minimum of $1.00 per acre.

Some help might be provided by altering the board's composition to include a more representative membership, or the administrative structure could be altered to establish an appeals board. This latter board either could be in addition to or in place of the present full-time board. In any case, these changes would require constitutional amendment, and the committee is by no means convinced that such action is warranted at this time. ARBITRARY OR CAPRICIOUS ACTION BY ADMINISTRATIVE AGENCIES IN PARTICULAR CASES CAN BE REMEDIED BY APPEALS TO THE COURTS.

Preference to Lessees

Preference to state land lessees is provided by law in that "before land shall be leased to anyone other than the present lessee said present lessee shall be given ten days notice and an opportunity during said ten days to negotiate with the state board of land commissioners concerning a new lease."* As a general rule, the land board has interpreted this to mean that a lessee will have to meet any other bid which the board feels is made in good faith and within reason. Also, by board ruling, lessees usually are given the right to retain land under lease on which an acceptable sales bid has been made at an increased rental rate.

THE BOARD'S POLICY ANNOUNCEMENT OF JUNE 1, 1959 APPEARS CONSISTENT WITH LEGISLATIVE INTENT TO ALLOW LESSEES TO RETAIN LEASES AT AN INCREASED RENTAL RATHER THAN SELL THE LAND. HOWEVER, THE PERCENTAGES CONTAINED IN THAT BULLETIN ARE IN NEED OF CHANGE, BECAUSE THEY PERMIT THE LESSEE TO HOLD THE LAND AT A RENTAL OF 3 PER CENT OF ITS VALUE. A RETURN OF 4 PER CENT OF THE LAND'S BID VALUE IS ALTOGETHER FEASIBLE.

A SINGLE PERCENTAGE-POINT INCREASE WOULD RAISE SCHOOL REVENUES BY SEVERAL HUNDRED THOUSAND DOLLARS.

Fort Lewis School

As reported on page 14, mineral rights on the land belonging to the Fort Lewis School are to be leased jointly by the State Board of Land Commissioners and the State Board of Agriculture. It seems to the committee that this responsibility should be solely one or the other of these two boards, but not both. In view of the fact that the land board maintains a mineral department headed by a professional geologist, with year-around attention being devoted to oil and gas leasing activities, the committee believes that the land board should be provided complete leasing authority. Such a step would also preclude any future reoccurrence of disagreement between the two boards as to the best time to lease oil and gas or other mineral rights. The committee also believes that the land board's policy of attempting to keep as much mineral rights under lease as possible is sound, and that it would be unwise to speculate with these leases.

The committee approves the present policy of the board of advising the State Board of Agriculture and the Board of Regents of the University of Colorado of the sale of any of the lands granted Colorado State University and the University of Colorado.

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* Section 112-3-18 (1), 1955 C.R.S. Supplement.

Unbalanced Distribution of State Land Among Counties

A major cause of friction or discontent results from the unbalanced distribution of state land among the 63 Colorado counties. As shown in Table 1, the amount of state land varies considerably from county to county. Some counties, especially those having large amounts of state land, feel that they have a substantial tax problem as a result of this land not being on the tax rolls. Similarly, resentment may result on the part of some counties since the public school income fund is distributed on an equal per aggregate pupil basis to all counties regardless of the amount of school land located therein.

An additional result from the large concentration of state land in some counties is the creation of large land lessees. For example, grazing leases consisting of more than 10,000 acres of state land encompass 945,000 acres, or approximately one-third of the state land board's surface total of 2,895,000 acres. A related point in this respect is the board's policy of consolidating leases held by one leesee into one lease wherever possible; this practice has brought reports of discontent on the part of potential competitive bidders who may be interested in only a portion of the land under lease.

An obvious solution to the problem of the unbalanced distribution of state land which has been suggested to the committee would be for the land to be sold in an orderly manner. As pointed out earlier, however, the committee believes that such proposals should await the outcome of improvements on the present system as recommended in this report.

AT THE SAME TIME, THE COMMITTEE APPRECIATES THE PROBLEM WHICH LARGE CONCENTRATIONS OF STATE LAND ARE FELT TO PRESENT IN SOME COUNTIES. THE COMMITTEE THEREFORE SUGGESTS THAT THE GENERAL ASSEMBLY CONSIDER THE POSSIBILITY OF PERMITTING LOCAL GOVERNMENTS TO ASSESS LEASE-HOLD INTEREST OF SURFACE RIGHTS AS THEY HAVE DONE FOR DECADES WITH PRIVATE MINERAL RIGHTS ON STATE-OWNED LAND.

The creation of large lessees of state land means to some potential lessees that they cannot compete on equal terms in attempting to secure leases on part of these acres. While it has been suggested to the committee that leases to any one person be limited in size, the committee believes that such a program would not be an equitable solution and could lead to administrative difficulties in the enforcement thereof. Further, the committee believes that if a person is willing to offer the highest bid or meet the highest bid on school land, the school fund should not be penalized by restricting the amount of acres in this manner. Also, in some cases it would be difficult to break up large leases into smaller ones due to water rights, no access to the land other than by the present lessee, and because the value of the improvements which have been added to the land by the present lessee would make it impractical for any one other than the present lessee to utilize the land.

THE LAW SHOULD ASSURE THAT LEASE RENEWAL TIME WILL BRING THE OPPORTUNITY FOR COMPETITORS TO BID ON THE OUTER PARTS OF THE LEASE IN 160-ACRE PARCELS NOT JEOPARDIZING THE ESSENTIAL UNITY OF THE ENTIRE LEASE TRACTS.

Findings as Related to the State Forest Timber Contracts and Grazing Permits

Timber Contracts. It appears that commercial timber cutting in the state forest will cease by the close of 1962. Three cutting blocks containing 5,300,000 board feet remain to be cut. Twenty-one cutting contracts have been let. The stumpage prices have varied with each contract. Provisions contained in some contracts have not been enforced as to the minimum amount to be cut in any single year. Several contracts have been extended more than once, without any adjustment of stumpage price to market prices which then prevailed. Overcutting the amount of the board feet provided in the original contract has been characteristic, with the overcutting ranging from 24 to 406 per cent. This overcutting, in 11 contracts, and the repeated extension of the original contract, in 17 contracts, has been accomplished without advertising or competitive bidding.

When the remaining timber has been cut, the revenue from the timber will be nil and must come from the grazing leases and the miscellaneous sale of posts, poles, Christmas trees, and pulp wood dependent upon a market for pulp wood.

Good reproduction exists, but much covered area is in need of thinning. Moderate to severe fire hazards exist and will become worse unless fire breaks are installed, slash is minimized, and fire combat equipment is made available closer to the forest.

Grazing Permits. When the state forest was established, those ranchers holding U.S. Forest grazing allotments in the area of the state forest were granted state grazing permits. Prior to June 1, 1956, the rentals were on a per animal month unit basis of 23-1/4¢ for sheep and $1.16-2/3¢ for cattle. In 1956 all permits were renewed and placed on a per acre rental basis with rentals ranging from 8.5 cents to 18.2 cents per acre. All permits were consolidated on June 1, 1959, and reissued for a ten-year period to the State Forest Grazing Association for an amount equal to the total rentals paid by the individual permit holders.

In effect, all grazing permits have been extended without advertising. When one lease was dropped, it was advertised and sold for a bonus payment of $2,550. The Grazing Association now pays an annual rental of $8,904 for 70,317 acres of land at a rate equivalent to 12.6 cents per acre. The state lease to the Association provides that subleasing to any person other than stockholders in the Association will automatically cause loss of priority or preference right to renewal. This provision will be a future hindrance to open competitive bidding for the grazing rights in the state forest.

Recommendations. The committee requests the director of the State Department of Natural Resources to submit to the 43rd General Assembly proposals for the conservation, exchange, or other disposition of the state forest.

Legislative Changes Recommended

Certain legislative and administrative changes, if adopted, would serve to alleviate or eliminate many of the difficulties or causes of friction and concern which were found by the committee.

Board's Rule-making Powers. The present law should be amended to require the land board to follow well-defined, standard procedures in establishing, amending, or repealing any of its rules or regulations. All rules and regulations should be adopted in accordance with the Administrative Procedure Act of 1959 (Chapter 37, Session Laws of 1959), and in addition all rules should be submitted to the Attorney General for advice as to their legality. In any event, continuing reports concerning any such actions should be provided the director of the Department of Natural Resources.

SUBLEASING. THE PRESENT SUBLEASING POLICY, OR POLICIES, OF THE STATE LAND BOARD CONSTITUTE A SOURCE OF FRICTION WHICH SHOULD BE CORRECTED BY LEGISLATION SPECIFICALLY PROHIBITING SUBLEASING BY LESSEES, INCLUDING IMMEDIATE LEASE CANCELLATION IN CASES OF VIOLATIONS.

Land Values. Land board appraisers should include estimated values in their reports which have some meaning, such as the minimum price which might be expected for sales purposes. The board would then be able to maintain a closer review on the practices and rental rates set by the appraisers, as well as have fairly up-to-date and realistic figures on this land and what rate of return is being realized from lease rentals.

Values of Improvements. In order to provide a means of settling disputes over the appraised value of lessee improvements, and correspondingly increase competition, the committee recommends that the law be amended to require an independent appraisal by someone not connected with any of the parties involved, including the state land board, in cases of conflicting lease applications or sales applications if so demanded by either party.

Conflict of Interest. Legislation should be enacted providing that no land board member or employee should BE CONNECTED WITH OR have a FINANCIAL INTEREST IN ANY state lease. Legislation prohibiting real estate brokerage or sales agent activities on the part of land board employees should also be adopted. At the same time, the committee feels that a re-evaluation of the salary scale for the board's field appraisers may be called for in order to raise their compensation to a level where the board can retain competent employees without supplemental income from real estate dealings.

The committee sees no need or reason to eliminate the RETENTION of leases on the part of any public offcial who is not directly connected with the state land board. If such a position were taken, it would mean that upon becoming a public official, a person would have to sacrifice what might be a vital part of his means of earning a livelihood. This would be particularly punitive in the case of part-time public officials whose services are being provided now in many instances at a private financial sacrifice.

LAND APPRAISALS AND COMPETITIVE BIDDING. IN ORDER TO PROVIDE TRUE APPRAISED VALUES ON STATE SCHOOL LAND AND ACTUAL COMPETITIVE BIDDING FOR THE LEASING THEREOF, THE FOLLOWING FOUR-STEP PROGRAM IS RECOMMENDED:

1. STATE SCHOOL LAND PARCELS SHOULD BE APPRAISED EVERY SIX YEARS FOR LEASING PURPOSES BY A THREE-MEMBER TEAM CONSISTING OF THE COUNTY ASSESSOR, A LAND BOARD APPRAISER, AND ONE LOCAL FARMER OR RANCHER WHO IS A NON-LESSEE OF STATE LAND WHO WOULD BE APPOINTED BY THE BOARD OF COUNTY COMMISSIONERS. THE APPRAISED VALUE SHOULD REPRESENT THIS GROUP'S ESTIMATE OF THE FAIR MARKET VALUE OF THE STATE PARCELS OF LAND.

2. A MINIMUM LEASE RENTAL RATE SHOULD BE ESTABLISHED AT 4 PER CENT OF THE LAND'S FAIR MARKET VALUE FOR THOSE PARCELS WHERE COMPETITION EXISTS. FOR OTHER SECTIONS OF STATE LAND FOR WHICH COMPETITIVE BIDS ARE NOT RECEIVED, THE LAND BOARD SHOULD CONTINUE TO OPERATE TO COLLECT THE BEST RENTAL RATE OBTAINABLE.

3. ACTUAL COMPETITIVE BIDDING SHOULD BE ENCOURAGED IF THE SCHOOL FUND IS TO RECEIVE THE MAXIMUM RENTAL RATE POSSIBLE IN LIGHT OF MARKET CONDITIONS AND CONSISTENT WITH GOOD LAND MANAGEMENT PRACTICES. TO THIS END, AT THE LEASE EXPIRATION DATE, ANYONE SHOULD BE ALLOWED TO COMPETE WITH A MINIMUM BID OF 4 PER CENT OF THE LAND'S FAIR MARKET VALUE PLUS BONUS WITH NO PREFERENCE ALLOWED THE OLD LESSEE AS AT PRESENT.

4. AS LONGER-TERM LEASES HAVE BEEN REPORTED BY STATE LAND LESSEES TO BE WORTH MORE THAN THE PRESENT SIX-YEAR LEASES ISSUED BY THE BOARD, LEASE TERMS SHOULD BE INCREASED TO 12-YEAR PERIODS WITH THE PROVISION THAT, FOLLOWING REAPPRAISAL AND CLASSIFICATION AT THE END OF THE FIRST SIX YEARS, RENTALS SHOULD BE ADJUSTED IN ACCORDANCE WITH ANY CHANGE IN THE APPRAISED MARKET VALUE, EITHER UPWARDS OR DOWNWARDS.

Lease Consolidations and Extensions. The committee considers the board's policy of consolidating AND EXTENDING leases as one which is not justified by resulting in more administrative efficiency when compared to its effect of REDUCING COMPETITTIVE BIDDING and causing concern on the part of would-be lessees that this represents an attempt to exclude them from bidding. LEGISLATION WITH SANCTIONS SHOULD ASSURE THAT NO LEASES ARE EXTENDED, OR TERMS AMENDED, WITHOUT PUBLIC NOTICE AND AN OPPORTUNITY FOR COMPETITIVE BIDDING.

Administrative Changes Recommended

THE COMMITTEE RECOGNIZES THAT A GREAT DEAL OF THE ADMINISTRATION OF OUR STATE LANDS MUST BE LEFT TO ADMINISTRATIVE DISCRETION. HOWEVER, THE COMMITTEE COMMENDS TO THE ATTENTION OF THE LAND BOARD THE ADMINISTRATIVE RECOMMENDATIONS WHICH APPEAR IN THE MAIN BODY OF THIS REPORT.

* *

It is the hope of the minority submitting this report that it will supply the deficiencies which are apparent in the majority report.

Respectfully submitted,

Representative Forrest Burns
Representative Yale Huffman

PUBLIC SCHOOL LANDS IN COLORADO

As a general policy, the federal government granted title to varying amounts of lands to the states upon their admission to the Union. Much of the land was granted for use in supporting the common school systems, with additional grants being made for other purposes. In Colorado, under the state's Enabling Act, sections 16 and 36 in every township, or equivalent lands, were granted for the support of the common schools. Additionally, 50 sections each were granted as lands for public buildings and for a state penitentiary; 72 sections were granted for the use and support of a state university, and a small amount of land (19,000 acres) was provided for the development of commercial salt production. At the time of the state's admission in 1876, these grants amounted to approximately 4,000,000 acres.

A State Board of Land Commissioners composed of the governor, attorney general, secretary of state, and state superintendent of public instruction was established to administer these lands granted the state. Because sections 16 and 36 were not available in every township for granting title to the state as a result of homesteads, Mexican land grants, Indian lands, etc., one major function of this board was to select lands in an amount to equal the original total of two sections per township. About one-half of this total acreage of school land was selected in this manner.

For whatever reasons the selections may have been made at that time, the results have been large concentrations of state school acreages in some counties and little or none in other counties. As reported in Table 1, most of these large concentrations are found in counties in the eastern part of the state. Moreover, surface acreages administered by the state land board represents more than ten per cent of the total county land area in six counties: Alamosa (12.0%); Bent (14.3%); Custer (12.2%); Fremont (13.5%); Otero (14.7%); and Pueblo (15.4%). On the other hand, no surface land administered by the land board is located in ten counties: Costilla, Delta, Garfield, Hinsdale, Mesa, Mineral, Montrose, Rio Blanco, San Juan, and Summit.

It may be noted that, of the original grant of 4,000,000 acres, about one-fourth of the surface acreage has been sold. However, by federal and state law the mineral or subsurface rights are retained by the state when the land is sold. The state consequently has title to mineral rights on approximately the original 4,000,000 acres.[1]

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1. Prior to legislation in the early 1920's, some rather small amounts of mineral acreage were sold.

Table 1

STATE LAND ACREAGES ADMINISTERED BY LAND BOARD
As of June 30, 1960

County	School Indemnity	Penitentiary	Permanent General Fund[1]	Colorado State University	Permanent School Fund[2]	Public Buildings	Internal Improvements	Saline Lands	Colorado University	State Land Total	County Total Land Acres[3]	% of State Land in County
Adams	24,371.73	---	1,566.88	---	1,799.91	---	---	---	---	24,738.52	796,800	3.10%
Alamosa	13,536.69	---	---	---	491.29	---	41,467.95	---	---	55,495.93	460,800	12.04
Arapahoe	11,837.26	---	635.18	---	640.00	---	---	---	---	13,112.24	521,600	2.51
Archuleta	3,080.00	---	---	---	---	---	---	---	---	3,080.00	872,960	.35
Baca	38,910.67	---	---	363.90	---	---	---	---	---	39,274.57	1,641,600	2.39
Bent	132,612.24	240.00	---	1,903.95	---	160.00	4,215.68	---	---	139,131.87	970,880	14.33
Boulder	2,816.66	---	---	---	---	---	---	---	---	2,816.66	481,920	.58
Chaffee	7,227.36	5,079.82	---	---	---	---	3,692.31	---	---	15,999.49	664,960	2.41
Cheyenne	50,920.00	---	321.69	---	---	---	---	---	---	51,241.69	1,134,080	4.52
Clear Creek	1,000.00	---	---	---	---	---	---	---	---	1,000.00	252,160	.40
Conejos	46,246.83	640.36	---	---	---	360.00	5,884.95	---	---	53,132.14	813,440	6.53
Crowley	60,908.71	---	---	1,400.00	320.00	---	---	---	---	62,628.71	513,920	12.19
Custer	11,958.98	---	---	---	---	---	---	---	---	11,958.98	471,680	2.54
Denver	39.59	---	---	---	---	---	---	---	---	39.59	46,080	.09
Dolores	4,160.00	---	---	---	---	---	---	---	---	4,160.00	657,920	.63
Douglas	6,880.00	---	---	---	---	---	---	---	---	6,880.00	539,520	1.28
Eagle	9,327.78	---	---	---	---	---	---	---	---	9,327.78	1,078,400	.86
Elbert	78,972.71	---	667.74	---	2,229.40	---	---	---	---	81,869.85	1,192,960	6.86
El Paso	186,553.40	---	---	---	160.00	---	---	---	---	186,713.40	1,381,120	13.52
Fremont	54,996.79	---	---	2,638.40	---	---	---	---	---	57,635.19	999,680	5.77
Gilpin	950.00	---	---	---	---	---	---	---	---	950.00	95,360	1.00
Grand	46,598.05	---	---	---	---	---	---	---	---	46,598.05	1,186,560	3.93
Gunnison	8,354.35	---	---	---	---	---	---	---	---	8,354.35	2,072,320	.40
Huerfano	41,133.02	---	---	---	1,375.43	---	---	---	---	42,508.45	1,009,920	4.21
Jackson	51,449.49	---	---	---	---	---	---	---	---	51,449.49	1,038,720	4.95
Jefferson	3,653.56	---	---	---	---	1,319.78	---	---	480.00	5,453.34	503,040	1.06
Kiowa	68,429.29	---	---	---	---	---	---	---	---	68,429.29	1,146,880	5.97
Kit Carson	52,332.62	---	159.70	160.00	960.00	---	---	---	---	53,612.32	1,389,440	3.86
Lake	1,033.95	---	---	---	---	---	314.60	---	---	1,348.55	243,200	.55
La Plata	6,870.00	---	---	---	---	---	---	---	---	6,870.00	1,078,400	.64
Larimer	42,504.73	---	---	5,241.50	---	---	---	---	---	47,746.23	1,672,960	2.85
Las Animas	150,929.55	640.00	1,164.97	1,760.00	320.00	---	40.00	---	---	154,854.52	3,068,160	5.05
Lincoln	134,990.63	---	626.47	---	2,241.43	---	---	---	---	137,858.53	1,659,520	8.31
Logan	134,268.68	---	1,242.10	---	932.90	---	675.60	---	1,825.96	138,945.24	1,169,280	1.19
Moffat	198,952.59	---	640.00	960.00	---	---	---	---	---	200,552.59	3,042,560	6.59
Montezuma	5,445.50	---	78.04	2,725.06	80.00	---	---	---	---	8,328.60	1,340,800	.62
Morgan	48,597.17	---	1,826.45	---	2,640.34	---	---	---	---	53,063.96	820,480	6.47
Otero	116,682.92	---	---	1,920.00	---	---	560.00	---	---	119,162.92	810,880	14.70
Ouray	791.85	---	---	---	---	---	---	---	---	791.85	345,600	2.29
Park	46,464.67	625.65	---	---	---	---	36,470.27	12,320.45	---	95,881.04	1,386,240	6.92
Phillips	17,641.14	---	---	---	---	---	---	---	---	17,641.14	435,200	4.05
Pitkins	435.19	---	---	---	---	---	---	---	---	435.19	623,360	.07
Prowers	37,465.13	---	---	---	---	---	4,787.14	---	---	42,252.27	1,040,640	4.06
Pueblo	228,927.10	720.00	---	5,136.70	1,182.00	---	202.01	---	---	236,167.81	1,536,640	15.37
Rio Grande	6,461.31	---	---	---	---	---	5,505.22	---	---	11,966.53	586,240	2.04
Routt	65,183.75	---	320.00	---	---	---	---	---	---	65,503.75	1,491,200	4.39
Saguache	35,994.00	---	---	---	---	---	48,809.45	---	---	84,803.45	2,012,160	4.21
San Miguel	11,760.00	---	---	---	---	---	---	---	---	11,760.00	821,120	1.43
Sedgwick	24,269.87	---	---	---	---	---	---	---	---	24,269.87	348,160	6.97
Teller	6,772.66	---	---	---	---	---	---	---	---	6,772.66	354,560	1.91
Washington	100,554.57	---	1,641.16	---	1,171.23	---	1.30	---	1,200.00	104,568.28	1,616,000	6.47
Weld	165,338.17	---	3,240.00	---	3,588.03	2,320.00	---	---	---	174,486.20	2,562,560	6.81
Yuma	47,780.25	---	---	---	320.00	---	3,402.13	---	---	51,502.38	1,525,120	3.38
	2,652,372.56	7,945.83	14,130.40	24,209.51	20,481.96	4,159.78	156,028.61	12,320.45	3,505.96	2,895,125.46	55,525,760	5.21%

1. Land acquired as a result of loans made to farmers out of state general fund.
2. Reacquired from forfeited land sales of school and indemnity lands.
3. Excluding water acreage.

Present State Board of Land Commissioners

The original state land board was replaced in 1911 when the present board was authorized by constitutional amendment.[2] Board members consist of a president, a register, and an engineer who are appointed by the governor with the consent of the senate. The members are appointed for six-year terms on a staggered two-year basis.

The constitutional provision does not specify any qualifications for the persons appointed as president or register, but the person designated as engineer must be a civil engineer "who, for at least five (5) years, has been actively engaged in the practice of his profession." Board members are considered to be full-time employees and are presently paid salaries of $9,000 a year.

Section 10, Article IX of our constitution, authorizes the State Board of Land Commissioners "to provide for the location, protection, sale or other disposition of all the lands heretofore, or which may hereafter be granted to the state by the general government, under such regulations as may be prescribed by law; and in such manner as will secure the maximum possible amount therefor." This section further authorizes the General Assembly to adopt legislation to require that the land will be "judiciously located and carefully preserved and held in trust subject to disposal, for the use and benefit of the respective objects for which said grants of land were made, and the general assembly shall provide for the sale of said lands from time to time; and for the faithful application of the proceeds thereof in accordance with the terms of said grants."

Administrative Organization. The office of the State Board of Land Commissioners is divided into four general divisions under the direction of the board itself. These divisions are administrative, accounting, mineral, and state forest, as shown in Chart 1.

The board has a full-time staff of 26 persons who may be classified generally as follows: administrative, six persons; clerical, 13; field appraisers, four; and forestry and engineering, three. Board employees, excluding the members themselves, are under state civil service.

From time to time the board may utilize part-time services of geologist consultants, foresters, and oil and gas appraisers in addition to its full-time staff. Each of the four field appraisers has been assigned a specific district in the state. These districts and the names and addresses of the board's appraisers are shown in Chart 2.

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2. Section 9, Article IX, Colorado Constitution

Chart 1

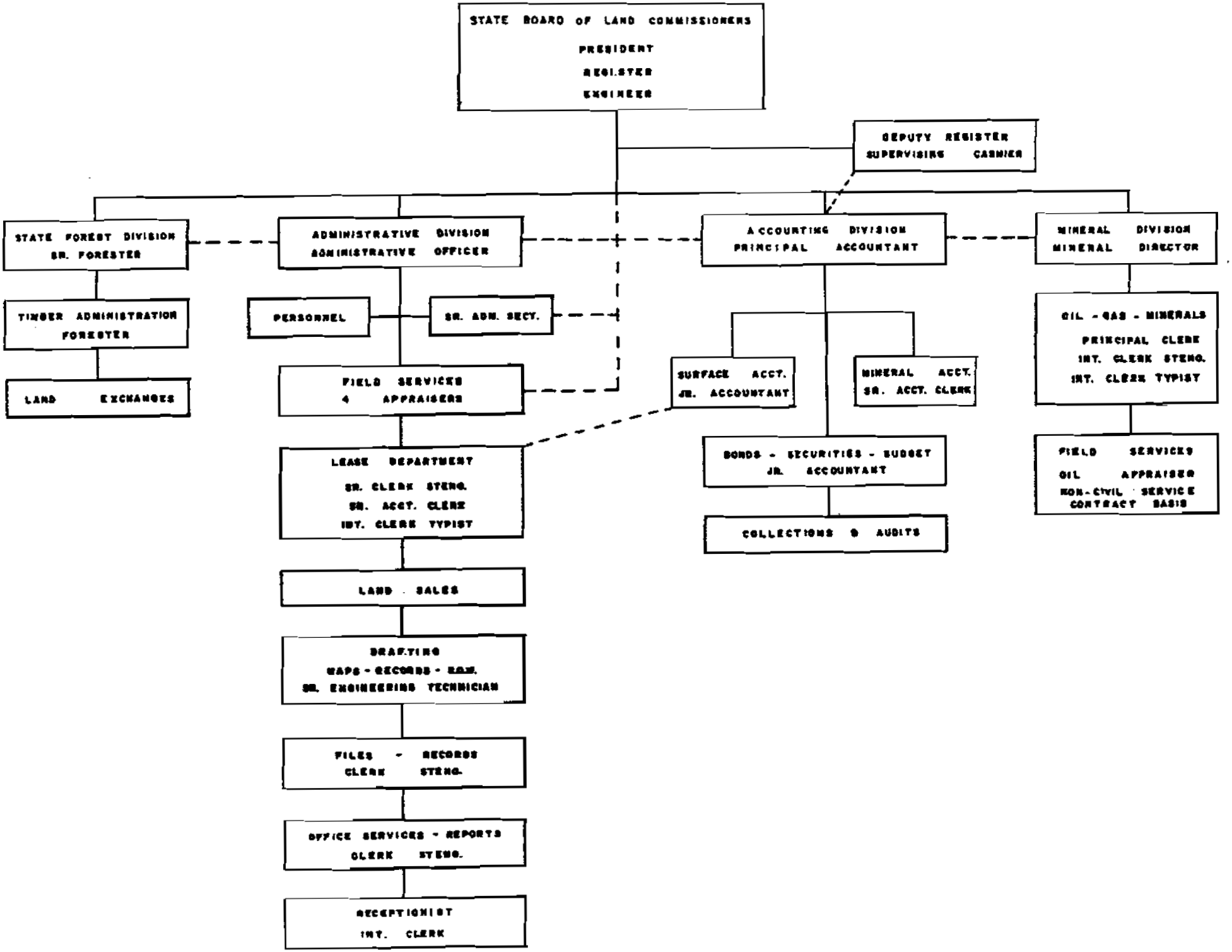
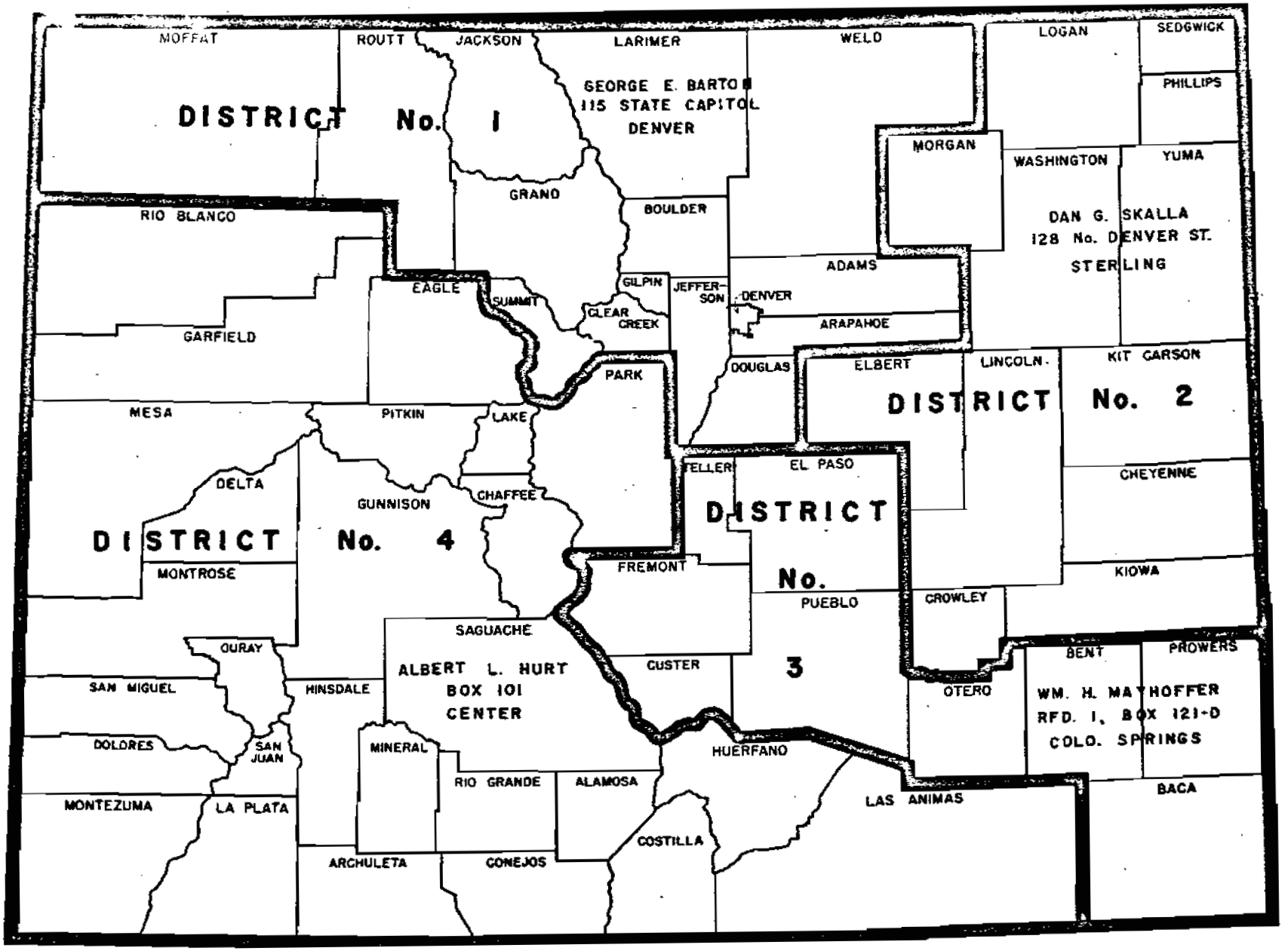

STATE BOARD OF LAND COMMISSIONERS
PRESIDENT
REGISTER
ENGINEER
DEPUTY REGISTER
SUPERVISING CASHIER
STATE FOREST DIVISION
SR. FORESTER
ADMINISTRATIVE DIVISION
ADMINISTRATIVE OFFICER
ACCOUNTING DIVISION
PRINCIPAL ACCOUNTANT
MINERAL DIVISION
MINERAL DIRECTOR
TIMBER ADMINISTRATION
FORESTER
PERSONNEL
SR. ADM. SECY.
OIL - GAS - MINERALS
PRINCIPAL CLERK
INT. CLERK STENO.
INT. CLERK TYPIST
LAND EXCHANGES
FIELD SERVICES
4 APPRAISERS
SURFACE ACCT.
JR. ACCOUNTANT
MINERAL ACCT.
SR. ACCT. CLERK
LEASE DEPARTMENT
SR. CLERK STENO.
SR. ACCT. CLERK
INT. CLERK TYPIST
BONDS - SECURITIES - BUDGET
JR. ACCOUNTANT
FIELD SERVICES
OIL APPRAISER
NON-CIVIL SERVICE
CONTRACT BASIS
COLLECTIONS & AUDITS
LAND - SALES
DRAFTING
MAPS - RECORDS - R.O.W.
SR. ENGINEERING TECHNICIAN
FILES - RECORDS
CLERK STENO.
OFFICE SERVICES - REPORTS
CLERK STENO.
RECEPTIONIST
INT. CLERK

Chart 2

STATE BOARD OF LAND COMMISSIONERS
APPRAISERS' DISTRICTS



DISTRICT No. 1	GEORGE E. BARTON	115 CAPITOL BLDG.	DENVER
DISTRICT No. 2	DAN G. SKALLA	128 No. DENVER ST.	STERLING
DISTRICT No. 3	WM. H. MAYHOFFER	RFD. 1, BOX 121-D	COLO. SPRINGS
		BOX 101	CENTER

The cost of the board's operations for fiscal year 1959 totaled $190,526.02. Expressed in other terms, the board stated that, on the basis of 3,000,000 surface acres, the annual per acre cost of administration was six cents, and, after adding the 4,000,000 acres of mineral rights, the per acre cost was $.0275.

School Fund Revenues. All income from the administration of state land is credited to the several funds "owning" the land, the largest of which are the two public school funds. That is, the board administers land for the common schools, Colorado University, Colorado State University, the state penitentiary, the internal improvements fund, the public buildings fund, the saline lands fund, and the state general fund.

Tables 2 and 3 list the receipts to the two public school funds for the past ten years. Receipts to the public school income fund, reported in Table 2, are distributed four times each year to every school district in the state on the basis of aggregate school attendance; actual county distributions made from the income fund for 1958, 1959, and 1960 are shown in Table 4. The public school permanent fund (Table 3), however, "shall forever remain inviolate and intact" and only the interest received on investments thereof may be used for distribution to the common schools. Consequently, monies received from the sale of school land and the various royalties, or the sale of any "irreplaceable assets," are deposited in the permanent school fund.

Receipts to the public school income fund have increased substantially over the past ten years -- from a low of $1,201,570 in 1951 to a high of $3,594,618 in 1957, tapering off somewhat to $3,353,126 in 1960. While increased revenues from land rentals and interest in investments contributed to this gain, a significant factor was the addition of mineral lease rentals and timber sales, beginning in fiscal year 1953, as these receipts have been accounting for approximately one-third of the income fund since that time.

Revenue receipts to the public school permanent fund, on the other hand, fluctuated considerably during the past ten years, due largely to the fact that its sources, such as land sales and receipts from escheated estates, have a more erratic nature than do the receipts to the income fund. Since 1951, the lowest year in this respect was 1953 when receipts from mineral lease rentals and timber sales were no longer credited to the permanent fund but were deposited in the income fund.

Senate Joint Resolution No. 24, 1960 Session

In the 1960 session, the Colorado General Assembly adopted Senate Joint Resolution No. 24 which directed the Legislative Council "to study the procedures and policies of the state board of land commissioners with a view toward securing a maximum revenue yield to the public school fund." In the course of its undertaking,

the committee appointed by the Legislative Council to carry out this study held a series of five regional hearings in various areas of the state, followed by a state-wide hearing in Denver on October 6-7. In addition, the committee directed the preparation of various data in order to shed light on questions which heretofore had been largely unanswered and subject to speculation in many respects. This report therefore represents a summary of the committee's activity over the eight months of its existence, from April to December.

Statutory Provisions and Administrative Practices

Statutory provisions governing the administration of state lands are provided generally in sections 112-3-1 through 112-3-46, 1953 Colorado Revised Statutes, as amended, based on a law passed in 1919. The State Board of Land Commissioners has supplemented these provisions by adopting rules and regulations regarding the leasing of surface lands and mineral rights.

General Administration

The state land board is required to maintain a complete record of its proceedings and to preserve all important papers and documents pertaining to state lands. Normally, board meetings for which a record of proceedings is kept are held on a semi-monthly basis. These meetings are largely devoted to matters of authorizing sales, investments, exchanges of land, and reviewing conflicting lease applications, appeals from previous actions or decisions of the board or its employees, etc.

In addition to the board's general powers and duties in regard to the leasing and selling of land, the law directs the state land board to select and locate all lands granted the state by the federal government. As these selections were completed for all practical purposes by 1920, this is no longer a major function of the board.

Another section, C.R.S. 112-3-42, which has remained unchanged since its passage in 1919, authorizes the land board to exchange lands with the federal government. Most of the land in the State Forest in Jackson County was acquired in this manner, and this process is still being utilized. Only recently the board attempted to trade 25,000 acres of state land in El Paso County, which is leased to Fort Carson, for federal land utilization ("LU") land in Southeastern Colorado. In this instance, it was reported to the committee, the trade fell through as a result of pressure from lessees of the federal land who did not want to pay the higher lease rental rates if the state were to acquire this LU land.

Table 2

PUBLIC SCHOOL INCOME FUND RECEIPTS
Fiscal Years 1951 Through 1960

Receipts	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Land Rentals										
School land	$ 622,459	$ 742,347	$ 925,081	$1,065,072	$1,055,061	$1,164,593	$1,124,956	$1,180,517	$1,183,054	$1,241,316
State Forest & timber sales	4,644	4,255	43,050	53,304	69,795	69,048	67,666	54,682	49,961	25,343
Interest on Investments	574,464	547,860	595,624	625,249	664,566	697,819	739,832	791,784	858,563	896,717
Mineral Rentals	---	---	677,775	815,600	1,245,828	1,410,152	1,661,943	1,211,899	1,448,437	1,189,750
Miscellaneous	3	11	---	---	---	---	221	---	---	---
Total	$1,201,570	$1,294,463	$2,241,530	$2,559,225	$3,035,250	$3,341,612	$3,594,618	$3,238,882	$3,540,015	$3,353,126

Table 3

PUBLIC SCHOOL PERMANENT FUND RECEIPTS
Fiscal Years 1951 Through 1960

Revenue Receipts	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Sales										
Lands*	$ 534,570	$ 486,595	$ 394,207	$ 381,125	$ 242,814	$ 269,404	$ 366,010	$ 215,802	$ 235,508	$ 360,959
Rights of way	9,536	10,969	7,395	9,715	18,323	18,011	122,664	15,688	18,618	8,667
Improvements	375	440	2,922	228	228	320	100	---	---	1,200
Timber, sand & gravel	49,343	41,670	---	---	---	---	---	---	---	---
Mineral Royalties	43,943	74,130	77,209	176,322	396,960	605,364	534,635	649,455	778,014	674,198
Mineral Rentals	481,681	578,583	---	---	---	---	---	---	---	---
Transfers - escheated estates	11,612	12,241	14,064	6,369	2,385	13,839	2,663	17,294	8,307	9,818
Miscellaneous	7,011	5,317	---	271	320	644	---	3	---	---
Sub-total	$1,138,071	$1,209,945	$ 495,797	$ 574,030	$ 661,030	$ 907,582	$1,026,072	$ 898,242	$ 1,040,447	$ 1,054,842
Non-Revenue Receipts										
Repayments of loans	$ 22,342	$ 69,668	$ 62,769	$ 99,641	$ 106,335	$ 153,638	$ 131,455	$ 384,559	$ 643,385	$ 228,994
Investments liquidated	1,111,741	1,044,987	780,234	1,215,360	955,345	661,632	586,248	716,609	1,048,429	2,463,632
Total	$2,272,155	$2,234,600	$1,338,800	$1,889,031	$1,722,710	$1,722,852	$1,743,775	$1,999,410	$2,732,261	$3,747,468

* Includes payments on certificates of purchase.

Table 4

STATE PUBLIC SCHOOL INCOME FUND DISTRIBUTION
Fiscal Years 1958 Through 1960*

County	1958 Apportionment	1958 Payment	1959 Apportionment	1959 Payment	1960** Apportionment	1960** Payment
Adams	$ 191,976	$ 159,419	$ 208,945	$ 176,054	$ 222,294	$ 188,027
Alamosa	21,728	21,741	21,562	21,559	20,218	20,455
Arapahoe	202,748	235,304	211,125	244,016	212,940	247,207
Archuleta	7,026	6,272	6,419	5,838	6,817	6,277
Baca	15,038	15,038	15,744	15,744	14,341	14,341
Bent	17,908	17,369	17,165	16,676	16,113	15,631
Boulder	113,370	113,438	116,900	116,985	116,343	116,366
Chaffee	15,540	15,540	15,708	15,708	14,615	14,615
Cheyenne	6,332	6,332	6,259	6,259	6,091	6,091
Clear Creek	5,914	5,914	5,860	5,860	5,477	5,477
Conejos	25,907	26,161	25,080	25,325	24,095	23,765
Costilla	12,411	12,411	13,835	13,835	12,581	12,581
Crowley	10,371	10,089	9,935	9,272	9,494	8,947
Custer	3,126	3,126	2,724	2,724	2,405	1,984
Delta	35,352	36,514	33,643	34,693	31,832	32,806
Denver	742,728	742,728	741,951	741,951	711,505	711,505
Dolores	5,359	5,391	5,403	5,419	5,211	5,211
Douglas	10,366	10,493	10,658	10,779	10,500	10,566
Eagle	10,877	10,195	10,415	9,765	9,689	9,086
Elbert	8,765	7,520	8,177	7,101	7,751	6,909
El Paso	220,697	221,693	234,372	235,313	243,697	244,627
Fremont	36,063	36,059	35,210	35,205	33,846	34,255
Garfield	26,087	25,970	26,091	26,058	23,982	25,304
Gilpin	1,516	1,457	1,394	1,329	1,205	1,174
Grand	9,136	9,136	9,121	9,377	8,273	8,521

Table 4 Continued:

County	1958 Apportionment	1958 Payment	1959 Apportionment	1959 Payment	1960** Apportionment	1960** Payment
Gunnison	$ 10,750	$ 9,971	$ 10,829	$ 10,138	$ 10,077	$ 9,487
Hinsdale	261	205	62	-0-	242	222
Huerfano	15,381	15,381	14,428	14,428	13,279	13,279
Jackson	4,546	4,546	4,223	4,223	4,141	4,141
Jefferson	221,450	221,450	230,630	230,630	230,066	230,066
Kiowa	5,781	5,781	5,814	5,814	5,310	5,310
Kit Carson	15,682	15,490	14,753	14,547	14,062	13,855
Lake	17,337	17,337	17,716	17,716	12,815	12,815
La Plata	40,487	41,298	42,189	42,832	40,885	41,444
Larimer	92,588	93,211	91,656	92,305	87,191	87,810
Las Animas	51,013	51,013	47,882	47,882	43,256	43,256
Lincoln	12,913	13,163	12,572	12,722	11,651	11,616
Logan	46,605	46,265	43,244	42,945	40,681	40,332
Mesa	109,872	110,223	109,318	109,609	102,310	102,580
Mineral	1,065	1,065	1,031	1,031	804	804
Moffat	15,258	15,258	14,958	14,958	14,600	14,600
Montezuma	29,947	29,947	35,712	35,712	34,776	34,776
Montrose	42,725	41,633	42,430	41,365	40,178	39,264
Morgan	52,306	53,083	49,570	50,418	48,577	49,381
Otero	62,262	63,797	59,217	60,993	55,649	57,193
Ouray	5,320	5,067	4,511	4,262	4,000	3,714
Park	3,026	3,026	3,256	3,256	3,376	3,376
Phillips	11,529	12,109	11,352	11,849	10,459	10,975
Pitkin	4,010	4,617	4,064	4,632	4,130	3,280
Prowers	32,388	32,927	31,733	32,221	30,394	30,876
Pueblo	226,819	225,444	227,035	225,791	217,426	216,321
Rio Blanco	14,028	14,028	12,947	12,947	12,159	12,149
Rio Grande	27,313	26,414	26,419	25,586	25,562	25,008
Routt	16,411	16,252	15,125	14,949	14,226	14,097
Saguache	12,046	12,678	11,043	11,634	10,872	11,519

Table 4 Continued:

County	1958 Apportionment	1958 Payment	1959 Apportionment	1959 Payment	1960** Apportionment	1960** Payment
San Juan	$ 2,343	$ 2,343	$ 1,984	$ 1,984	$ 1,593	$ 1,593
San Miguel	6,743	7,674	6,510	7,448	6,287	7,103
Sedgwick	12,029	11,789	10,757	10,558	10,089	9,921
Summit	2,689	2,689	3,468	3,213	3,702	3,454
Teller	5,902	5,902	5,709	5,709	5,548	5,548
Washington	15,859	15,481	15,295	14,825	14,742	14,391
Weld	157,064	155,903	153,996	152,802	147,317	146,253
Yuma	21,799	22,120	21,130	21,485	20,111	20,318
Total***	$3,181,889	$3,181,889	$3,208,263	$3,208,264	$3,123,857	$3,123,857

* The column heading "apportionment" signifies the amount of money allocated to each county. However, due to school districts overlapping county lines, actual payments to the counties vary in most cases. Totals may not balance as a result of rounding to nearest dollar.

** Fiscal year 1960 includes $8,120 from the previous fiscal year.

*** Actual distributions are made on a quarterly school-year basis (April 1 through March 31); however, the funds are distributed the quarter following collection and thus annual totals differ between Tables 2 and 4.

In 1957, the General Assembly created the State Department of Natural Resources which would "develop an integrated state policy for the conservation and development of natural resources, negotiate with the federal government in the natural resource and conservation fields, develop constructive programs for effectuating conservative use and orderly development of natural resources of the state," and have general supervision and control of all agencies within the department.[3] The State Board of Land Commissioners was one of the several state agencies placed in this department, and is consequently directed to give "due regard" to over-all policy set by the Department of Natural Resources.

Leasing of Surface Rights

Section 112-3-18, 1955 C.R.S. Supplement, provides that public lands will be leased by the board so as to produce an "optimum long-term revenue," with no lease for grazing or agricultural purposes to be issued for a period longer than ten years.[4] In determining maximum benefit to the state in the renewal of any expiring lease, the board is directed to consider the care and use given the land and the development work done by the lessee in conserving and promoting the productivity of the land and the classification, location and contribution to the unit controlled by the lessee. Preference is provided present lessees in that, before the land "shall be leased to anyone other than the present lessee, the present lessee shall be given ten days notice and an opportunity during said ten days to negotiate with the state board of land commissioners concerning a new lease."

The section further provides that the board make a listing of all leases in advance of their expiration date, on a quarterly basis, and at least five days prior to the beginning of each quarter a copy of this listing is to be transmitted to the county clerk in each county containing land to be leased. This copy is provided for posting in a conspicuous place in the courthouse and another copy is posted in the office of the land board.

All lease applications are to be in writing, stipulating the rental the applicant is willing to pay and under such other regulations as the board may prescribe. An applicant must also furnish evidence of his responsibility to carry out the terms of the lease and any applicant other than the present lessee must deposit with his application a sum of money equal to the payment of the first year's rental. The board is granted the power "to cancel and terminate any lease at any time if it finds that a lessee has violated any of the provisions of the lease or made any false statement in his application therefor."

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3. Section 3-15-4(1), 1957 C.R.S. Supplement.
4. Lands within city boundaries may be leased for a term not exceeding 50 years. All such lands shall be reappraised and classified at least every five years, and lessees thereof must pay any increased rental or forfeit the land under lease (Section 112-3-20, 1953 C.R.S.).

The General Assembly in 1937 authorized the land board to adjust rentals when "in its opinions conditions justify" this action.[5] All lease rentals are payable in advance,[6] and lessees must be bonded to secure the state against loss.[7]

Under the provisions of Section 112-3-6, 1953 C.R.S., the land board may require written reports from its appraisers on such items as the general character, adaptability, and estimated value of land parcels. In this connection, the law also authorizes the state land board to reclassify and reappraise any lands owned by the state at its discretion.[8]

In the event a person applies to lease state land upon which there are improvements belonging to another party, before a lease is issued he must first pay to the owner the price of the improvements as agreed upon by the two parties or as fixed by the land board.[9] Otherwise he cannot be issued a lease.

In amplifying these statutory provisions, the State Board of Land Commissioners has adopted various rules and regulations. At times, however, the board has changed or suspended its own rules as it deemed necessary.

By board regulation, lease applications must be filed at least 60 days prior to the expiration of the existing lease. "However," the board points out, "the Board is not obligated to accept the high bid, but can still make the deal which we think will be the best for the State and schools in the long run. In other words, the present lessee will have to meet any other bid which the Board feels is made in good faith and within reason."[10]

Lessees are permitted to assign their state land leases subject to board approval. Following the adoption of the 1955 amendment to section 112-3-18, the board reduced the assignment fee levied in such cases to an amount equal to one year's rental. Previously, the board collected a consideration for approving a lease assignment of two and one-half times one year's rent. The board reported its reason for the fee reduction in its bulletin issued on May 27, 1955:

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5. Section 112-3-14, 1953 C.R.S.
6. Section 112-3-17, 1953 C.R.S.
7. Section 112-3-30, 1953 C.R.S.
8. Section 112-3-9, 1953 C.R.S.
9. Section 112-3-19, 1953 C.R.S.
10. General Bulletin No. 2, October 14, 1955.

"Under the new law, the holder of a lease has the preference right of being able to meet the high bid, but we do not feel he receives quite so much when he takes over a lease on an assignment, so we are reducing that consideration to one year's rental. When we were collecting two and one-half times an annual rental we took up the old lease and issued a new one so that the assignee had protection for five years; but under the present law that would not work as we are required to post expiration dates in the court houses, and if we arbitrarily issue a new lease for five years, where the old one only had a year or two to run, it would be contrary to law as it would deprive any prospective applicant for land he desires to lease."

The board stated to the committee that no effort is made to determine any profit from conveyances of state leases; several years ago, when the board tried to do this, it was found impossible to administer. In the past two years, the board said, there were 243 lease transfers involving 290,597.9 acres with $95,990.80 being collected as consideration for the assignments.

In regard to the federal soil banking program, some lessees placed their leased state land in this program, thereby receiving a set income of a given amount per acre for the life of the contract. Some controversy developed over this practice, however, particularly where the land concerned was classified by the state land board as grazing land and not agricultural land, since the federal program had been established to reduce cultivation of crop land. The state land board treated this issue as one not requiring any procedural or policy changes. In essence, the board adopted the position that placing state land in the soil bank was the sole business of the lessee so long as he continued to pay the rental rate which had been set by the board. In 1959, Congress enacted a law prohibiting the placing of any more state-owned land in the soil bank program so that this is no longer a current problem.

Leasing of Mineral Rights

The leasing of mineral rights by the State Board of Land Commissioners, authorized by section 112-3-13, 1953 C.R.S., is left to the board's discretion even more than surface leasing. The General Assembly did provide in 1925, however, that leases concerning mineral rights on land owned by the Fort Lewis School be made by the land board "with the consent and approval of the state board of agriculture."[11] As with surface leases, rentals must be paid in advance. On the other hand, a mineral lease may be cancelled by the lessee at his option.

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11. Section 124-14-10, 1953 C.R.S.

Generally. Unlike grazing or agricultural surface leases, oil and gas leases are initially issued on a strictly competitive bid basis, for a five-year period, with the lessees usually granted the privilege of having the leases extended for a second five-year term without competition but at an increased minimum annual rental of $1 per acre compared to 50 cents per acre for the first five years. The board's procedure on the sale of these leases is contained generally in Regulation No. V - Leasing Procedure, in its "Regulations Relating to Colorado Oil and Gas Leases," effective January, 1959. Oil and gas lease sales are held on the third Wednesday of each month. Lands offered are selected either by application, by request from industry, or by motion of the land board. No formal legal advertising is made, but copies of sale notices are (1) mailed to all parties on the board's mailing list, (2) furnished to at least two commercial publications and in such other publications as designated by the board, and (3) posted in a conspicuous place in the board's office.

Three methods are used for sale procedure: sealed bids, oral bidding, and leases by application. Sealed bids are accepted on any tract listed in the sale notice. The minimum acceptable sealed bid offer is $10.60 per acre. A lease will be awarded to the person making the highest acceptable sealed bid. In the event of identical bids, the board will notify those involved that they are to submit new sealed bids within ten days. All tracts on which acceptable sealed bids are received will be withdrawn from the oral bidding.

There is no minimum bonus offer in oral bidding, i.e., a minimum bonus of $10 per acre is required in sealed bids. Leases under oral bidding will be issued upon payment of the filing fee (ten cents per acre) plus one year's rental at 50 cents per acre. Any bonus offer will be in addition to this basic minimum of 60 cents per acre.

Any land not leased either by sealed or oral bidding may be leased on a first-come, first-served basis starting on the morning of the first regular business day following each monthly sale. The regular five-year lease will be issued under a charge of ten cents per acre filing fee and 50 cents per acre rental fee.

The board's policy is to keep as much of the state's mineral rights under lease as possible and not to hold off such leasing to await a possible increase in value as a result of successful development. In the board's opinion, "this would definitely constitute speculation with Colorado school land income and the board does not believe it should operate in such a manner."

In this connection, Mr. Leonard Aitken, vice president of the Rocky Mountain Oil and Gas Association, reported to the committee at its Durango meeting that there are four factors or periods influencing mineral leasing: (1) during the early exploratory period, it is quite normal that leases will be extended at a relatively low price in terms of rental, bonus, and royalty figures; (2) in the next period, companies will attempt to block up acreage and prices will be a little higher; (3) the following period includes initial drilling with even higher bonuses paid; and (4) the final period takes place after a discovery well has been drilled and prices are apt to rise. However, Mr. Aitken stressed that the lease "play," or interest in obtaining leases, may cease after any one of the first three periods.

Moreover, he emphasized that these periods represent increasing levels of speculation. That is, a landowner either could lease right away or await future developments, but he should realize that there is more risk with each step. In this respect, he said, different considerations are going to govern the leasing of state land compared to private land in that a private landowner can take a gamble without criticism while the public generally believes it is not good to speculate where public funds are concerned.

Fort Lewis Oil and Gas Leasing. In 1909, the block of Fort Lewis land in La Plata County was granted to the state to use in creating a school for Indians. After acceptance of the grant by the governor, in 1911 the Colorado General Assembly created the Fort Lewis School and subsequently (in 1925) provided for the joint leasing of mineral rights by the State Board of Agriculture and the State Board of Land Commissioners.

The first mineral lease of record on the Fort Lewis land is a coal mining lease dated July 8, 1925, but there is no record of any mining having been done under this lease. More than 25 years later, the first oil and gas lease of record was issued to the Great Western Drilling Company for a five-year term -- from February 1, 1952, to February 1, 1957.

All 6,318.56 acres of land in the Fort Lewis block was leased at a total of $2.91 per acre ($.11 per acre filing fee; $.25 per acre rental, which was paid for two years in advance; and $2.55 per acre bonus), and for the five-year period the lease was in effect the state collected a total of $24,705.57.

Great Western drilled two dry test wells in this block of land before halting its operations. The first well, which was started on June 24, 1953, and completed on October 14, 1953, was drilled to a depth of 10,216 feet but no shows of oil or gas were reported. The same reports were made after drilling had been completed on the second well on August 30, 1956, at a total depth of 3,095 feet.

Despite the two dry holes, interest in leasing the mineral rights on land in the Fort Lewis block again picked up in 1957 as a result of promising developments to the southwest, and several sections were leased solely by the state land board. The board reported to the committee that its action was "due to an oversight of Section 124-14-10, C.R.S., as the board had no knowledge of the existence of this statute which pertains only to the Fort Lewis tract of 6,400 acres. The board operated in the belief that Article IX, Section 10, of the Colorado Constitution vested full authority in the board to so act." However, the State Board of Agriculture later declined to agree to these leases and on January 21, 1958, requested the land board to cancel them.

On April 21, 1958, all lessees were notified by the State Board of Agriculture that it considered the leases invalid and refunded to the lessees any money which they had paid thereon. All lessees, except British-American Oil Producing Company and Sunray Mid-Continent Oil Company, relinquished their leases. These two companies disagreed with the opinion and action of the State Board of Agriculture and, after declining to surrender their leases, are being sued along with the State Board of Land Commissioners to clear title on the land in the Fort Lewis block.

The following tabulation contains a chronological history of the 58 state oil and gas leases issued in La Plata County from 1951 through 1958, including those involving Fort Lewis land. In examining this list, it should be noted that, between 1952 and 1954, the land board increased the minimum lease bid from $ .36 per acre ($ .11 filing fee and $ .25 rental) to $ .60 per acre ($ .10 filing fee and $ .50 rental), exclusive of bonus.

Of the 58 leases involved, ten were sold for the minimum rate with no bonus offered, 13 leases had bonus bids of $1 per acre or less, 27 leases had bonus bids of more than $1 and less than $5 per acre, and eight leases contained bonus bids of more than $5 per acre, the highest being $15 per acre bonus for 3U-33N-12W in August of 1953.

State Oil and Gas Leases in La Plata County

1951-1958

Month and Year	Parcel	Total Price Per Acre
April, 1951	36-35N-8W	$ 1.62
	16-35N-7W	1.16
	14-34N-8W	4.04
	15-34N-8W	4.04
	17-34N-8W	4.04
	20-34N-8W	4.04

Month and Year	Parcel	Total Price Per Acre
April, 1951 (contd.)	15-34N-12W	$ 1.61
	22-34N-12W	1.61
August, 1953	4U-34N-11W	5.39
	9U-34N-11W	5.35
	3U-33N-12W	15.36
	10-33N-12W	12.86
	11-33N-12W	12.86
	17-33N-12W	12.86
February, 1952	Ft. Lewis Block (all)*	2.91
November, 1954	24-34N-7W	.60
	25-34N-7W	.60
	19-33N-6W	.60
March, 1955	18-33N-6W	4.35
	2-34N-9W	1.10
	35-34½N-9W	.85
June, 1956	3-35N-7W	.85
	16-35N-7W	3.85
	36-35N-7W	5.85
	16-35N-8W	3.85
	31-35N-8W	4.60
November, 1956	36-36N-7W	.60
	16-35N-10W	1.60
	36-35N-10W	2.10
	16-35N-10W	2.10
	16-35N-12W	4.10
	36-35N-12W	3.85
	36-36N-12W	.60
	36-36N-13W	3.85
February, 1957	25-35N-9W	1.60
	35-35N-9W	1.60
	36-36N-11W	.60
May, 1957	36-36N-8W	1.10
	36-34½N-9W	.85
	16-35N-9W	.60
	36-35N-9W	.85

* Asterisk denotes Fort Lewis land.

Month and Year	Parcel	Total Price Per Acre
May, 1957 (contd.)	33-35N-11W*	$ 1.85
	15-34N-12W	11.35
August, 1957	34-35N-11W*	1.10
	35-35N-11W*	.85
September, 1957	1-35N-11W*	1.85
	2-34N-11W*	1.85
	3-34N-11W*	1.35
	4-34N-11W*	1.85
	9-34N-11W*	2.35
	10-34N-11W*	1.85
	11-34N-11W*	2.10
	12-34N-11W*	2.35
March, 1958	18-33N-6W	3.35
	7-34N-6W	.60
	19-34N-6W	.60
	16-34N-7W	4.10
July, 1958	2-34N-6W	.60

Sales of State Land

The policy of state land boards in the past has been generally to refrain from selling state land. Major exceptions to this rule have been cases of isolated tracts having a rather high administrative cost or where land sales seemed the best way to settle disputes between neighboring ranchers.

Along this line, section 112-3-23, 1953 C.R.S., prohibits sales of school land except that "parcels consisting of not more than one hundred sixty acres may be sold when the state board is of the opinion that the best interests of the school fund will be served by offering such parcel for sale." As this statute provides administrative discretion to the land board in the sale of any school land, on June 1, 1959, the board instituted a policy allowing a lessee to retain his leased land on which a sale price had been accepted by increasing his rental rate to a figure which will equal 75% of the amount the sale price would produce if accepted and invested at 4%." The board's reasoning for this policy is that the school fund will be much better off to retain the land, believing that the land may appreciate considerably in

* Asterisk denotes Fort Lewis land.

value in the future, and that under these circumstances the board can afford to sacrifice one-fourth of a possible four per cent interest return.[12]

All sales of state land must be at public auction. In addition, section 112-3-25, 1953 C.R.S., requires that proposed sales be advertised in four consecutive issues of a weekly paper in the county where the land is situated. Also, if there are authorized improvements which have been made by the lessees, the purchaser must pay to the lessee the value of these improvements as appraised under the direction of the land board.

Investments Authorized

Section 123-4-1, 1953 C.R.S., limits investments of permanent and income state school funds to the following, as directed by the State Board of Land Commissioners: (1) interest bearing warrants of the state of Colorado; (2) bonds of the state of Colorado; (3) loans on cultivated farm lands or on improved and operating ranches within the state of Colorado; (4) bonds of school districts within the state of Colorado; (5) bonds of water, sanitation, metropolitan and fire protection districts of the state of Colorado; (6) bonds of any county, city, town, or city and county of the state of Colorado; and (7) bonds or other obligations of the federal government.

No investments may be made in bonds of any county, city, town, or city and county until the Attorney General has first determined their validity and a minimum interest income of two per cent per annum must be received. Also, no bond or other obligation of the federal government may be purchased unless it will yield an annual income of three-fourths of one per cent or more.

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12. In 1959, the board's return on its investments averaged 3.17 per cent.

Comparison of State Land Activities in 15 States

As mentioned earlier, the states received varying amounts of land from the federal government upon their admission to statehood. Some states, notably those in the western half of the nation, retained these lands instead of selling them completely and investing the proceeds therefrom.

The committee surveyed the 14 other western states to compare their treatment of state lands and, where not sold, the administration of these lands. The following tabulation lists the states surveyed together with the amount of state surface and mineral acreage being supervised, based on the most recent figures available:

State	Surface Acreage	Mineral Acreage
Arizona	9,071,350	N.A.
California	N.A.	N.A.
Colorado	3,100,000	4,070,782
Idaho	3,741,175	N.A.
Montana	5,061,231	N.A.
Nebraska	1,628,575	N.A.
Nevada	2,280	N.A.
New Mexico	11,500,000	13,500,000
North Dakota	958,305	N.A.
Oklahoma	797,286	1,024,268
Oregon	N.A.	N.A.
South Dakota	N.A.	5,247,243
Utah	2,900,000	N.A.
Washington	3,000,000	N.A.
Wyoming	4,137,295	4,137,295

N.A. = not available

It may be noted that information is not reported for a number of the states. However, on the basis of the available data, the states' ranking in regard to size of surface acreage is (1) New Mexico, (2) Arizona, (3) Montana, (4) Wyoming, (5) Idahoa, (6) Colorado, (7) Washington, (8) Utah, (9) Nebraska, (10) North Dakota, (11) Oklahoma, and (12) Nevada. Nevada has sold all but 2,280 acres of the school land it was granted, as of June 30, 1959, and for that reason is not comparable to the other 14 states on many of the points discussed subsequently.

Colorado's Program Generally

While somewhat limited by the fact that not all of the states replied to the questions raised, on the basis of the comparisons made the Colorado State Board of Land Commissioners ranks above average in terms of per acre rentals on agricultural,

grazing, and oil and gas leases, especially when compared to the neighboring states of Arizona, New Mexico, and Wyoming. Moreover, with the reservation that the comparative quality of land in the various states is an unknown factor, rentals per acre on grazing leases are higher in Colorado ($.31), where the rates are determined on the basis of the appraised value of the land, than in the states using a carrying capacity basis: Arizona, $.05; Idaho, $.11; Montana, $.09; New Mexico, $.05; Oregon, $.08; and Washington, $.20.

The Colorado Land Board, with 3,100,000 acres of surface land, ranks about in the middle in the amount of acreage under supervision. Its administrative arrangement is unique among the other 14 states in that Colorado is the only state using a full-time board to administer state land.

The leasing methods followed to determine rental rates are basically about the same in these states. The main difference appears to be in the factors used in establishing land value and the emphasis placed on carrying capacity.

Most of the states, like Colorado, sell relatively few parcels of land. Nevada, which has only some 2,280 acres of state land remaining, is the major exception in this respect.

Except for Montana, none of the states reported interest returns on investments of more than 3.5 per cent due largely to the general limitation on investments to government bonds. Colorado showed an interest return of 3.17 per cent in 1959.

In comparison with the other states, Colorado's percentage of administrative costs of 3.45 per cent in 1959 appears to be nominal. Interestingly enough, no correlation is found in the number of acres per full-time employee between states using a carrying capacity formula for grazing lease rentals and those which do not. In fact, the states with the greatest number and least number of acres per full-time employee are both carrying capacity states -- Montana, 316,326 acres, and Washington, 23,256 acres. Colorado is below the average with 119,230 acres per full-time employee.

Colorado is grouped with several states in regard to maximum leasing periods at ten years. Unlike a few of the states, Colorado has no restrictions on the maximum amount of land which may be leased to a single lessee nor does it have any special lessee restrictions or qualifications.

A more comprehensive bonding program is found in Colorado than in any of the other states. Similar to Colorado, preference provisions are noted in all but three states. Colorado does not provide "landowner services" to its lessees, but a few of the states do in a rather limited manner.

Use of Boards or Officers to Administer State Lands

Table 5 compares the use of boards or executive officers as the primary administrator of state lands, based on a review of the laws of the 15 states. As shown therein, Colorado is the only state using a full-time board to administer state lands, while 13 states use a single elective or appointive official. California, which has a part-time board, probably utilizes the services of a full-time executive in its administrative arrangement.

In the 13 states having a full-time single administrator specifically provided for by law, all but two (Nevada and New Mexico) maintain part-time boards or commissions. The membership consists of lay members for the most part in Arizona, Nebraska, and Utah, and public officials in the remaining eight states. One function of these part-time boards, is to serve as a separate appeals body in seven of the states.

Methods Used to Determine Rental Rates

Leases involving surface rights to state land may be issued for various purposes, but in general surface leases for the most part involve either land for cultivation or grazing rights. Subsurface leasing of state land today primarily consists of oil and gas exploration or production activities. In Table 6, the methods used by the several western states to determine rental rates on agricultural, grazing, and oil and gas leases are summarized.

In the case of agricultural leases, the most common method reported for the 12 states where information is available is to base the lease rental rate on the appraised value of the land. This method is used in eight states including Colorado. Two states, Idaho and Montana, base the rental rate on the productivity of the land, and Washington has an optional system involving both land value and productivity. The final state in this comparison, New Mexico, establishes its rental rates by statute. Generally, however, for all of these states the basic consideration in determining rental rates appears to be one of land value, whether it involves productivity only or other factors as well.

A total of seven states issue grazing leases on the basis of carrying capacity: Arizona, Idaho, Montana, New Mexico, Oklahoma, Oregon, and Washington. The other six states reporting on this item, including Colorado, determine grazing lease rentals on the appraised value of the land. It would seem, however, that in the latter determination a significant factor in ascertaining land value would be the carrying capacity of the acreage so that, as a practical matter, there may not be any substantial difference in the basic methods followed.

Table 5

USE OF BOARDS OR OFFICERS TO ADMINISTER STATE LANDS

State	Full-time Administrative Board or Officer					Part-time Board	
	Established by: Const.	Statute	Membership	Appointed	Elected	Membership	Separate Appeals Body
Arizona	---	X	1-Commissioner	X	---	3 members appointed by Governor.	Yes
California	---	X	---	---	---	Controller, Lt. Governor, Director of Finances	No
Colorado	X	---	3-President, Engineer, Register	X	---	---	---
Idaho	---	X	1-Commissioner	X	---	---	---
	X	---	---	---	---	Governor, Supt. of Public Instruct., Sec. of State, Atty. General, Auditor	Yes
Montana	---	X	1-Administrator	X	---	---	---
	X	---	---	---	---	Gov., Supt. of Public Instruct., Sec. of State, Attorney General	Yes
Nebraska	X	X	1-Secretary	X	---	5 members appointed by Gov., one of whom shall be competent in the field of investments.	Yes
Nevada	---	X	1-Dir. of St. Dept. of Conservation and Natural Resources	X	---	---	---
New Mexico	X	---	1-Commissioner	---	X	---	---

Table 5 Continued

State	Full-time Administrative Board or Officer: Established by: Const.	Statute	Membership	Appointed	Elected	Part-time Board: Membership	Separate Appeals Body
North Dakota	---	X	1-Commissioner	X	---	---	---
	X	---	---	---	---	Gov., Supt. of Public Instruct., Atty. Gen., Sec. of St., Auditor	No
Oklahoma	---	X	1-Secretary	X	---	Gov., Sec. of State, Auditor, Supt. of Public Instruct., Pres. of Board of Agriculture	No
Oregon	---	X	1-Clerk	X	---	---	---
	X	---	---	---	---	Gov., Sec. of State, St. Treasurer	Yes
South Dakota	X	---	1-Commissioner	---	X	---	---
	---	X	---	---	---	Gov., Commissioner, Auditor	No
Utah	---	X	1-Director	X	---	Supt. of Ed. plus 5 others appt'd by Gov.	No
Washington	X	---	1-Commissioner	---	X	---	---
	---	X	---	---	---	Gov., Supt. of Public Instruct., Commissioner, Dean of College of Forestry, Dir. of Inst. of Agriculture	Yes
Wyoming	---	X	1-Commissioner	X	---	---	---
	X	---	---	---	---	Gov., Sec. of St., St. Treas., Auditor, Supt. of Public Instruct.	Yes

Considerable variation is reported for minimum rental rates per acre for oil and gas leases shown in the last column in Table 6. Minimum rates range from ten cents per acre in South Dakota to $1 per acre in five states - Arizona, California, Montana, Nevada, and Utah. Three states provide minimum rentals of 25 cents per acre, in North Dakota, Oregon, and Wyoming, and in three other states, Colorado, Nebraska, and Washington, the minimum rate is 50 cents per acre. In New Mexico, the commissioner establishes the minimum oil and gas lease rental rate per acre.

Lease Rental Income

Surface Leases. A comparison of rental income per acre from surface leases is reported in Table 7 for those states where this information is known. Where possible, the rentals shown on a per acre basis are classified as to agricultural, grazing, other leases, and total.

On the basis of total surface income per acre, Oklahoma leads the nine states reported for 1958, 1959, or 1960 with an average of $1.31 per acre, followed by Nebraska and Washington with respective averages of $1.15 and $1.02 per acre. Colorado ranks next with a $.42 per acre average.

In terms of agricultural leases, Washington has by far the highest return with an average of $7.03 per acre. Montana is second, with $3.16 per acre, and Colorado is third in this five-state group with $2.56.

Of the eight states for which income from grazing leases is available on a per acre basis, Colorado ranks first with an average of $.31; Washington and Wyoming are next with a rental rate average of $.20 per acre. One-half of these eight states have grazing rental averages of less than $.10 per acre - Montana ($.09), Oregon ($.08), and Arizona and New Mexico ($.05).

Based on the information in Table 7, the following tabulation lists the states and average rental incomes per acre where known for the most recent year reported, i.e., either 1958, 1959, or 1960:

Total Surface Income		Agricultural Leases		Grazing Leases	
Oklahoma	$1.31	Washington	$7.03	Colorado	$.31
Nebraska	1.15	Montana	3.16	Washington	.20
Washington	1.02	Colorado	2.56	Wyoming	.20
Colorado	.42	Idaho	2.10	Idaho	.11
Montana	.41	Arizona	1.97	Montana	.09
North Dakota	.40			Oregon	.08
Idaho	.17			Arizona	.05
Arizona	.10			New Mexico	.05
New Mexico	.05				

Table 6

SUMMARY OF METHODS USED TO DETERMINE RENTAL RATES ON AGRICULTURAL LEASES, GRAZING LEASES, AND OIL AND GAS LEASES

State	Agricultural Leases				Grazing Leases		Oil & Gas Leases
	Appraised Value of Land	Productivity of Land	Rentals Paid: Crop share	Rentals Paid: Cash rate	Appraised Value of Land	Carrying Capacity	Minimum Rental Per Acre
Arizona	X	---	---	X	---	X	$1 to $1.25/A
California	X	---	---	X	X	---	$1/A
Colorado	X	---	---	X	X	---	50¢/A
Idaho	---	X	---	X	---	X	---
Montana	---	X	X	---	---	X	$1/A
Nebraska	X	---	---	X	X	---	50¢/A
Nevada	---	---	---	---	---	---	$1/A
New Mexico	(a)	---	---	X	---	X	--- (b)
North Dakota	X	---	---	---	X	---	25¢/A
Oklahoma	X(c)	---	---	X	---	X	---
Oregon	---	---	---	---	---	X	25¢/A
South Dakota	(d)	---	---	(d)	(d)	---	10¢/A
Utah(e)	---	---	---	---	---	---	$1/A
Washington	X(f)	X(f)	X(f)	X(f)	---	X	50¢/A
Wyoming	X	---	---	X	X	---	25¢/A

(a) Set by statute: 25¢/A for dry farming; $1/A for irrigated land; and $2/A for cotton land.
(b) Set by commissioner.
(c) Minimum rate of 5% of appraised value.
(d) Not less than 120% of the average taxes on same class of land in county where located.
(e) Information on land leases not known.
(f) Washington uses an optional method of sharecrop (30% rate) rental on 120,000 acres of wheat land in addition to its method of cash rentals based on the carrying capacity and market value of similar agricultural land in locality.

Table 7

COMPARISON OF RENTAL INCOME PER ACRE FROM SURFACE LEASES BY STATES AND BY YEARS

State	1930 State Rental Rate Per Acre			1940 State Rental Rate Per Acre			1950 State Rental Rate Per Acre			1955 State Rental Rate Per Acre				1959 State Rental Rate Per Acre			
	Ag.	Gr.	Total*	Ag.	Gr.	Total*	Ag.	Gr.	Total*	Ag.	Gr.	Other	Total	Ag.	Gr.	Other	Total
Ariz.	---	---	---	---	---	---	---	---	---	---	---	---	---	$1.97	$.05	$ .19	$ .10
Calif. NA[a]	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Colo.	---	---	$ .13	---	---	$ .11	---	---	$ .18	$2.46	$ .27	$1.45	$ .38	2.56	.31	1.36	.42
% diff.	---	---	100.0%	---	---	84.6%	---	---	138.5%	---	---	---	292.3%	---	---	---	323.1%
Idaho	$ .35	$ .05	$ .08	$ .85	$ .06	$ .11	$1.35	$ .07	$ .13	1.71	.09	.25	$ .15	2.10	.11	.25	$ .17
% diff.	---	---	100.0%	---	---	137.5%	---	---	162.5%	---	---	---	187.5%	---	---	---	212.50%
Mont.[e]	.71[b]	.12[b]	$ .14[b]	.45	.05	$ .09	1.33	.09	$ .19	4.64[c]	.10[c]	---	$ .54[c]	3.16[d]	.09[d]	---	$ .41[d]
% diff.	---	---	100.0%	---	---	64.3%	---	---	135.7%	---	---	---	385.7%	---	---	---	292.9%
Neb.[f]	---	---	$ .48	---	---	$ .27	---	---	$ .58	---	---	---	$ 1.26	---	---	---	$ 1.15
% diff.	---	---	100.0%	---	---	56.3%	---	---	120.8%	---	---	---	262.5%	---	---	---	239.6%
Nev.[g]	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
N.M.[h]	---	.002	$ .002	---	.03[h]	.03[i]	---	.03[j]	$ .03[j]	---	.05[c]	2.25[c]	$ .05[c]	---	.05	2.22	$ .05
% diff.	---	---	100.0%	---	---	1500.0%	---	---	1500.0%	---	---	---	2500.0%	---	---	---	2500.0%
N.D.[f]	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	$ .40[k]
Okla.	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	$ 1.31[d]
Ore.	---	---	---	---	.01	---	---	.03	---	---	.05	---	---	---	.08	---	---
S.D.	---	---	---	---	---	---	---	---	---	1.43[l]	.17[l]	---	$ .18[l]	---	---	---	---
Utah NA[a]	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Wash.	1.16	.11	$ .24	.77	.08	$ .17	2.69	.11	$ .48	6.05	.17	---	$ 1.08	7.03	.20	.05	$ 1.02
% diff.	---	---	100.0%	---	---	70.8%	---	---	200.0%	---	---	---	450.0%	---	---	---	425.0%
Wyo.	---	.13	N.A.[a]	---	.13	N.A.[a]	---	.17	N.A.[a]	---	.19	---	N.A.[a]	---	.20	---	N.A.[a]

* Includes rentals from "other" land not listed separately herein.
a. Not available.
b. 1928
c. 1956
d. 1958
e. After 1940, all agricultural leases leased on crop-share basis.
f. Income figures where reported on biennial basis have been adjusted herein to annual totals by dividing in half.
g. As of June 30, 1959, Nevada had sold all but 2,280 acres of the school land granted the state and does not fit into a comparison of this type.
h. "Grazing" classification includes some 91,500 acres of agriculture land under lease in 1959 and some agriculture land may be included in prior years when no separate classification was made.
i. 1941
j. 1951
k. 1960
l. 1954

Mineral Leases. Table 8 compares the amount of rental income per acre from mineral leases where known, and in this comparison Colorado consistently ranks high on the list.

Colorado leads in terms of total rental income from mineral leases in 1959, averaging $1.08 per acre, followed by Wyoming ($.49), Washington ($.38), Arizona ($.27), and Idaho ($.25). (This information is not known for ten of the 15 states surveyed.)

For oil and gas leases, Colorado, with a per acre average of $1.07, ranks second behind Oklahoma which shows a rental income of $1.80 per acre. Colorado also ranks second for other mineral leases, having a per acre average of $1.26 in 1959, compared to $3.06 for Oregon.

Revenue From Sales of State Land

A comparison similar to rental income is reported for sales of state land in Table 9. In this case, however, most states do not classify the type of land sold, i.e., agricultural, grazing, and other, so that this distinction cannot be made. Consequently, the wide variation among the states in per acre prices for sales in 1958 or 1959 may be due in part to differences in the type of land sold; this reservation also holds true for some of the variations in price for any one state over the period of years included in the table.

Of the nine states for which information is available for land sales in 1958 or 1959, Colorado received the highest per acre figure of $421.76, with Arizona next at $289.92. The remaining seven states and their per acre sales income are as follows: Wyoming ($97.24), Idaho ($51.57), New Mexico ($41.09), Oklahoma ($37.90), Montana ($36.51), Nevada ($5.00), and Oregon ($4.79 - grazing land only).

Income From Investments

In eight of the 15 states, recent income from investments ranges from a high of 5.44 per cent in Montana to a low of 2.40 per cent in Nebraska.[13] As shown in Table 10, after Montana's high rate the percentage return from investments drops rather sharply, to 3.48 per cent in North Dakota, 3.17 per cent in Colorado, and 3.11 per cent in Wyoming. Oregon shows a 1959 return of 2.91 per cent, Washington 2.70 per cent, and Idaho 2.58 per cent. Generally, the states are earning lower investment returns than they did 30 years ago, except for Montana.

13. No information for Arizona, California, Nevada, New Mexico, Oklahoma, South Dakota, and Utah.

Table 8

COMPARISON OF RENTAL INCOME PER ACRE FROM MINERAL LEASES BY STATES AND BY YEARS[a]

State	1930			1940			1950			1955			1959		
	Oil & Gas	Other	Total	Oil & Gas	Other	Total	Oil & Gas	Other	Total	Oil & Gas	Other	Total	Oil & Gas	Other	Total
Arizona	---	---	---	---	---	---	---	---	---	---	---	---	$ .26	$ .74	$ .27
California - Not Available	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Colorado	$.10	$5.30	$.29	$.19	$1.57	$.35	$ .28	$1.49	$ .30	$ .57	$ .57	$.57	1.07	1.26	1.08
Idaho	---[b]	---	.25	---	---	.25	---	---	.25	---	---	.25	---	---	.25
Montana	.74[b]	---	---	.81	.29	.74	2.51	.55	2.45	4.45[c]	---	---	1.06[d]	---	---
Nebraska	---	---	---	---	---	---	.64	.82	.64	.88[c]	---	---	.82[d]	---	---
Nevada - None	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
New Mexico - Not Available	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
North Dakota - Not Available	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Oklahoma	---	---	---	---	---	---	---	---	---	2.05[c]	---	---	1.80[d]	---	---
Oregon	---	---	---	---	---	---	---	.80[e]	---	---	1.93[e]	---	---	3.06[e]	---
South Dakota - Not Available	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Utah - Not Available	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Washington	---	---	.20	---	---	.21	---	---	---	---	---	.23	---	---	.38
Wyoming	---	---	---	---	---	---	.54	.16	.52	.48	.26	.41	.49	.49	.49

(a) Excluding royalty payments.
(b) 1928
(c) 1956
(d) 1958
(e) Timber

While the investment return varies for the different states, each basically is authorized to invest in the same types of securities, namely federal, state, and local government bonds. In addition, Colorado, Nebraska, North Dakota, Oregon, and Wyoming may invest in farm or ranch loans. Oregon may also invest in city properties and Wyoming may also invest in emergency school construction loans.

Administrative Costs and Size of Full-time Staffs

Administrative costs and size of full-time staffs vary among the states, as reported in Table 11. The percentage of administrative cost, in relation to total receipts, is highest in Arizona with 15.38 per cent and Washington with 14.47 per cent, compared to a low of .87 per cent in Nebraska. In this respect, the remaining seven states for which information is available show the following percentages of administrative costs: Oregon, 6.28; Idaho, 3.72; Colorado, 3.45; Oklahoma, 3.07; New Mexico, 2.66; Montana, 2.64; and Wyoming, 2.41. Comparing the percentage of administrative costs between 1950 and 1958 or 1959, six states, including Colorado, show a decrease, while Idaho increased in this respect, from 2.64 to 3.72 per cent.

For those ten states reporting the size of their full-time staffs engaged in the administration of state lands, Washington and New Mexico utilize substantially the greatest number of employees, with 129 and 102 full-time employees respectively. The next state in line, Colorado, reports 26 full-time employees, and Nebraska has the fewest number with nine. As a point of explanation, Washington reports: "Since reorganization [in 1957] we have increased the management of these state owned lands by more fully integrating activities previously performed by separate field personnel and through additional personnel. The additional expenses that we are making, however, seem more than justified in the light of additional returns....the income from rentals of our state owned lands increased 57% over the previous biennium."

Leasing Procedures

Maximum leasing periods for agricultural land range from five years in four states to 12 years in Nebraska and 20 years in Utah. Colorado, along with six other states, has a ten-year maximum. Oregon, which has no maximum set by law, reports that it normally issues agricultural leases for a two-year period.

Grazing leases are limited to a maximum of five years in four states, ten years in seven states (including Colorado), and 12 years in Nebraska and Utah. Again, Oregon has no statutory limit but normally issues grazing leases for a ten-year period.

Table 9

COMPARISON OF PER ACRE REVENUE FROM SALES
OF STATE LAND BY STATES AND BY YEARS

State	1930	1940	1950	1955	1959
Arizona	---	---	---	---	$289.92
California - Not Available	---	---	---	---	---
Colorado	$10.86	$ 9.22	$17.57	$ 33.27	421.76
Idaho	14.45	15.23	27.79	30.01	51.57
Montana	17.95(a)	13.78	17.24	39.34(b)	36.51(c)
Nebraska(d)	---	---	---	---	---
Nevada	---	---	---	---	5.00
New Mexico	---	---	---	---	41.09
North Dakota - Not Available	---	---	---	---	---
Oklahoma	---	---	---	26.15(b)	37.90(c)
Oregon(e)	5.55	2.96	4.60	6.70	4.79
South Dakota	---	---	19.57	---	---
Utah	---	---	---	27.35(b)	---
Washington	26.50	24.52	45.64	14.29	---
Wyoming	10.91	11.34	None	100.00	97.24

(a) 1928
(b) 1956
(c) 1958
(d) Since the turn of the century, Nebraska reports, it has had very few sales.
(e) Oregon figures are for sales of grazing land only.

Table 10

INCOME FROM INVESTMENTS

State	Year	Amount Invested	Income	% Return
Arizona - Not Available				
California - Not Available				
Colorado	1930	$10,284,800	$ 469,000	4.56
	1940	11,640,500	459,000	3.94
	1950	15,547,600	460,000	2.96
	1955	19,610,800	523,000	2.67
	1959	23,331,000	740,000	3.17
Idaho	1930	11,464,686	374,486	3.27
	1940	13,034,952	489,671	3.76
	1950	27,492,656	565,346	2.06
	1955	40,515,625	1,009,895	2.49
	1959	50,290,570	1,297,934	2.58
Montana	1928	10,138,755	465,860	4.59
	1940	13,975,241	599,768	4.29
	1950	24,355,032	1,174,295	4.82
	1956	34,882,139	1,891,138	5.42
	1958	38,060,358	2,068,964	5.44
Nebraska	1950	12,873,753	324,935	2.52
	1956	14,599,198	352,111	2.41
	1958	17,524,681	420,071	2.40
Nevada - Not Available				
New Mexico - Not Available				
North Dakota	1958	40,281,667	1,377,623	3.42
	1960	42,672,748	1,486,672	3.48
Oklahoma - Not Available				
Oregon	1930	6,837,890	363,385	5.31
	1940	6,615,127	284,401	4.30
	1950	9,985,457	245,728	2.46
	1955	12,025,596	341,590	2.84
	1959	13,984,147	407,081	2.91
South Dakota - Not Available				
Utah - Not Available				

Table 10
(continued)

State	Year	Amount Invested	Income	% Return
Washington	1930	$22,857,459	$ 956,517	4.18
	1940	28,327,283	1,386,531	4.89
	1950	50,262,000	1,229,660	2.45
	1955	64,473,119	1,636,723	2.54
	1959	79,055,457	2,130,793	2.70
Wyoming	1930	18,053,919	762,476	4.22
	1940	20,316,515	797,351	3.92
	1950	22,247,738	987,921	4.44
	1955	34,974,813	1,588,695	4.54
	1959	40,113,154	1,248,285	3.11

Table 11

COMPARISON OF COST OF ADMINISTRATION AND SIZE OF FULL-TIME STAFFS

State	Year	Cost of Administration: Total Admin. Expense	Cost of Administration: Total Receipts	Cost of Administration: % of Admin. Cost	Number of Full-Time Staff: Administrative	Clerical	Field Agents and Appraisers	Other	Total
Arizona	1959	$ 563,472	$ 3,662,739	15.38%	N.A.	N.A.	N.A.	N.A.	N.A.
California - Not Available	---	---	---	---	---	---	---	---	---
Colorado	1930	N.A.	---	---	---	---	---	---	---
	1940	N.A.	---	---	---	---	---	---	---
	1950	112,863	1,378,107	8.19	8	21	4	5*	38
	1955	197,205	4,200,980	4.69	7	18	6	5*	36
	1959	190,500	5,519,357	3.45	6	13	4	3*	26
Idaho	1930	25,537	448,099	5.70	1	9	4	---	14(a)
	1940	28,306	1,010,336	2.80	1	7	4	---	12
	1950	64,563	2,446,319	2.64	1	11	7	---	19
	1955	94,572	3,803,289	2.49	1	11	8	---	20
	1959	110,000	2,955,463	3.72	2	11	8	---	21
Montana	1928	25,945	1,583,486	1.63	2	1	4	---	7(b)
	1940	47,212	1,387,448	3.40	2	1	4	---	7
	1950	81,865	2,462,238	3.32	2	1	4	---	7
	1956	115,927	5,358,138	2.16	2	10	4	---	16
	1958	105,803	4,008,754	2.64	2	10	4	---	16
Nebraska	1939-40	28,030	1,053,209	2.66	1	2	1	---	4
	1949-50	58,654	2,520,751	2.32	2	3	2	---	7
	1955-56	65,915	7,515,006	.88	1	3	3	1(c)	8
	1958-59	80,828	9,260,066	.87	1	4	3	1(c)	9
Nevada	1959	N.A.	N.A.	N.A.	2	1	---	---	3
New Mexico	1930	91,045	1,795,254	5.08	---	---	---	---	---
	1941	126,648	3,442,883	3.68	---	---	---	---	---
	1951	497,297	12,176,596	4.08	---	---	---	---	101
	1956	629,743	27,657,937	2.28	---	---	---	---	144
	1959	713,785	26,786,750	2.66	---	---	---	---	102
North Dakota	1958	N.A.	N.A.	---	5	8	4	---	17
	1960	N.A.	N.A.	---	5	8	4	---	17
Oklahoma	1956	286,511	9,214,788	3.11	10	N.A.	N.A.	N.A.	N.A.
	1958	328,619	10,714,035	3.07	10	N.A.	N.A.	N.A.	N.A.
Oregon	1930	21,018	423,154	4.97	2	4	1	---	7
	1940	34,385	402,451	8.54	2	7	4	---	13
	1950	38,299	475,181	8.06	2	9	4	---	15
	1955	66,789	705,571	9.47	2	6	3	---	11
	1959	69,039	1,099,401	6.28	2	5	3	---	10
South Dakota	1954	61,255	N.A.	---	3	6	3	---	12
Utah	1956	N.A.	1,883,415	---	N.A.	N.A.	N.A.	N.A.	N.A.
Washington	1955	438,777	5,712,913	7.68	8	7	59	---	74
	1959	1,079,358	7,458,550	14.47	17	12	100	---	129
Wyoming	1930	81,280	2,566,338	3.17	N.A.	N.A.	N.A.	N.A.	N.A.
	1940	59,200	1,277,001	4.64	N.A.	N.A.	N.A.	N.A.	N.A.
	1950	145,535	3,061,188	4.75	5	17	1	0	23
	1955	200,000	9,481,790	2.11	5	19	1	0	25
	1959	253,000	10,488,824	2.41	5	17	0(d)	0	22

(a) Excluding timber scalers and some State Forestry personnel who assist with timber sales.
(b) In addition to full-time staff, Montana reports it hired six 60-day crop checkers for each of the years listed.
(c) State surveyor.
(d) Two half-time appraisers in 1959.
(*) Forestry and engineering. Table does not include geologist consultant, forester, and oil and gas appraisers under part-time contracts.

Most of the states approach oil and gas leases in the same way, that is, a lease will be issued for a given number of years and for "as long thereafter as products are produced in paying quantities." With this reservation aside, statutory maximums on leasing periods vary from five years in six states to 20 years in California. Oil and gas leases in Colorado and five other states have ten years as their statutory maximum without production. Also, Oregon normally issues oil and gas leases on a ten-year basis although not limited to do so by law.

The maximum size of state land under an agricultural or grazing lease is limited to 640 acres in South Dakota and Washington. Similarly, unless a lessee owns or controls land on two sides of an additional lease, these same limitations of 640 acres apply in Nebraska. An agricultural lease is also limited to 640 acres in Utah, and a grazing lease in that state may not include more than 25,000 acres.

Generally, all of the states have similar basic restrictions or qualifications in regard to lessees such as that a lessee must be at least 21 years of age and that the land may not be used except for the purpose for which leased. In addition, however, no out-of-state resident may hold a Nebraska lease unless he owns the land adjoining the leased area; grazing leases in Oklahoma are also restricted to state residents or an owner of land adjoining the state parcel, except that this restriction does not apply if no one meeting these qualifications bids on the land. No state lease may be issued in Wyoming to land board members or to board employees.

Performance bonds on surface leaseholders are required in Colorado, as well as surface damage bonds on mineral lessees, but this does not appear to be a usual requirement in the other states. Idaho, Nebraska, and Oregon require bonds on mineral leases only, for example, while Montana reports leaseholder bonds are seldom required.

Appraisal Practices

Of the eight states reporting on their appraisal practices, three states, California, Colorado, and Washington, provide for appraisals prior to putting land up for lease or for sale. Idaho and New Mexico only appraise the land prior to its sale, and, while the practice varies in Oregon, land is always appraised at least before a sale. In Montana, state land is appraised every ten years, and in Nebraska the practice is to appraise every three years.

Preference Practices and Competition

As in Colorado, most states provide for preference to be given current lessees in renewing leases. Nebraska, North Dakota, and Oregon do not authorize this preference.[14] While most states report that there is competition in renewing agricultural and grazing leases, at least two states, Idaho and Wyoming, do not have competitive bidding.

The amount of competitive interest shown in land leases in the various states is largely impossible to determine. However, Nebraska reports that the greatest interest is shown in leases on primarily wheat land and grazing land, with from 20 to 50 persons attending these lease sales, while there is a smaller interest shown in general farming leases. In Washington, the number of applicants or bidders on agricultural and grazing leases is reported to be approximately 15.

Landowner Services

Unlike Colorado, a few of the states are known to provide what may be termed landowner services. Idaho and Wyoming share in noxious weed control activities, as does Oklahoma with soil conservation measures. In Washington, rentals are adjusted where there is a construction of new and needed improvements, especially improvements that can be classified as conservation measures. This state reports that "basically we feel that we will furnish the material and the lessee will do the necessary labor."

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14. Information not known for California, Nevada, and Utah.

Review of Current Surface Leases

As a part of its considerations, the committee reviewed the more than 2,500 surface leases issued by the state land board which were in effect as of September, 1960. Of primary interest to the committee were various comparisons concerning lease rental rates and estimates on the results of sales of the state land.

Comparison of Rental Rates

Table 12 compares the average rental rates by counties for state grazing and agricultural leases with those of so-called "large" lessees. For purposes of this comparison, "large" lessees are considered to be persons leasing more than two sections of grazing land or more than one section of agricultural land. Further, in order to compare this data on a county basis, acreages involved in a large lease in more than one county are credited to the counties where the land is located.

For grazing leases, the state average per acre is $0.316 compared to $0.293 per acre for "large" lessees, or a difference of 2.3 cents per acre. In 26 counties, the average per acre rental for "large" grazing lessees is less than the county average compared to 12 counties where the rentals for "large" lessees exceed or equal the county average.

In regard to agricultural leases, a greater difference between the two comparisons is reported. The state average is $2.45 per acre and the rentals in "large" leases average $2.13 per acre, or 32 cents per acre less. On a county basis, the average per acre rental exceeds that for "large" lessees in seven counties and is the same or less in seven counties.

Grazing rates for "large" lessees are further refined in Table 13. In this tabulation, only the rates for those lessees having more than 10,000 acres of state land are compared. On the basis of this comparison, the average rate per acre for the some 40 "large" lessees listed in Table 13 is $0.273 compared to the state average of $0.317, or about five cents per acre less.

One caution to keep in mind when studying the per acre rentals is that practically all state lands are under lease. Yet some of the acres among the 2,553 leases undoubtedly is waste land. If all acres of waste land were excluded, the per acre return would be higher than shown in Table 13 and other county-by-county comparisons.

Table 12

COMPARISON OF RENTAL RATES OF "LARGE" LESSEES
WITH COUNTY AVERAGES*

County	Grazing Leases				Agricultural Leases			
	Amount in Acres	County Average Rental Per Acre	Acres in "Large" Leases	Average Per Acre Rental For "Large" Leases	Amount in Acres	County Average Rental Per Acre	Acres in "Large" Leases	Average Per Acre Rental For "Large" Leases
Adams	16,039	$0.375	5,418	$0.365	8,948	$2.53	648	$3.00
Alamosa	55,051	.150	46,165	.146	130	1.46	---	---
Arapahoe	11,667	.489	6,076	.601	805	2.40	---	---
Archuleta	3,080	.326	---	---	---	---	---	---
Baca	33,855	.35	9,906	.449	5,068	2.24	---	---
Bent	140,653	.278	114,379	.341	2,163	2.71	481	1.75
Boulder	2,700	.215	---	---	117	4.21	---	---
Chaffee	15,999	.163	11,442	.162	---	---	---	---
Cheyenne	51,682	.435	9,600	.363	200	2.76	---	---
Clear Creek	160	.25	---	---	---	---	---	---
Conejos	52,974	.327	34,897	.395	1,727	1.94	---	---
Costilla	---	---	---	---	---	---	---	---
Crowley	68,913	.367	46,448	.358	155	1.52	---	---
Custer	11,965	.279	2,280	.245	74	2.00	---	---
Delta	---	---	---	---	---	---	---	---
Denver	---	---	---	---	---	---	---	---
Dolores	4,100	.399	---	---	60	1.25	---	---
Douglas	6,537	.496	---	---	343	2.62	---	---
Eagle	8,878	.280	---	---	130	2.54	---	---
Elbert	79,414	.384	41,473	.375	2,722	1.66	---	---
El Paso	163,365	.452	135,579	.326	1,843	1.49	360	1.44
Fremont	57,076	.186	38,077	.186	---	---	---	---
Garfield	---	---	---	---	---	---	---	---
Gilpin	640	.28	---	---	---	---	---	---
Grand	47,751	.249	39,148	.209	81	2.00	14	2.00

Table 12 Continued:

County	Grazing Leases				Agricultural Leases			
	Amount in Acres	County Average Rental Per Acre	Acres in "Large" Leases	Average Per Acre Rental For "Large" Leases	Amount in Acres	County Average Rental Per Acre	Acres in "Large" Leases	Average Per Acre Rental For "Large" Leases
Gunnison	8,098	$0.208	2,204	$0.201	200	$2.00	---	---
Hinsdale								
Huerfano	39,707	.292	12,805	.282	81	1.53	---	---
Jackson	118,486	.178	105,864	.168	595	1.93	93	1.81
Jefferson	6,621	.225	---	---	15	1.53	---	---
Kiowa	68,158	.317	41,603	.305	620	1.13	---	---
Kit Carson	48,626	.492	12,711	.397	4,268	1.19	580	.9137
Lake	1,087	.428	105	.23	---	---	---	---
La Plata	6,731	.216	---	---	69	2.00	---	---
Larimer	51,175	.313	28,504	.333	1,596	2.89	---	---
Las Animas	152,684	.292	78,668	.280	1,410	1.45	---	---
Lincoln	132,383	.39	80,480	.377	3,154	2.30	700	1.91
Logan	122,293	.41	82,936	.411	11,968	2.61	350	2.66
Mesa	---	---	---	---	---	---	---	---
Mineral	---	---	---	---	---	---	---	---
Moffat	203,154	.23	166,071	.221	3,296	2.65	2,898	2.66
Montezuma	8,084	.24	1,440	.20	396	1.29	---	---
Montrose								
Morgan	49,539	.409	17,647	.418	3,963	1.88	---	---
Otero	114,679	.309	97,489	.310	674	3.05	---	---
Ouray	792	.51	---	---	---	---	---	---
Park	101,247	.226	79,175	.211	85	1.92	---	---
Phillips	4,991	.462	---	---	12,549	3.67	480	4.00
Pitkin	472	.16	---	---	---	---	---	---
Prowers	40,238	.352	18,726	.360	968	2.31	---	---

Table 12 Continued:

County	Grazing Leases				Agricultural Leases			
	Amount in Acres	County Average Rental Per Acre	Acres in "Large" Leases	Average Per Acre Rental For "Large" Leases	Amount in Acres	County Average Rental Per Acre	Acres in "Large" Leases	Average Per Acre Rental For "Large" Leases
Pueblo	228,522	$0.279	206,003	$0.278	1,897	$2.26	---	---
Rio Blanco								
Rio Grande	9,322	.196	---	---	1,365	1.78	---	---
Routt	61,375	.316	26,768	.283	4,442	2.25	748	2.10
Saguache	85,126	.169	62,366	.153	1,689	2.49	---	---
San Juan	---	---	---	---	---	---	---	---
San Miguel	12,900	.255	5,120	.19	60	1.25	---	---
Sedgwick	16,043	.415	12,848	.388	5,993	3.38	---	---
Summit								
Teller	6,773	.254	---	---	---	---	---	---
Washington	85,544	.432	31,686	.431	17,420	2.34	1,211	2.34
Weld	152,734	.36	75,215	.372	16,192	2.17	2,380	1.06
Yuma	43,779	.424	4,019	.50	8,958	2.47	720	2.79
Total	2,813,864	$0.316	1,791,342	$0.293	128,489	$2.45	11,663	$2.13

(*) For this comparison, "large" leases are considered to be more than two sections (1,280 acres) of grazing land or more than one section (640 acres) of agricultural land.

Table 13

COMPARISON OF RENTAL RATES WITH COUNTY AVERAGES FOR GRAZING LESSEES HAVING OVER 10,000 ACRES OF STATE LAND

Name of Lessee	Grazing Acreage	Rate Per Acre	Annual Rental	County or Counties	Average County Rate
Ackerman, J.D.	16,889.92	$0.30	$ 5,066.98	El Paso	$0.452
Autry, Gene	11,566.05	.27	3,122.83	Pueblo	.279
Burner, Jess & Delma L.	20,731.84	.18	3,731.73	El Paso (9167.64)	.452
				Fremont (7968.28)	.186
				Pueblo (3595.94)	.279
Christopher, Frank	18,411.02	.19	3,498.09	Fremont (15,890.99)	.186
				Park (2520.03)	.226
Dickinson, Margaret S. & A.W., Jr.	18,598.41	.20	3,719.68	Moffat	.23
Ham, A.B.	11,541.84	.40	4,616.74	Bent (10,901.84)	.278
				Kiowa (640)	.317
Ingle Land & Cattle Company	17,967.94	.32	5,749.74	Las Animas (1280)	.292
				El Paso (16687.94)	.452
Jenkins Livestock Company	12,486.69	.35	4,370.34	Weld	.36
Johnston, Bob	13,794.44	.2875	3,965.90	Huerfano (380)	.292
				Pueblo (12,774.44)	.279
				Las Animas (640)	.292
Maurer, A.B. & W.E.	13,135.18	.38	4,991.37	Cheyenne (640)	.435
				Crowley (8155.18)	.367
				Otero (3440)	.309
McConnell, R.S. & Willie Catherine	14,208.02	.36	5,114.89	Crowley	.367
McDanna, A.T.	22,183.27	.20	4,436.65	Park	.226
McDannald, A.T.	20,850.00	.18	3,730.84	Lake (105)	.428
				Park (20745.00)	.226
McQuaid, Thomas	23,007.90	.1989	4,575.17	Chaffee (3588.98)	.163
				Park (19,418.92)	.226
Meagher Company	16,090.19	.4335	6,974.75	Routt	.316

Table 13 Continued:

Name of Lessee	Grazing Acreage	Rate Per Acre	Annual Rental	County or Counties	Average County Rate
Newhall Land & Farming Company	24,983.37	$0.1684	$ 4,207.11	Alamosa (371.98)	$0.150
				Saguache (24,611.39)	.169
Nichols, Houston H.	10,184.32	.1909	1,943.70	Pueblo	.279
Nichols, Lawrence & Houston	2,760.00	.30	828.00	Pueblo	.279
Quealy Livestock Company	12,792.88	.2587	3,310.22	Routt (560)	.316
				Moffat (12,232.88)	.23
Ross, J.W.	10,033.79	.13	1,289.99	Saguache	.169
Rourke Cattle Company	14,940.37	.25	3,735.09	Las Animas (12,860.37)	.292
				Otero (2,080)	.309
Salisbury, Albert K.	12,137.49	.25	3,034.37	Moffat	.23
Sherwin, Carl L. & Hilma	13,421.26	.40	5,368.50	Logan	.41
Spady, Alvin	1,040.00	.41	428.00	Bent (400)	.278
				Kiowa (640)	.317
Spady, Alvin, Elk Spady & G.E. Marcum	10,949.82	.35	3,832.44	Bent (10,269.82)	.278
				Kiowa (680)	.317
Spicer Sheep Company	13,118.45	.30	3,015.39	Moffat (12,042.21)	.23
				Routt (1,076.24)	.316
Stauder, C. J.	21,050.00	.25	5,226.62	Pueblo (18,330.73)	.279
				Las Animas (2,720)	.292
Thatcher, J.H.	19,552.69	.2979	5,826.62	Pueblo	.279
Thomas, Zerrell & Bertha Ann	10,910.84	.25	2,727.71	Kiowa	.317
Timberlake, Rob't M. - Beverly E. Gruy	11,120.64	.50	5,560.32	Washington	.432
Volusia Locations, Inc.	11,079.59	.25	2,769.90	Jackson	.178
Zavislan, Frank	10,035.14	.30	3,010.54	Pueblo	.279
Sub-Total	461,573.36	$0.268	$123,780.22		$0.317*

* State average per acre for grazing leases.

Table 13 Continued:

Name of Lessee	Grazing Acreage	Rate Per Acre	Annual Rental	County or Counties	Average County Rate
Appelt Ranch Company	66,704.95	$0.32	$ 21,345.58	El Paso (13,475.20)	$0.452
				Pueblo (53,229.75)	.279
Arnold-Harriman Company, Inc.	44,714.10	.30	13,414.23	Otero (35,855.41)	.309
				Pueblo (7,587.69)	.279
				Huerfano (1,200)	.292
				Custer (80)	.279
Bohart, Field	33,033.50	.33	10,901.06	El Paso	.452
Everhart Ranches	40,138.81	.252	10,114.98	Custer (1,280)	.279
				Fremont (1,680)	.186
				Pueblo (37,178.81)	.279
McIntosh, Angus	30,331.37	.33	10,007.96	Bent (26,281.70)	.278
				Otero (4,049.67)	.309
Smith; Albert, Margaret, Rob't & Joe	31,125.21	.3762	11,710.42	Lincoln	.39
State Forest Grazing Association	70,317.89	.1266	8,904.00	Jackson (68,911.53)	.178
				Larimer (1,406.36)	.313
Stewart, Malcolm G.	34,795.83	.1388	4,828.32	Alamosa (21,237.09)	.150
				Saguache (13,558.74)	.169
Stewart, Malcolm G., Jr.	40,314.24	.3022	12,184.99	Conejos (18,169.44)	.327
				Alamosa (22,144.80)	.150
Timberline Cattle Company	51,120.20	.3185	16,281.99	Bent (9,702.63)	.278
				Crowley (13,658.52)	.367
				Kiowa (1,484.82)	.317
				Otero (26,274.23)	.309
Warren Livestock Company	28,893.64	.38	10,979.58	Larimer (16,496.26)	.313
				Weld (12,397.38)	.36
Sub-Total	471,489.74	$0.277	$130,673.11		$0.317*
Total	933,063.10	$0.273	$254,453.33		$0.317*

* State average per acre for grazing leases.

Comparison of Lease Rental Rate to "Value"

Table 14 presents a county-by-county comparison of the percentage relationship between lease rental rates and the "value" of the land for current grazing and agricultural leases. For this comparison, two value figures have been used: first, the value placed on the land by the land board appraisers in their reports filed generally prior to the issuance of the lease; and second, the value of the land as estimated by the appraisers as of September, 1960. Normally, this latter value was greater than the "lease" value and the percentage of rental thereto was therefore lower in these cases.

On the whole, agricultural lessees are leasing state land at a substantially higher percentage of value than are grazing lessees. In terms of "lease" value, the state average for agricultural lease rentals is 4.12 per cent compared to 2.38 per cent for grazing lease rentals. Using the revised value figures of September, 1960, the same comparison shows 3.78 per cent for agricultural leases and 1.93 per cent for grazing leases.

On the basis of "lease" value, the percentage relationship on grazing leases averages less than two per cent in 12 counties: Archuleta, 1.21%; Boulder, 1.56%; Crowley, 1.92%; Gilpin, 1.86%; Grand, 1.75%; Jackson, 1.26%; Kiowa, 1.58%; La Plata, 1.92%; Larimer, 1.88%; Moffat, 1.98%; Phillips, 1.85%; and Weld, 1.96%. On the other hand, there are no counties where agricultural leases average less than two per cent, and only two counties where they average less than three per cent - Kiowa, 2.25%, and Kit Carson, 2.27%.

Using the value totals of September, 1960, this same comparison shows that in the following 26 counties state grazing lease rentals average less than a two per cent return: Adams, 1.66%; Archuleta, 1.15%; Bent, 1.99%; Boulder, .80%; Cheyenne, 1.88%; Clear Creek, 1.67%; Crowley, 1.62%; Elbert, 1.68%; Gilpin, 1.86%; Grand, 1.49%; Jackson, 1.19%; Jefferson, 1.99%; Kiowa, 1.48%; La Plata, 1.91%; Larimer, 1.58%; Lincoln, 1.64%; Logan, 1.58%; Moffat, 1.60%; Morgan, 1.63%; Phillips, 1.67%; Prowers, 1.81%; Routt, 1.75%; Sedgwick, 1.72%; Washington, 1.60%; Weld, 1.70%; and Yuma, 1.67%. By the same token, only one county is reported where state agricultural leases average less than two per cent - Kit Carson, 1.91% - and three other counties where these leases average between two per cent and three per cent - El Paso, 2.77%; Jefferson, 2.29%; and Kiowa, 2.98%.

At the other end of the scale, using the "lease" value, 23 counties contain state agricultural leases averaging a percentage relationship of four per cent or more compared to two counties for grazing leases - Conejos, 4.7%; and El Paso, 4.77%. The 23 counties and the percentage relationships for agricultural leases are: Adams, 5.21%; Arapahoe, 5.86%; Boulder, 7.87%; Conejos, 4.89%; Dolores, 12.50%; Douglas, 4.84%; Eagle, 7.78%; Grand, 4.32%; Gunnison, 4.00%; Huerfano, 4.16%; Jefferson, 8.34%; La Plata, 4.12%; Larimer, 6.62%; Las Animas, 7.06%; Moffat, 5.43%; Otero, 5.09%; Park, 5.03%; Phillips, 4.22%; Prowers, 4.91%; Rio Grande, 4.50%; Routt, 6.53%; Sedgwick, 4.48%; and Weld, 4.65%.

Based on the September, 1960, value figures, this same comparison shows a total of 18 counties having state agricultural leases averaging four per cent or more: Adams, 4.81%; Arapahoe, 4.67%; Conejos, 5.21%; Dolores, 5.00%; Douglas, 5.33%; Grand, 4.22%; Gunnison, 4.00%; Huerfano, 4.16%; La Plata, 5.01%; Larimer, 4.26%; Las Animas, 6.37%; Moffat, 5.34%; Otero, 4.88%; Park, 4.98%; Rio Grande, 4.87%; Routt, 5.49%; Sedgwick, 4.68%; and Weld, 4.15%. Grazing leases average 4.50 per cent in Conejos County and 4.10 per cent in Lake County.

Cautions. The basis for the comparisons reported in Table 14 are the values reported by the land board's field appraisers at the time of leasing the land ("lease" value) and as of September, 1960 ("9/60" value). In this connection, the land board has reported that the values placed on the land for leasing purposes does not represent the price the board would ask for sale purposes.[14] Consequently, the percentage relationship between the rentals thereon and the value reported may be distorted, i.e., larger, to the extent that the value figures do not necessarily represent what the land might bring if sold.

Correspondingly, the "9/60" values reported by the appraisers are generally higher than the "lease" values, and as a result the percentage relationships are usually lower than for "lease" value. Moreover, as the "9/60" values represent more recent appraisal figures, it appears that the more realistic comparison would be between current rental rates and the "9/60" figures. Again, however, the land board reports that the "9/60" values do not necessarily represent the sales value of the land.

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14. However, one of the board's appraisers, Mr. Dan G. Skalla, has stated that "in 1959 I changed the value of state land on my appraisals from a grazing value to a selling value."

Table 17

COMPARISON OF PRIOR AND NEW RENTAL RATES PER ACRE AND ANNUAL INCOME BY COUNTY

Grazing Leases*

1955			1957					1960**				
ual Per Acre New	Annual Total $ Diff.	% Diff. in rent	No. of Acres	Annual Rent Per Acre Old	Annual Rent Per Acre New	Annual Total $ Diff.	% Diff. in rent	No. of Acres	Annual Rent Per Acre Old	Annual Rent Per Acre New	Annual Total $ Diff.	% Diff. in rent
$ .34	$ 9.00	38.8%	2,725.00	$ .40	$ .41	$ 21.00	1.91%	3,183.55	$ .33	$ .52	$ 607.00	58.6%
---	---	---	4,546.38		.69	1,282.00	69.7	640.00	.32	.42	64.00	31.3
.15	0	0	640.00		.12	0	0	1,320.00	.12	.26	189.00	116.6
---	---	---	160.00		.25	13.00	47.1	---	---	---	---	---
---	---	---	680.00		.33	-143	-39.1	1,248.00	.41	.74	413.00	80.4
---	---	---	---		---	---	---	640.00	.18	.28	64.00	55.6
.19	13.00	3.5	19,488.93		.21	92.00	0	2,196.50	.18	.28	208.00	51.9
---	---	---	12,289.43		.23	481.00	20.1	1,115.80	.19	.30	123.00	57.9
.20	20.00	9.1	640.00		.10	0	0	160.00	.15	.25	16.00	66.7
.20	0	0	4,320.00		.35	73.00	5.1	3,680.00	.19	.26	248.00	35.9
.15	-331.00	-11.7	17,405.97		.22	511.00	15.3	23,095.02	.20	.34	3,219.00	68.4
.20	42.00	6.1	25,914.35		.38	2,134.00	27.7	2,875.97	.21	.32	329.00	55.1
.50	485.00	173.4	6,332.75		.34	66.00	3.20	54,811.96	.32	.43	5,695.00	32.0
$0.182	$ 238.00	5.2%	95,142.81	$0.257	$0.305	$4,530.00	18.7%	94,966.80	$0.279	$0.396	$11,175.00	41.9%
.61	1,082.00	225.3	12,640.00	.37	.38	180.00	3.9	8,320.00	.46	.54	621.00	16.1
.34	243.00	126.7	6,649.70	.58	.38	-1,367.00	-35.3	7,257.50	.32	.41	643.00	27.6
.33	94.00	47.2	25,676.38	.35	.37	547.00	6.1	10,370.27	.32	.45	1,306.00	38.9
.29	56.00	17.6	3,200.00	.28	.30	51.00	5.7	4,800.00	.34	.42	378.00	23.1
.68	1,389.00	248.0	9,880.00	.37	.55	1,733.00	47.2	7,650.00	.43	.52	656.00	19.7
.38	8,085.00	151.1	13,633.49	.36	.37	110.00	2.2	17,095.98	.33	.45	2,027.00	36.0
.40	372.00	137.0	11,611.90	.39	.38	-37.00	-0.8	16,372.86	.40	.56	2,561.00	39.1
.35	1,178.00	66.9	8,143.77	.32	.40	624.00	23.7	13,515.88	.39	.51	1,590.00	30.2
.42	38.00	16.8	---	---	---	---	---	1,570.00	.44	.54	158.00	22.0
.40	83.00	100.0	2,719.84	.48	.50	61.00	4.6	1,314.00	.44	.48	61.00	10.6
.47	2,439.00	51.2	14,615.42	.37	.39	406.00	7.6	13,891.90	.37	.50	1,729.00	33.5
.39	245.00	56.5	5,126.70	.37	.40	142.00	7.5	12,878.92	.35	.49	1,802.00	39.5
$0.413	$15,304.00	104.5%	113,897.20	$0.374	$0.396	$2,450.00	5.7%	115,037.31	$0.373	$0.491	$13,532.00	31.6%
.35	126.00	133.34	6,608.62	.28	.33	357.00	19.6	4,549.67	.32	.38	302.00	21.0
.30	210.00	71.51	17,177.03	.27	.37	1,749.00	37.3	12,082.58	.31	.41	1,240.00	33.1
.30	12.00	93.6	3,326.12	.20	.23	110.00	16.6	2,719.00	.27	.34	215.00	25.9
.32	525.00	100.0	62,762.84	.32	.33	970.00	4.9	37,357.39	.29	.39	3,523.00	32.1
.18	31.00	0	5,360.00	.15	.20	235.00	33.0	5,520.00	.18	.23	301.00	30.7
.30	5,843.00	100.0	12,369.67	.25	.26	237.00	7.8	4,939.70	.34	.42	427.00	25.7
---	---	---	8,260.60	.33	.36	200.00	7.3	7,318.58	.33	.40	494.00	20.2
.27	3,939.00	57.8	9,010.60	.27	.30	279.00	11.6	15,784.64	.22	.31	1,499.00	44.0
.22	-26.00	-26.67	1,160.00	.09	.12	36.00	33.3	1,920.00	.19	.28	160.00	43.10
$0.271	$10,660.00	72.3%	126,035.48	$0.285	$0.318	$4,173.00	11.6%	92,191.56	$0.28	$0.368	$ 8,161.00	31.4%
---	---	---	1,247.73	.10	.12	25.00	19.9	3,461.29	.34	.24	-316.00	-27.18
.21	94.00	39.80	640.00	.51	.63	74.00	22.7	---	---	---	---	---
.19	83.00	17.00	1,924.58	.09	.20	212.00	122.2	400.00	.06	.10	16.00	60.00
.29	-285.00	-23.4	3,000.91	.14	.15	37.00	9.1	15,892.58	.29	.29	49.00	0
---	---	---	640.00	.28	.28	1.00	0	1,280.00	.30	.35	70.00	18.6
.15	0	0	2,102.00	.25	.27	33.00	6.6	694.27	.22	.30	56.00	36.4
.18	110.00	50.00	2,560.00	.13	.19	164.00	50.8	---	---	---	---	---
.29	416.00	74.6%	7,052.58	.19	.25	433.00	32.8	2,560.00	.28	.35	192.00	27.3
---	---	---	---	---	---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---	1,240.00	.16	.20	49.00	25.0
.29	817.00	16.8	20,019.07	.26	.28	442.00	8.43	14,166.87	.28	.39	1,605.00	40.7
---	---	---	644.00	.35	.28	-43.00	-18.9	1,520.00	.20	.21	15.00	4.9
---	---	---	---	---	---	---	---	---	---	---	---	---
.39	29.00	95.0	31,786.80	.20	.20	44.00	0	4,140.69	.22	.28	254.00	27.5
---	---	---	---	---	---	---	---	---	---	---	---	---
.15	0	0	3,120.80	.22	.21	-26.00	-3.70	280.00	.20	.20	0	0
.19	12.00	8.0	6,159.00	.21	.14	-438.00	-34.5	2,399.80	.16	.19	70.00	18.4
.26	38.00	30.0	640.00	.38	.50	77.00	31.6	640.00	.11	.15	26.00	36.4
$0.261	$ 1,314.00	16.0%	81,447.47	$0.215	$0.228	$ 1,035.00	6.0%	48,675.50	$0.265	$0.308	$ 2,086.00	16.2%
$0.303	$ 27,516.00	62.0%	416,522.96	$0.289	0.319	$12,188.00	10.4%	350,871.17	$0.308	$0.408	$34,954.00	32.5%

lated to the nearest cent.
ulated from total rents and not the rate per acre which is a rounded off figure.
ounded to nearest dollar.
a decrease in new rentals.

eptember 15, 1960

Table 17 Continued:

COMPARISON OF PRIOR AND CURRENT RENTAL RATES PER ACRE AND ANNUAL INCOME

Agricultural Leases*

County	1955 No. of Acres	1955 Old Annual Rental Per Acre	1955 New Annual Rental Per Acre	1955 Annual Total Dollar Diff.	1955 % Diff.	1957 No. of Acres	1957 Old Annual Rental Per Acre	1957 New Annual Rental Per Acre	1957 Annual Total Dollar Diff.	1957 % Diff.	1960** No. of Acres	1960** Old Annual Rental Per Acre	1960** New Annual Rental Per Acre	1960** Annual Total Dollar Diff.	1960** % Diff.
District I															
Adams	550	$1.63	$2.00	$206	23.0%	3,093	$2.46	$2.34	$-364	-4.80%	1,073	$2.70	$2.73	$ 37	1.1%
Arapahoe	---	---	---	---	---	565	2.19	2.44	143	11.4	---	---	---	---	---
Boulder	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Clear Creek	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Douglas	---	---	---	---	---	---	---	---	---	---	32	2.00	3.00	32	50.00
Gilpin	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Grand	7	1.00	2.00	7	100.00	60	2.00	2.00	0	0	---	---	---	---	---
Jackson	---	---	---	---	---	40	1.81	1.81	0	0	---	---	---	---	---
Jefferson	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Larimer	---	---	---	---	---	---	---	---	---	---	300	2.19	5.00	844	128.3
Moffat	---	---	---	---	---	20	4.00	2.00	-40	-50.00	1,868	2.50	2.75	466	10.00
Routt	30	1.50	2.50	30	66.67	2,844	2.15	2.17	58	.95	---	---	---	---	---
Weld	1,486	1.95	1.99	65	2.1	1,910	2.26	2.04	-423	-9.81	3,395	2.51	2.75	800	9.6
District Totals	2,073	$1.85	$2.00	$308	8.1%	8,532	$2.29	$2.22	$-626	-3.1%	6,668	$2.52	$2.85	$2,179	13.1%
District II															
Cheyenne	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Crowley	---	---	---	---	---	15	1.00	1.00	0	0	---	---	---	---	---
Elbert	80	1.75	1.75	0	0	796	1.67	1.75	62	4.8	165	1.56	1.56	0	0
Kiowa	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Kit Carson	---	---	---	---	---	1,381	2.24	1.92	-440	-14.23	70	2.00	2.00	0	0
Lincoln	---	---	---	---	---	382	1.69	1.69	0	0	420	2.19	2.38	80	8.7
Logan	615	2.00	2.00	0	0	1,190	2.18	2.12	-70	-2.8	2,717	2.91	2.99	212	2.7
Morgan	600	1.07	1.48	248	38.3	1,240	2.03	2.27	300	11.8	399	1.65	1.90	100	15.2
Phillips	464	2.17	4.17	928	92.2	2,240	2.57	3.57	2,240	38.89	590	3.02	3.02	0	0
Sedgwick	209	1.75	2.50	157	42.86	152	3.00	3.50	76	16.67	1,316	3.45	3.16	-380	-8.37
Washington	715	1.60	2.50	641	56.3	4,213	2.72	2.21	-2,161	-18.7	4,030	2.52	2.33	-736	-7.5
Yuma	280	2.30	2.50	56	8.7	153	1.69	1.69	0	0	3,444	2.56	2.60	120	1.6
District Totals	2,963	$1.75	$2.43	$2,030	38.9	11,762	$2.39	$2.39	7	-0-	13,151	$2.67	$2.63	$-603	-1.7%
District III															
Baca	---	---	---	---	---	220	1.50	2.00	110	33.33	1,034	1.85	2.22	392	20.0
Bent	290	2.05	2.80	219	36.6	1,112	3.04	2.93	-116	-3.6	180	2.28	2.67	71	17.01
Custer	---	---	---	---	---	---	---	---	---	---	74	1.25	1.99	56	60.5
El Paso	---	---	---	---	---	655	1.62	1.57	-34	-3.1	200	1.50	1.50	0	0
Fremont	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Otero	---	---	---	---	---	---	---	---	---	---	449	3.14	4.03	400	28.3
Prowers	---	---	---	---	---	172	1.92	2.04	20	6.3	66	1.99	2.24	17	12.6
Pueblo	---	---	---	---	---	1,420	1.77	2.18	592	23.2	80	4.50	5.50	80	22.22
Teller	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
District Totals	290	$2.05	$2.80	$219	36.8%	3,579	$2.13	$2.29	$572	7.5%	2,083	$2.21	$2.70	$1,015	22.17%
District IV															
Alamosa	---	---	---	---	---	---	---	---	---	---	70	1.00	1.00	0	0
Archuleta	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Chaffee	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Conejos	75	1.00	1.50	38	50.00	240	1.16	1.33	42	14.7	155	1.52	1.52	0	0
Dolores	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Eagle	---	---	---	---	---	75	2.27	2.73	35	20.3	---	---	---	---	---
Gunnison	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Huerfano	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Lake	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
La Plata	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Las Animas	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Montezuma	---	---	---	---	---	76	2.00	2.00	0	0	---	---	---	---	---
Ouray	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Park	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Pitkin	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Rio Grande	240	3.33	2.67	-160	-19.8	---	---	---	---	---	158	.75	1.00	40	33.3
Saguache	110	2.00	2.00	0	0	120	2.00	2.00	0	0	320	2.33	2.13	-64	-8.6
San Miguel	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
District Totals	425	$2.58	$2.29	$-122	-11.2%	511	$1.64	$1.79	$77	9.1%	703	$1.66	$1.63	$ -24	-1.8%
State Totals	5,751	$1.86	$2.29	$2,435	23.1%	24,384	$2.30	$2.30	$23	-0-	22,605	$2.55	$2.67	$2,567	4.7%

* Annual rentals per acre calculated to the nearest cent.
Annual total dollar difference rounded to nearest dollar.
In two cases, a dollar difference occurs while % change in rate is zero. This is due to rounding off annual dollar differences and calculating per cent differences on a rate per acre basis.

** 1960 - January 1, 1960 through September 15, 1960

In order to estimate the amount of additional tax money that would be collected by the several counties containing state lands should they be sold, the appraised value (both the "lease" value and the "9/60" value) has been used as the sale price. Property is not assessed in Colorado at market value; consequently, the two-year average rural sales ratio in each county has been applied to the appraised value to arrive at the additional amount of assessed value that would be added to the tax base in each county. To that additional tax base the average rural mill levy has been applied to determine the additional tax dollars that would be raised.

For those counties having grazing and agricultural land, with the values adjusted by their two-year rural sales ratio, adding this acreage to the tax rolls is estimated to result in a total of $488,905, using the lease value, or $588,769 on the basis of the appraised value as of September, 1960, in increased tax collections to counties, rural school districts, and special districts. On an individual county basis, estimated property tax receipts would increase annually by more than $25,000 in five counties, using lease value as the base figure - Bent, $25,514; Las Animas, $29,441; Lincoln, $30,911; Logan, $33,905; and Weld, $37,678; using the September, 1960, value as the base total, ten counties would receive more than an estimated $25,000 annually - Bent, $28,924; El Paso, $25,694; Las Animas, $26,997; Lincoln, $39,880; Logan, $45,189; Moffat, $29,917; Otero, $27,783; Pueblo, $35,944; Washington, $26,246; and Weld, $43,054.

On the other hand, using either value figure as the base, 13 counties are estimated to receive less than $1,000 annually from increased taxes: Archuleta, Clear Creek, Dolores, Eagle, Gilpin, Gunnison, Jefferson, Lake, La Plata, Montezuma, Ouray, Pitkin, and Teller; also, on the basis of the lease value alone, two additional counties would be in this group, Boulder and Chaffee. Further, the placing of this land on the tax rolls would not increase the local tax base in the ten counties which do not have state land.

Concerning investment income, annual rentals on current agricultural and grazing leases total $1,204,431. Based on the lease value figures reported, the state would have to receive better than a 2.67 per cent annual return to better this figure. (In 1959, the percentage return on investments equaled 3.17 per cent.) On the basis of the September, 1960, appraisals, the investment return would have to be more than 2.21 per cent to collect more than the $1,204,431 being received from lease rentals.

Table 20 indicates the income that could be derived from the proceeds of the sale of state lands if the lands were sold at either appraisal figure. The income from the proceeds are shown if invested at varying rates of from one to five per cent.

Table 20

ESTIMATED ANNUAL INCOME FROM INVESTMENT OF LEASE AND 9/60 APPRAISED VALUE OF STATE AGRICULTURAL AND GRAZING LAND

Return	Lease Value*	$ Return On Investment	9/60 Value*	$ Return On Investment
1.00%	$44,948,800	$ 449,500	$54,426,258	$ 544,300
1.50	44,948,800	679,200	54,426,258	816,400
2.00	44,948,800	899,000	54,426,258	1,088,500
2.50	44,948,800	1,123,700	54,426,258	1,360,700
3.00	44,948,800	1,348,500	54,426,258	1,632,800
3.17	44,948,800	1,424,900	54,426,258	1,725,300
3.50	44,948,800	1,573,200	54,426,258	1,904,900
4.00	44,948,800	1,798,000	54,426,258	2,177,100
4.50	44,948,800	2,022,700	54,426,258	2,449,200
5.00	44,948,800	2,247,400	54,426,258	2,721,300

* "Lease" value represents the value contained in the reports filed by land board appraisers. "9/60" value represents the value placed on the land in September, 1960, by land board appraisers.

APPENDIX A

General Statutory Provisions Relating to
State Board of Land Commissioners
1953 Colorado Revised Statutes, As Amended

112-3-1. Record of proceedings. -- The state board of land commissioners shall cause a complete record of their proceedings to be kept in a suitable book, and shall preserve all important papers and documents pertaining to the state lands.

Source: L. 19, p. 637, Section 1; C.L. Section 1146; CSA, C. 134, Section 44.

112-3-2. Employees -- register -- hearings -- bonds. -- The state board of land commissioners is authorized and empowered to employ pursuant to article XII, section 13 of the constitution all office force. It shall be the duty of the register to keep the records of the state board of land commissioners; to make out and countersign all patents and leases issued by the board to purchasers and lessees of state lands, and keep a suitable record of same; to file and preserve bonds of lessees and those given by purchasers to secure deferred payments; to make and deliver to purchasers a suitable certificate of purchase; to have the custody of the seal of the state board of land commissioners; to keep the minutes of the board; to receive all moneys from the deputy register collected by such officer on account of the state board of land commissioners, and to pay them over to the state treasurer, as prescribed by law, and in the absence of the deputy register to receipt for and receive all moneys payable to the state board of land commissioners, and to perform such other duties concerning the land affairs of the state as the said board may direct. It shall also be the duty of the register in any and all contested cases, at the direction of the board, when hearings are necessary and witnesses may be required to be examined, to set a date for hearing such cases. The register shall duly advise the contestants and their accredited attorneys of the date set for such hearings, and on the date appointed the register is hereby empowered to administer oaths and to hear and receive evidence after the manner and procedure established by the United States in the district land offices, or in accordance with the rules that are or may be adopted by the board governing such cases. All evidence given and provided in such cases before the register shall be fully transcribed and arranged at the cost of the parties to the contest, and shall form a part of the records of the office of the state board of land commissioners.

The register shall, as soon as convenient after such hearings, present a full transcript of the proceedings to the state board of land commissioners, who shall render a decision in accordance therewith.

The board shall be provided with a suitable office and office furniture by the division of public buildings. On or before the thirty-first day of December immediately preceding the meeting of the general assembly, it shall make a report of the business of said board, the transactions of the state board of land commissioners, and the land affairs of the state, showing, by tables, the land belonging to the several funds of the state, to whom sold, the amount leased, the receipts from all sources, and the reports shall contain any such other items or information concerning state lands as the state board of land commissioners may deem worthy of publication. The report shall not exceed the number of pages permitted by law. Of this report there shall be published the same number as is now, or may hereafter be, required by law for the executive departments of the state. Before assuming the duties of his office, each member of the state board of land commissioners shall give a surety bond, the expense of which shall be paid by the state from the land commissioners' cash fund, in the sum of thirty thousand dollars, conditional upon the faithful discharge of his duties, and the bond shall be approved by the governor and state treasurer and filed with the secretary of state.

Source: L. 19, p. 638, Section 2; C.L. Section 1147; CSA, C.134, Section 45.

112-3-3. Deputy register -- duties -- bond. -- It shall be the duty of the deputy register to receipt and account for all moneys payable to the state board of land commissioners, and the deputy register shall pay same over to the register daily. The deputy register shall give a good and sufficient surety bond, the cost of which shall be paid by the state, to be approved by the state board of land commissioners, for the faithful performance of the duties pertaining to that position, in the amount of thirty thousand dollars. The deputy register shall perform such other duties as may be prescribed by the state board of land commissioners.

Source: L. 19, p. 639, Section 3; C.L. Section 1148; CSA, C. 134, Section 47.

112-3-4. Deed -- execution -- copy of record. -- (1) The governor of the state shall be and is hereby authorized, and, in case of his absence or inability, the lieutenant governor shall be and is hereby authorized to execute a good and sufficient deed or patent of conveyance, transferring any and all lands which shall or may be ordered sold, or which shall be sold and disposed of by the state board of land commissioners under the statutes of this state. Such deed or patent shall be attested by the secretary of state, contersigned by the

register, and have the great seal of the state and the seal of the state board of land commissioners thereto attached, but need not be acknowledged. The certified copy of the record of any such deed or patent shall be receivable in evidence in all courts of record in this state, the same as the original.

(2) Where such deed or patent has been or may be issued pursuant to this section, to a person who has died before the date of such deed or patent, the title to the land designated therein shall inure to and become vested in the heirs, devisees, or assignees of such deceased grantee or patentee as if the deed or patent had issued to the deceased person during life.

Source: L. 19, p. 640, Section 4; C.L. Section 1149; CSA, C. 134, Section 48; L. 49, p. 552, Section 1.

112-3-5. Selection and location of lands. -- It shall be the duty of the state board of land commissioners to select and locate all lands which are now, or may be hereafter, granted to this state by the general government, for any purpose whatever, and the board shall take the necessary steps to secure the approval of such selections by the proper officers of the general government. In making such selections, the board may employ such agents and means as may be necessary to acquaint the board with the character of the lands selected; and the board may provide to have the lands belonging to the state classified and appraised.

Source: L. 19, p. 640, Section 5; C.L. Section 1150; CSA, C. 134, Section 49.

112-3-6. Appraisers, reports. -- Appraisers shall make stated written reports of their work to the state board of land commissioners and such special reports as may be required from time to time. Such reports shall be made upon suitable uniform blanks to be provided by the board for such purpose, wherein shall be set forth the legal description, general character and adaptability and estimated value of each of the several pieces, parcels or tracts of land embraced in any such report, together with such other useful information as may be required by the board.

Source: L. 17, p. 506, Section 3; C.L. Section 1153; CSA, C. 134, Section 52.

112-3-7. Resolution of selection. -- The state board of land commissioners from time to time shall make selection and location of the lands to which the state is entitled under the several grants of land from congress by causing to be spread upon its minutes a proper resolution, or resolutions, particularly designating all such pieces, parcels or tracts of land so selected and located and thereupon from time to time said board shall promptly take all necessary and proper steps to effectually secure the approval thereof by the proper officers of the general government.

Source: L. 17, p. 506, Section 4; C.L. Section 1154; CSA, C. 134, Section 53.

112-3-8. Appraisal -- classification -- plat. -- Immediately after the selection of said indemnity land is completed the state board of land commissioners shall begin a general appraisal of all lands owned now or hereafter by the state. The board shall provide proper books for such purpose wherein shall be set forth the legal description, general character and adaptability and appraised valuation of each of the several pieces, parcels or tracts of lands so classified and appraised, together with such other useful information as the board shall deem necessary. The board also from time to time shall provide proper plats showing all such lands so classified and appraised.

Source: L. 17, p. 506, Section 5; C.L. Section 1155; CSA, C. 134, Section 54.

112-3-9. Reclassification. -- The state board of land commissioners shall have the power from time to time to reclassify and reappraise any lands owned by the state and shall make the same record thereof as provided by this article for the original classification and appraisal of such lands and shall make the necessary notations or changes on its existing records.

Source: L. 17, p. 507, Section 6; C.L. Section 1156; CSA, C. 134, Section 55.

112-3-10. Books and plats -- public records. --- All books and plats required by this article to be provided and kept by the state board of land commissioners shall be a part of the public records of said board and shall be open to inspection.

Source: L. 17, p. 507, Section 7; C.L. Section 1157; CSA, C. 134, Section 56.

112-3-11. Land appraisers. -- The state board of land commissioners shall appoint, pursuant to Article XII, section 13, of the constitution, such appraisers of state lands as are necessary. The appraisers shall be under the direction of the state land commissioners. There shall be appropriated a sufficient sum per annum for the purpose of defraying the expenses of the appraisers when visiting the different portions of the state in the discharge of their duties.

Source: L. 19, p. 640, Section 6; C.L. Section 1158, CSA, C. 134, Section 57.

112-3-12. Fees -- disposition of fees. -- The state board of land commissioners is hereby authorized and empowered to collect the fees herein fixed for the issuance of leases, patents, certificates of purchase, right of way deeds, recording assignments, making township plats, filing bonds, and for the filing of all documents necessary to be filed in the office, to-wit:

Filing application to lease for each one hundred sixty acres or fraction thereof	$ .50
Filing application to purchase for each one hundred sixty acres or fraction thereof	.50
Accepting and approving bond	1.00
Issuing lease, each one hundred sixty acres or fraction thereof	1.00
For each additional one hundred sixty acres or fraction thereof in the same lease	.50
For issuing patent or certificate of purchase, each one hundred sixty acres or fraction thereof	2.00
Assignment fee	1.00
Patent for town lot, one or more	2.00
Right of way deeds, easements, etc.	5.00
For issuing permission to make improvements in excess of amount allowed by the terms of the lease	2.00

Certified copies of any instrument or of the records shall be furnished at the rate of twenty cents per folio and one dollar for the certification.

Each application for lease must be accompanied by a lease service fee of five dollars, in addition to the filing fee.

All applications for purchase must be accompanied by an appraisement fee of ten dollars in addition to the filing fee.

If the board orders a sale to be made, the applicant shall be required to pay an advertising fee of seventeen dollars.

All township plats shall be furnished at fifty cents each.

For subdividing mineral lands into lots of ten acres each for the purpose of leasing, upon application of any person, a deposit of ten dollars for each lot shall be required.

All moneys collected by the state register and deputy in pursuance of any action or resolution of the board, shall be paid into the state treasury, as provided by law.

All fees shall be paid in advance to the deputy register and be transmitted and accounted for by the deputy to the register of the board, as in the case of other funds, and the register shall turn the same into the state treasurer, as in the case of money collected for rent and partial payments on certificates of purchase. It shall be the duty of the state treasurer to receive the funds and credit the same to the land commissioners' cash fund, to be paid out by him on warrants drawn as provided by law, upon vouchers issued by the state board of land commissioners and signed by its president and register.

Source: L. 19, p. 641, Section 7; C.L. Section 1159; CSA, C. 134, Section 58; L. 45, p. 522, Section 1.

112-3-13. Leases -- rental -- mineral lands. -- The state board of land commissioners may lease any portion of the land of the state at a rental to be determined by it; except as provided in section 112-3-18. The lessee shall pay the annual rental to the state board of land commissioners, who shall receipt for the same in the lease. Upon receiving such annual rental, the board shall transmit the same to the state treasurer, as provided by law, and take his receipt therefor. If stone, coal, oil, gas, or other mineral not herein mentioned be found upon the state land, such land may be leased for the purpose of obtaining therefrom the stone, coal, oil, gas or other mineral, for such length of time, and conditioned upon the payment to the state board of such royalty upon the product as the state board of land commissioners may determine.

Source: L. 19, p. 642, Section 8; C.L. Section 1160; CSA, C. 134, Section 59.

112-3-14. Adjustment of rentals. -- The state board of land commissioners shall have the direction, control and disposition of the public lands of the state as provided for in article IX, section 9, of the constitution of the state of Colorado, and when, in its opinion conditions justify, shall have the power and authority to adjust rentals under any existing, expired or defaulted lease on state lands, in a manner to secure the maximum possible revenue as provided for in article IX, section 10, of the constitution, and may accept payments on delinquent rentals in accordance with such adjustments.

Source: L. 37 p. 939. Section 1; CSA, C. 134, Section 59 (1).

112-3-15. Development of oil or gas areas. -- The state board of land commissioners is authorized to join on behalf of the state in a co-operative or unit plan of development or operation for any oil or gas pool, field or area, or for any part of any such pool, field, or area, with the United States government and its lessees or with others or with both such parties and, for that purpose, is hereby authorized at or after the time of joining to modify and change any and all terms of the leases heretofore or hereafter issued under the provisions of this chapter as mutually agreed by the lessor and lessee in any such lease, including the extension of the term of years otherwise applicable to any such lease for the full period of time such co-operative or unit plan may remain in effect, as required to conform with the terms of any such lease to such co-operative or unit plan and to facilitate the efficient and economic production of oil or gas from the lands so affected. Any such co-operative or unit plan including lands owned by the state may, in the discretion of the state board of land commissioners, contain a provision whereby authority is vested in the secretary of the interior, if lands of the United States are also included, or in any such person, committee, or state or federal officer or agency as may be designated in the plan to alter or modify from time to time the rate of prospecting and development and the quantity and rate of production under such plan.

Source: L. 47, p. 692, Section 1; CSA, C. 134, Section 59 (2).

112-3-16. Disposition of rentals, royalties. -- All rentals and royalties received by the state as rentals and royalties from stone, coal, oil, gas, gold, silver, or other mineral lands belonging to the state school fund, or any other of the trust funds of the state, shall be placed to the credit of the proper permanent fund. The state board of land commissioners is hereby authorized to deduct from such receipts

not to exceed ten per cent thereof for the purpose of paying the expenses of administering such lands. This section shall not apply to rentals received merely for the use and occupation of the surface of any such lands.

Source: L. 17, p. 414, Section 1; C.L. Section 1161; CSA, C. 134, Section 60.

112-3-17. Leases, rentals payable in advance. -- All leases of state or school land shall be conditioned upon the payment of rent in advance, and the violation of this condition shall work a forfeiture of the lease, at the option of the state board of land commissioners, after thirty days' notice to the lessees. Notice shall be sent to the last known postoffice address of lessee, as given by himself to the register of the state board of land commissioners.

Source: L. 19, p. 642, Section 9; C.L. Section 1162; CSA, C. 134, Section 61.

112-3-18. Terms of leasing -- renewals -- sale of leased land. -- (1) The public lands of the state may be leased by the state board of land commissioners, and if so leased shall be leased in such manner and to such persons as will produce an optimum long-term revenue. No lease of such lands for grazing or agricultural purposes shall be for a longer period than ten years.

In determining the maximum benefit to the state in the renewal of any expiring lease, the board shall consider, among other things, the care and use given the land and the development work done by the lessee in conserving and promoting the productivity thereof and in promoting optimum long-term revenue for school purposes, and the classification, location and contribution to the unit controlled by the lessee.

Before land shall be leased to anyone other than the present lessee said present lessee shall be given ten days notice and an opportunity during said ten days to negotiate with the state board of land commissioners concerning a new lease.

(2) Prior to the quarter period beginning April 1, 1955, and prior to each quarter period thereafter, the board shall make a listing of all leases which will expire within the second succeeding quarter period thereafter, giving a description of the land leased, the name of the lessee and the expiration date of the lease. At least five days prior to the beginning of each such quarter period, a

copy of such listing shall be certified to and transmitted by the board to the county clerk of each county in which any such land to be leased is situate, and shall by said county clerk, immediately upon receipt thereof, be posted in the court house in a conspicuous place to which the public shall have access, and kept so posted until all leases listed thereon shall have expired. A copy of such quarterly listing shall also be posted at the times above provided in the main office of the state board of land commissioners at the state capitol, available for public inspection.

(3) All applications to lease or to renew a lease shall be made in writing to the board, stipulating the rental the applicant is willing to pay and under such other regulations, not in conflict with the law, as the board may prescribe.

The board shall require from any applicant for a lease that he give evidence of his responsibility to carry out the terms of the lease. Any applicant except the present lessee shall deposit with his application a sum of money equal to the first annual rental offered in his application.

The board shall also require that an applicant state under oath the total acreage of agricultural or grazing land, if any, owned and to be operated by him in connection with the land to be leased, and (a) the intended use, during the term of the lease, of both such private land, if any, and public land, either as to agricultural products to be produced thereon, or as to the carrying capacity of such lands in terms of the number of livestock such tracts are expected to reasonably support; and (b) if a renewal, a history, for such period of time as prescribed by the board, of the past use of both such private land, if any, and public land, as to agricultural products produced and the number of livestock grazed thereon.

(4) The board may, in its discretion, offer for sale any land leased at any time during the term of the lease as though said lease had not been executed, or it may withdraw such land from sale during the full term of the lease.

(5) The board shall have power to cancel and terminate any lease at any time if it finds that a lessee has violated any of the provisions of the lease or made any false statement in his application therefor.

(6) The board shall as soon as practicable, and not more than thirty days after the close of every quarter period, post, in the main office of the board, a complete listing of leases executed during that quarter period together with rental figures for same.

Source: L. 19, p. 643, Section 10; C.L. Section 1163; CSA, C. 134, Section 62; L. 45, p. 523, Section 2; L. 55, p. 681, Section 1.

112-3-19. Lessee to purchase improvements. -- Should anyone apply to lease any of the lands belonging to the state upon which there are improvements belonging to another party, before a lease shall issue, he shall file in the office of the state board of land commissioners a receipt, showing that the price of the improvements, as agreed upon by the parties, or fixed by the state board, has been paid to the owner thereof in full, or shall make satisfactory proof that he has tendered to such owner the price of the improvements so agreed upon or fixed by the board. If by any mistake or error, any money has been, or shall hereafter be, paid on account of any sale or lease of state lands, it shall be the duty of the board to draw a voucher in favor of the party paying said money. On presentation of the voucher the auditor shall draw his warrant upon the state treasurer for the amount, and the state treasurer shall pay the same out of the fund into which such money was deposited or placed. If, through any fraud, deceit or misrepresentation, any party or parties shall procure the issuing of any lease for state lands, the board shall have the authority to cancel any such lease.

Source: L. 19, p. 643, Section 11; C.L. Section 1164; CSA, C. 134, Section 63.

112-3-20. Leases -- lands in city limits. -- Lands within city boundaries may be leased for a term not exceeding fifty years. All such leased lands shall be reappraised and classified at least every five years, and the lessee of all such lands shall pay any increased rental or forfeit the land so held. When any lease expires by limitation the holder thereof may renew the same in manner as follows. At any time within the ninety days next preceding the expiration of the lease, the lessee, or his assigns, shall notify the register of his desire to renew the lease. If the lessee and the state board of land commissioners agree as to the valuation of the land, a new lease may be issued, bearing even date with the expiration of the old one, and upon like conditions. The former valuation shall not be decreased without the consent of the state board of land commissioners. Nothing in this section shall prohibit the state board of land commissioners from leasing any of the state lands to such party as shall secure to the state the greatest annual revenue. The state board of land commissioners may, in its discretion, offer the land for sale at the end of any period of five years, upon the application of the lessee, during the term of the lease, upon the same terms and in the same manner as though the lease had not been executed.

Source: L. 19, p. 644, Section 12; C.L. Section 1165; CSA, C. 134, Section 64.

112-3-21. Trespass -- penalty -- bond. -- All corporations, companies or persons using or occupying any state or school lands without lease, and all corporations, companies or persons who shall use or occupy state or school lands for more than thirty days after the cancellation or expiration of a lease, and any corporation, company or person who shall construct a reservoir, ditch, railroad, public highway, telegraph or telephone line, or in any manner occupy or enter upon lands belonging to the state, without first having secured the authority and permission of the state board of land commissioners to so occupy the land for such purpose, shall be regarded as trespassers, and upon conviction thereof, shall be fined in the sum of not less than twenty-five dollars and not more than one hundred dollars and each day shall be considered a separate offense. In each case, where a bond has been furnished to the state board of land commissioners, the bondsmen of the lessee shall be equally liable with himself, and in addition to the foregoing penalty the state shall be allowed to collect as rental for the use of such lands a sum equal to the appraised value thereof for rental purposes, as fixed by the state board of land commissioners, and which value shall not be less than five cents per acre per annum. All suits under the provisions of this article shall be instituted under the direction of the attorney general, in the name of the people of the state of Colorado.

Source: L. 19, p. 644, Section 13; C.L. Section 1166; CSA, C. 134, Section 65.

112-3-22. Lands withdrawn from market. -- All lands granted by congress to the state for the support of common schools, being sections sixteen and thirty-six, and all that may be selected in lieu of said sections, are hereby withdrawn from market, and the sale thereof prohibited; provided, parcels consisting of not more than one hundred sixty acres may be sold when the state board is of the opinion that the best interests of the school fund will be served by offering such parcel for sale. Such land shall only be sold at public auction, and at not less than three and one-half dollars per acre. School lands shall not be offered for sale, except upon the conditions hereinafter provided for the sale of other state lands.

Source: L. 19, p. 645, Section 14; C.L. Section 1167; CSA, C. 134, Section 66; L. 49, p. 522, Section 2.

112-3-23. Platting and sale in lots and blocks. -- The state board of land commissioners may cause any portion of the state or school lands to be laid out in lots and blocks or other tracts by a recorded plat, to be sold from time to time, at public auction, in such quantities and at such times as shall enable the state to realize the best prices for such lands.

Source: L. 19, p. 646, Section 15; C.L. Section 1168; CSA, C. 134, Section 67; L. 49, p. 533, Section 3.

112-3-24. Purchase of necessary land by U.S. -- Any state lands needed by the United States for irrigation works, other than right of way for roads, bridges, canals, ditches, tunnels, pipe lines, telephone and transmission lines, shall be sold to the United States at a price not less than three dollars and fifty cents per acre, and without advertising or offering same at public auction, and the state board of land commissioners shall direct the governor, secretary of state and register to execute and sign, as provided in this article, on behalf of the state, a proper deed or other instrument of writing of such lands.

Source: L. 19, p. 646, Section 16; C.L. Section 1169; CSA, C. 134, Section 68.

112-3-25. Sale of state lands. -- The state board of land commissioners may at any time direct the sale of any state lands, except as provided in this article, in such parcels as they shall deem for the best interest of the state and the promotion of the settlement thereof. No lands belonging to the state, within the areas to be irrigated from works constructed or controlled by the United States or its duly authorized agents, shall hereafter be sold except in conformity with the classification of farm units by the United States. After the withdrawal of lands by the United States for any irrigation project, no application for the purchase of state lands within the limits of such withdrawal shall be accepted, except upon the conditions prescribed in this section. All sales under this article, except those to the United States, shall be advertised in four consecutive issues of some weekly paper of the county in which such land is situated, if there be such paper; if not, then in some paper published in an adjoining county, and in such other papers as the board may direct.

The advertisement shall state the time, place and terms of sale, and the minimum price fixed by the board for each parcel, lot, block or tract below which no bid shall be received. In all cases the land shall be offered in parcels, lots, blocks or tracts consisting of not more than one hundred and sixty acres each. Sales of state land shall be made only to citizens of the United States or to those who have declared their intention to become such, or to corporations organized under the statutes of the state or under the statues of any other state in the United States, or under United States statutes, or to partnerships composed of persons who are either citizens of the United States or have declared their intention to become such; and all patents and certificates of purchase heretofore issued to such persons, entities or partnerships are hereby validated. If any land be sold on which authorized improvements shall have been made by lessees, the improvements shall be appraised under the direction of

the state board. When lands on which such improvements have been made are sold, the purchasers, if other than the owner of the improvements, shall pay the appraised value of the improvements to the owner thereof, taking a receipt therefor, and he shall deposit such receipt with the state board of land commissioners before he shall be entitled to a patent or certificate of purchase. All such receipts shall be filed and preserved in the office of the state board of land commissioners.

Source: L. 19, p. 646, Section 17; C.L. Section 1170; CSA, C. 134, Section 69; L. 49, p. 553, Section 4.

112-3-26. Sale -- place -- reservations. -- All sales of state lands shall be held at the state capitol, unless otherwise directed by the state board of land commissioners. The state board of land commissioners may, in its discretion, reserve in the advetisement of sale of any state or school lands, rights of way for irrigation and drainage ditches, canals, reservoirs and other structures and for any roads or highways, and it may and is hereby authorized to reserve to the state all rights to any and all minerals, ores and metals of any kind and character and all coal, asphaltum, oil, gas or other like substance in or under said land, the right of ingress and egress for the purpose of mining, together with enough of the surface of the same as may be necessary for the proper and convenient working of such minerals and substances. All patents and certificates of purchase on state or school lands heretofore issued and in which a reservation of rights to minerals, ores and metals of any kind or characted whatsoever or coal, asphaltum, oil, gas and other like substances has been made, are hereby validated. The holders of such certificates of purchase or the owners of said lands so patented shall by contract, deed or other agreement acknowledge or reconvey to the state the minerals and substances so reserved, and the state board of land commissioners is hereby authorized to accept on behalf of the state such deeds and conveyances and to make such agreements as may be necessary to carry out the provisions of this article.

When the conditions prescribed by statute have been complied with, the state board of land commissioners shall make and deliver to the purchaser a certificate of purchase, containing the name of the purchaser, a description of the land purchased, the sum paid, the amount remaining due, and the date at which each of the deferred payments falls due, and the amount thereof. Such certificate shall be signed by the president and countersigned by the register of the board, and a record of the same kept by him in a suitable book. Whenever a purchaser of any state land has complied with all the conditions of the sale, and paid all purchase money with the lawful interest thereon, he shall receive a patent for the land purchased. The patent shall be signed by the

governor, attested by the secretary of state, and countersigned by the register, and have the great seal of the state and the seal of the state board of land commissioners thereto attached. When so signed, the patent shall convey title; provided that all patents and certificates of purchase heretofore issued describing the lands with reference to legal subdivisions shown by the United States official survey or by lots, blocks or tracts shown on a recorded plat, or by metes and bounds descriptions, are hereby validated.

Source: L. 19, p. 647, Section 18, C.L. Section 1171, CSA, C. 134, Section 70; L. 49, p. 554, Section 5.

112-3-27. Delinquent payments. -- Whenever any purchaser of land shall default for a period of thirty days in any of the payments of either principal or interest due upon the certificate of purchase issued to him, the certificate may be forfeited and the lands reverted to the state upon a notice to that effect mailed to the last known postoffice address of the purchaser, and which notice shall allow him thirty days additional in which to pay the indebtedness to the state.

Source: L. 19, p. 648, Section 19; C.L. Section 1172; CSA, C. 134, Section 71.

112-3-28. Forfeiture -- new sale. -- If any purchaser of state land, after receiving a certificate of purchase, as provided in section 112-3-26, fails to make any one of the payments stipulated therein, and the same remains unpaid for thirty days after the time when it should have been paid, as specified in the certificate, the state board of land commissioners, after issuing notice of forfeiture and allowing thirty days additional to pay the indebtedness as provided in section 112-3-27, may sell the land again. In the case of a sale, all previous payments made on account of such land shall be forfeited to the state. The land shall revert to the state and the title thereof shall be in the state as if no sale had ever been made.

Source: L. 19, p. 649, Section 20; C.L. Section 1173; CSA, C. 134, Section 72.

112-3-29. Place of payment -- venue. -- All moneys due and payable to the state board of land commissioners shall be paid at the office of the state board of land commissioners in the state capitol in the city and county of Denver, Colorado, and all actions for the recovery of same, or for the cancellation of certificates of purchase, or for the cancellation of leases, or for the recovery of the possession of the land, actions of forcible entry and detainer, or ejectment, shall be brought in any court of competent jurisdiction in the city and county of Denver, in the State of Colorado.

Source: L. 19, p. 649, Section 21; C.L. Section 1174; CSA, C. 134, Section 73.

Table 14

COMPARISON OF LEASE RENTAL RATE TO "VALUE"*

County	Grazing Leases					Agricultural Leases				
	Rental Rate	"Lease" Value	% Rent to "Lease" Value	9/60 Value	% Rent to 9/60 Value	Rental Rate	"Lease" Value	% Rent to "Lease" Value	9/60 Value	% Rent to 9/60 Value
Adams	$ 6,012	$ 300,581	2.00%	$ 362,586	1.66%	$22,651	$ 434,056	5.22%	$ 471,156	4.81%
Alamosa	8,251	305,054	2.70	286,966	2.86	190	5,700	3.33	5,100	3.73
Arapahoe	5,709	215,748	2.64	282,322	2.02	1,932	32,957	5.86	41,400	4.67
Archuleta	1,003	82,600	1.21	87,249	1.15	---	---	---	---	---
Baca	11,860	451,654	2.62	528,735	2.24	11,337	290,113	3.91	288,499	3.93
Bent	39,139	1,729,689	2.26	1,[illegible]	1.66	5,860	151,056	3.88	168,732	3.47
Boulder	586	37,208	1.56	72,[illegible]	.80	493	6,266	7.87	13,166	3.74
Chaffee	2,605	87,805	2.97	99,7[illegible]	2.61	---	---	---	---	---
Cheyenne	22,488	1,000,[illegible]	2.23	1,[illegible]	.88	552	14,000	3.94	14,000	3.94
Clear Creek	40	2,000	2.00	2,400	1.67					
Conejos	17,347	381,294	4.70	385,724	4.50	3,352	66,484	4.89	64,386	5.21
Costilla	---	---	---	---	---	---	---	---	---	---
Crowley	25,319	1,321,961	1.92	1,566,[illegible]	1.62	235	7,750	3.03	7,525	3.12
Custer	3,342	105,136	3.09	140,863	2.37	148	4,479	3.30	4,432	3.34
Denver	---	---	---	---	---	---	---	---	---	---
Delta										
Dolores	1,637	43,560	3.76	46,440	3.52	75	600	12.50	1,500	5.00
Douglas	3,243	137,340	2.36	155,733	2.08	897	18,529	4.84	16,815	5.33
Eagle	2,487	80,[illegible]	3.07	72,036	3.45	330	4,239	7.78	10,214	3.23
Elbert	30,523	1,230,450	2.48	1,815,306	1.68	4,518	122,405	3.69	136,927	3.30
El Paso	73,866	1,548,74[illegible]	4.77	2,480,494	2.98	2,741	68,963	3.97	98,842	2.77
Fremont	10,606	339,856	3.19	444,075	2.39	---	---	---	---	---
Garfield	---	---	---	---	---	---	---	---	---	---
Gilpin	179	9,[illegible]00	1.86	9,600	1.86	---	---	---	---	---
Grand	11,171	680,[illegible]24	1.75	7[illegible],332	1.49	162	3,735	4.32	3,836	4.22
Gunnison	1,685	53,346	3.16	58,160	2.90	400	10,000	4.00	10,000	4.00

Table 14 Continued:

County	Grazing Leases					Agricultural Leases				
	Rental Rate	"Lease" Value	% Rent to "Lease" Value	9/60 Value	% Rent to 9/60 Value	Rental Rate	"Lease" Value	% Rent to "Lease" Value	9/60 Value	% Rent to 9/60 Value
Hinsdale	---	---	---	---	---	---	---	---	---	---
Huerfano	$11,597	$ 377,701	3.07%	$ 380,107	3.05%	$ 124	$ 2,970	4.16%	$ 2,970	4.16%
Jackson	21,094	1,678,651	1.26	1,768,932	1.19	1,146	31,010	3.70	31,795	3.60
Jefferson	1,487	64,996	2.29	74,875	1.99	23	270	8.34	981	2.29
Kiowa	21,588	1,364,985	1.58	1,460,995	1.48	698	31,000	2.25	23,423	2.98
Kit Carson	23,936	816,981	2.93	1,189,465	2.01	5,090	223,962	2.27	266,197	1.91
Lake	465	12,377	3.76	11,326	4.10	---	---	---	---	---
La Plata	1,457	75,800	1.92	76,280	1.91	138	3,350	4.12	2,710	5.01
Larimer	16,002	850,588	1.88	1,015,073	1.58	4,613	69,633	6.62	108,206	4.26
Las Animas	44,523	1,820,200	2.45	1,663,606	2.68	2,043	28,948	7.06	32,080	6.37
Lincoln	51,649	2,413,967	2.14	3,153,776	1.64	7,256	186,972	3.88	201,876	3.59
Logan	50,114	2,198,660	2.28	3,177,128	1.58	31,294	870,725	3.59	913,791	3.42
Mesa	---	---	---	---	---	---	---	---	---	---
Mineral	---	---	---	---	---	---	---	---	---	---
Moffat	46,817	2,366,300	1.98	2,928,968	1.60	8,730	160,679	5.43	163,584	5.34
Montezuma	1,941	49,051	3.96	64,386	3.01	511	13,177	3.88	14,858	3.44
Montrose	---	---	---	---	---	---	---	---	---	---
Morgan	20,264	927,871	2.18	1,244,538	1.63	7,461	203,408	3.67	215,584	3.46
Otero	35,449	1,396,792	2.54	1,625,227	2.18	2,059	40,440	5.09	42,192	4.88
Ouray	404	11,094	3.64	13,857	2.92					
Park	22,895	710,667	3.22	765,332	2.99	163	3,240	5.03	3,270	4.98
Phillips	2,307	124,360	1.85	137,762	1.67	46,027	1,089,892	4.22	1,221,747	3.77
Pitkin	76	3,307	2.30	2,835	2.68	---	---	---	---	---
Prowers	14,171	604,449	2.34	781,428	1.81	2,232	45,481	4.91	58,908	3.79
Pueblo	63,726	1,990,458	3.20	2,899,246	2.20	4,287	114,881	3.73	131,595	3.26
Rio Blanco	---	---	---	---	---	---	---	---	---	---

Table 14 Continued:

County	Grazing Leases					Agricultural Leases				
	Rental Rate	"Lease" Value	% Rent to "Lease" Value	9/60 Value	% Rent to 9/60 Value	Rental Rate	"Lease" Value	% Rent to "Lease Value	9/60 Value	% Rent to 9/60 Value
Rio Grande	$ 1,830	$ 66,303	2.76%	$ 61,005	3.00%	$ 2,425	$ 53,892	4.50%	$ 49,797	4.87%
Routt	19,421	933,324	2.08	1,110,209	1.75	9,976	152,828	6.53	181,662	5.49
Saguache	14,419	421,114	3.42	419,758	3.44	4,213	115,813	3.64	114,620	3.68
San Juan										
San Miguel	3,288	103,180	3.19	101,140	3.25	75	2,100	3.57	2,100	3.57
Sedgwick	6,660	290,903	2.29	386,208	1.72	20,270	452,263	4.48	432,894	4.68
Summit										
Teller	1,723	47,954	3.59	70,424	2.45					
Washington	36,981	1,761,230	2.10	2,317,671	1.60	40,832	1,096,242	3.72	1,220,117	3.35
Weld	54,989	2,809,646	1.96	3,227,615	1.70	35,114	755,659	4.65	846,342	4.15
Yuma	18,556	892,781	2.08	1,114,209	1.67	22,124	641,303	3.45	687,171	3.22
Total	$889,639	$37,315,330	2.38%	$46,099,258	1.93	$314,792	$7,633,470	4.12	$8,327,000	3.78

* "Lease" value represents the value contained in the reports filed by land board appraisers. "9/60" value represents the value placed on the land in September, 1960, by land board appraisers. Also, as value figures were not reported in some instances, adjustments have been made on the basis of county and state averages by type of land.

Results of Conflicting Lease Applications

As of September, 1960, current surface leases on file in the office of the State Board of Land Commissioners totaled 2,553. These leases cover land in 53 counties in Colorado, ranging from one lease each in Clear Creek, Denver, Gilpin, Ouray, and Pitkin, to 200 leases in Weld County. The ten counties where there are no surface leases include Costilla, Delta, Garfield, Hinsdale, Mesa, Mineral, Montrose, Rio Blanco, San Juan, and Summit.

Of the 2,553 leases, a total of 2,173 were renewed to the prior lessees while 94 leases were issued to new lessees. Slightly more than ten per cent of these leases, or 286, involved the granting of extensions of lease dates.

Conflicting lease applications were filed on 126 of these 2,553 leases and in 34 cases the leases were issued to new lessees. Prior rentals on the 126 contested leases totaled $65,176 annually compared to $97,154 under the current lease rental rates for an annual rental increase of $31,977. This represents an average increase per acre under lease of $0.21 and a proportionate increase of 49.1 per cent in these 126 instances, as shown in Table 15.

Sales of State Land and Retention by Lessees at Higher Lease Rates

On June 1, 1959, the state land board adopted the policy of allowing lessees to retain any land under lease for which a sale had been approved by the board if the rental rate were increased to a figure "which will equal 75 per cent of the amount the sale price would produce if accepted and invested at four per cent." From June 1, 1959, to October 1, 1960, the state land board approved a total of 28 sales. Of this number the high bidders were also the state land lessees in seven sales so that this policy did not apply; also, the land board suspended this policy in the case of the one sale recorded in Las Animas County. Consequently, there have been 20 sales where the June 1 policy of the board was applicable and in eight instances (40%) the sales were cancelled as the lessees elected to retain their leases at the increased rates.

As shown in Table 16, the annual rentals were increased from $1,589 to $3,651 in these eight cases, or some $2,062 more, for a proportionate increase of 130 per cent. In other words, the lessees placed an average value of 69 cents per acre on the retention of these leases over what they had previously been paying.

Comparison of Prior and New Rental Rates

Table 17 compares the prior and new rental rates for grazing and for agricultural leases issued in 1955, 1957, and 1960. That is, for these leases expiring in any one of these years, the expiring lease rate has been compared with the new lease rate to determine the effect on rental income and rates per acre.

Table 15

CURRENT SURFACE LEASES AND CONFLICTING LEASE APPLICATIONS

County	Number of Leases:(1) Renewals	Extensions(2)	New	Total	Leases With Conflicting or Competitive Applications(3)	No. Going to New Lessee	Amt. of Acreage Involved	Prior Rental (total $)	New Rental (total $)	Difference
Adams	37	5	3	45	8	2	3049.31	$ 4,610.85	$ 5,834.99	$ 1,224.14
Alamosa	21	1	5	27	---	---	---	---	---	---
Arapahoe	16	1	3	20	2	1	480.00	820.40	1,076.67	256.27
Archuleta	10	---	---	10	---	---	---	---	---	---
Baca	50	7	3	60	3	1	1606.77	554.94	1,189.91	634.97
Bent	65	4	3	72	3	1	1640.00	828.00	1,527.07	699.07
Boulder	7	---	2	9	---	---	---	---	---	---
Chaffee	13	2	---	15	---	---	---	---	---	---
Cheyenne	63	2	5	70	12	3	9280.00	3,844.22	6,375.52	2,531.30
Clear Creek	1	---	---	1	---	---	---	---	---	---
Conejos	55	6	1	62	1	1	160.00	44.80	40.00	(4.80)
Costilla	---	---	---	---	---	---	---	---	---	---
Crowley	32	5	1	38	3	---	3042.54	2,729.63	1,626.90	(1,102.73)
Custer	15	1	---	16	---	---	---	---	---	---
Delta	---	---	---	---	---	---	---	---	---	---
Denver	1	---	---	1	---	---	---	---	---	---
Dolores	7	---	---	7	1	---	640.00	236.80	517.93	281.13
Douglas	15	---	---	15	1	---	640.00	258.56	704.00	445.44
Eagle	14	1	---	15	---	---	---	---	---	---
Elbert	74	18	1	93	5	1	2240.00	700.24	1,485.87	785.63
El Paso	65	9	2	76	2	---	1440.00	515.20	1,408.00	892.80
Fremont	33	7	---	40	---	---	---	---	---	---
Garfield	---	---	---	---	---	---	---	---	---	---
Gilpin	1	---	---	1	---	---	---	---	---	---
Grand	35	---	---	35	1	---	4390.89	746.45	1,492.90	746.45

Table 15 Continued:

County	Number of Leases: (1) Renewals	Extensions (2)	New	Total	Leases With Conflicting or Competitive Applications (3)	No. Going to new Lessee	Amt. of Acreage Involved	Prior Rental (total $) $	New Rental (total $) $	Difference $
Gunnison	11	---	1	12	---	---	---	---	---	---
Hinsdale	---	---	---	---	---	---	---	---	---	---
Huerfano	38	9	1	48	1	---	640.00	128.00	288.00	160.00
Jackson	31	3	---	34	---	---	---	---	---	---
Jefferson	14	2	---	16	2	---	440.00	55.20	118.36	63.16
Kiowa	41	8	2	51	2	1	1278.00	407.70	509.78	102.08
Kit Carson	60	8	3	71	6	2	3360.00	1,065.80	2,270.28	1,204.48
Lake	6	---	---	6	1	---	350.60	259.44	279.87	20.43
La Plata	9	---	1	10	---	---	---	---	---	---
Larimer	37	6	1	44	1	1	527.00	527.00	265.08	(261.92)
Las Animas	120	27	---	147	1	---	640.00	147.20	640.00	492.80
Lincoln	92	16	4	112	8	3	37355.06	7,691.54	16,803.61	9,112.07
Logan	117	21	12	150	13	5	4695.51	5,967.20	8,706.16	2,738.96
Mesa	---	---	---	---	---	---	---	---	---	---
Mineral	---	---	---	---	---	---	---	---	---	---
Moffat	84	24	11	119	7	5	3706.62	2,225.77	3,645.71	1,419.94
Montezuma	23	1	1	25	---	---	---	---	---	---
Montrose	---	---	---	---	---	---	---	---	---	---
Morgan	66	12	3	81	10	1	12861.23	4,498.01	8,327.42	3,829.41
Otero	48	6	2	56	2	---	800.00	263.00	706.00	443.00
Ouray	---	1	---	1	---	---	---	---	---	---
Park	37	7	3	47	2	---	2930.56	490.78	872.03	381.25
Phillips	35	1	1	37	4	---	2080.00	6,647.40	6,558.32	(89.08)
Pitkin	1	---	---	1	---	---	---	---	---	---
Prowers	49	2	2	53	4	1	3345.46	996.32	1,622.36	626.04

Table 15 Continued:

County	Number of Leases[1] Renewals	Extensions[2]	New	Total	Leases With Conflicting or Competitive Applications[3]	No. Going to New Lessee	Amt. of Acreage Involved	Prior Rental (total $)	New Rental (total $)	Difference
Pueblo	69	9	1	79	3	---	41418.81	$8,495.52	$10,759.66	$ 2,264.14
Rio Blanca	---	---	---	---	---	---	---	---	---	---
Rio Grande	25	3	---	28	1	---	320.00	48.00	68.00	20.00
Routt	57	5	1	63	1	---	235.21	346.30	445.00	98.70
Saguache	54	5	3	62	---	---	---	---	---	---
San Juan	---	---	---	---	---	---	---	---	---	---
San Miguel	10	3	---	13	---	---	---	---	---	---
Sedgwick	23	1	2	26	3	2	1440.00	4,683.50	5,787.50	1,104.00
Summit	---	---	---	---	---	---	---	---	---	---
Teller	9	1	2	12	1	1	320.00	73.60	71.68	(1.92)
Washington	120	9	3	132	3	---	1920.00	1,510.40	1,610.84	100.44
Weld	186	10	4	200	4	1	2400.00	1,861.81	2,350.64	488.83
Yuma	71	17	1	89	4	1	1750.99	896.66	1,167.50	270.84
	2173	286	94	2553	126	34	153424.56	$65,176.24	$97,153.56	$31,977.32

Average % of Increase	49.1%
Average Prior Rental Per Acre	$0.42
Average New Rental Per Acre	$0.63
Average Increase Per Acre	$0.21

(1) Includes surface leases for all purposes except rights of way leases.
(2) Combined leases are considered as extended leases in this comparison.
(3) In cases of leases with land in more than one county, the lease has been credited to the county with the largest amount of lease acreage.

Table 16

COMPARISON OF SALES OF STATE LAND AND LAND RETAINED BY LESSEES
June 1, 1959 to October 1, 1960

County	Sales to Bidder	Land Retained by Lessee	Total	Acreage	Retained Leases: Prior Rental	Retained Leases: New Rental	Retained Leases: Dollar Increase
Adams		1	1	640.00	$ 384.00	$1,036.80	$ 652.80
Crowley	1		1				
Denver	1		1				
Douglas	1		1				
Elbert	1	1	2	640.00	224.00	480.00	256.00
El Paso	2	1	3	320.00	134.40	304.00	169.60
Fremont	1		1				
Grand	1		1				
Huerfano		1	1	360.00	108.00	297.00	189.00
Jefferson	2		2				
Kit Carson	1	1	2	640.00	326.40	768.00	441.60
Las Animas	1		1				
Logan	1		1				
Moffat	1	1	2	163.85	40.96	122.81	81.85
Montezuma	1		1				
Phillips	1		1				
Pitkin	1		1				
Routt	1		1				
Teller	1		1				
Weld	1	2	3	240.00	371.20	642.00	270.80
	20	8	28	3,003.85	$1,588.96	$3,650.61	$2,061.65
						% of increase	129.75
						Per acre increase	$ .69

In seven instances, the high bidders were the lessees of the land and therefore the comparisons herein would not apply. Additionally, the land board suspended its policy of allowing a lessee to retain the land at a higher rental rate in the one sale recorded for Las Animas County.

For the state as a whole, grazing rates show a greater proportionate increase than do the rates on agricultural leases. While this could mean that grazing rates were too low or that agricultural rates were too high on those leases expiring in 1955, the state average grazing rate placed on leases in 1960 of 40.8 cents per acre is 118.2 per cent greater than the same average of 18.7 cents per acre for grazing leases expiring in 1955. This same comparison for agricultural leases results in an increase of 43.5 per cent (from $1.86 per acre for leases expiring in 1955 to $2.67 per acre for leases issued in 1960).

On the basis of land board districts, no consistent pattern of rates per acre is shown, largely due to the difference in the value of the land from district to district for grazing or agricultural purposes. In regard to percentage changes, however, it may be noted that in the three years grazing lease rates increased in each district (at widely varying percentages in some years), while agricultural lease rental rates were lowered in some districts and increased in others in the same year.

Grazing rates placed on leases issued in 1955 were 62.0 per cent greater than the rates on expiring leases, 10.4 per cent greater in 1957, and 32.5 per cent in 1960. For agricultural leases, the percentage difference between old and new lease rates was 23.1 per cent higher in 1955, the same in 1957, and 4.7 per cent higher in 1960.

A comparison of prior and new grazing and agricultural lease rental rates for the most recent 12 months known - October, 1959 through September, 1960 - is reported in Table 18. As shown, grazing rates increased an average of 33.2 per cent for the 12-month period, varying from a high of a 62.8 per cent increase in November, 1959 to a low of a 24.6 per cent increase the following month. Rates for agricultural leases renewed during the same period increased an average of 9.8 per cent. It appears that these monthly renewals do not reflect any programed or unordinary increases as a result of the committee's study.

Estimates on Tax Return to Counties and Investment Income if State Agricultural and Grazing Land Sold

One of the alternatives the state has is to sell all state lands. This would result in the land being placed on the tax rolls and the proceeds from the sale would be invested. Based on the values placed on state agricultural and grazing land by land board appraisers, Table 20 contains estimates on annual property tax returns to counties and investment income to the state if this land were to be sold. It should be noted, however, that lands classified for commercial and other purposes are not included in these calculations, or approximately some $1.5 million in appraised value. The only counties where this land is of significant size are Denver ($1,021,000 lease value) and Adams ($315,000 lease value). Incidentally, the annual lease rental in Denver is $40,000 and $12,600 in Adams, or a percentage return of four per cent on these parcels.

Table 18

COMPARISON OF NEW TO PRIOR RENTALS ON STATE LAND
OCTOBER 1959 THROUGH SEPTEMBER 30, 1960

	Grazing						
Month	No. of Acres	New Annual Rent	New Rent Per Acre	Prior Annual Rent	Prior Rent Per Acre	Dollar Diff.	% Diff.
October 1959	28,977	$ 9,360	$.323	$ 6,342	$.219	$ 3,018	47.6%
November 1959	9,630	4,720	.490	2,900	.301	1,820	62.8
December 1959	124,076	46,028	.371	36,954	.299	9,074	24.6
January 1960	33,300	14,073	.423	10,056	.302	4,017	39.9
February 1960	73,199	31,359	.428	22,939	.313	8,420	36.7
March 1960	43,027	15,867	.369	12,336	.287	3,531	28.6
April 1960	48,247	17,927	.372	13,925	.289	4,002	28.7
May 1960	57,120	24,900	.436	17,781	.311	7,119	40.0
June 1960	34,140	12,900	.378	10,014	.293	2,886	28.8
July 1960	19,277	7,047	.366	5,234	.272	1,813	34.6
August 1960	16,936	6,761	.399	4,682	.276	2,079	44.4
September 1960	17,411	6,600	.379	5,168	.297	1,432	27.7
Totals	505,340	$197,542	$.391	$148,331	$.294	$49,211	33.2%

Table 18 Continued:

	Agriculture						
Month	No. of Acres	New Annual Rent	New Rent Per Acre	Prior Annual Rent	Rent Per Acre	Dollar Diff.	% Diff.
October 1959	1,344	$ 3,288	$2.446	$ 3,203	$2.383	$ 85	2.7%
November 1959	757	2,125	2.807	1,860	2.457	265	14.2
December 1959	1,127	3,370	2.990	2,996	2.658	374	12.5
January 1960	1,690	4,208	2.50	3,708	2.194	500	13.5
February 1960	4,333	11,900	2.746	9,907	2.286	1,993	20.1
March 1960	2,120	5,330	2.514	5,459	2.575	-129	-2.4
April 1960	3,520	9,920	2.818	9,175	2.607	745	8.1
May 1960	1,984	4.707	2.372	4,231	2.133	476	11.3
June 1960	1,972	5,458	2.768	5,404	2.740	54	1.0
July 1960	3,477	8,962	2.578	8,027	2.309	935	11.6
August 1960	2,204	5,964	2.706	5,455	2.475	509	9.33
September 1960	640	1,780	2.781	1,580	2.469	200	12.7
Totals	25,168	$67,012	$2.663	$61,005	$2.424	$6,007	9.8%

Table 19

ESTIMATED ANNUAL RETURN TO COUNTIES IF STATE AGRICULTURAL AND GRAZING LAND PLACED ON TAX ROLLS

County	Appraised Lease Value				Appraised Value September, 1960			
	Lease Value	Adj. Value, Rural Sales Ratio $	1959* Rural Tax Rate in Mills	Increased Tax Return To County	9/60 Value	Adj. Value, Rural Sales Ratio $	1959* Rural Tax Rate in Mills	Increased Tax Return To County
Adams	$ 734,637	$164,559	57.39	$ 9,444	$ 833,742	$186,758	57.39	$10,718
Alamosa	310,754	103,792	48.68	5,053	291,966	97,517	48.68	4,747
Arapahoe	248,705	62,922	55.11	3,468	323,722	81,902	55.11	4,514
Archuleta	82,600	15,281	48.81	746	87,248	16,141	48.81	788
Baca	741,767	141,677	39.94	5,659	817,234	156,092	39.94	6,234
Bent	1,880,745	663,903	38.43	25,514	2,132,135	752,644	38.43	28,924
Boulder	43,474	10,825	49.79	539	85,745	21,351	49.79	1,063
Chaffee	87,[illegible]	21,183	44.37	940	99,760	24,042	44.37	1,067
Cheyenne	1,014,977	236,490	38.81	9,178	1,210,038	281,939	38.81	10,942
Clear Creek	2,000	380	61.32	23	2,400	456	61.32	28
Conejos	437,778	140,965	45.38	6,397	450,115	144,937	45.38	6,577
Costilla	---	---	---	---	---	---	---	---
Crowley	1,329,731	359,027	49.76	17,865	1,574,105	425,008	49.76	21,148
Custer	112,615	25,001	50.71	1,268	145,295	32,255	50.71	1,636
Delta	---	---	---	---	---	---	---	---
Denver	---	---	---	---	---	---	---	---
Dolores	44,160	9,936	51.54	512	47,940	10,787	51.44	555
Douglas	155,869	26,030	48.17	1,254	172,548	28,816	48.17	1,388
Eagle	85,138	18,390	42.67	785	82,250	17,766	42.67	758
Elbert	1,352,855	254,337	61.52	15,647	1,952,235	367,020	61.52	22,579
El Paso	1,617,711	320,307	50.31	16,115	2,579,326	510,707	50.31	25,694
Fremont	332,856	73,894	48.90	3,613	444,075	98,585	48.90	4,821
Garfield	---	---	---	---	---	---	---	---
Gilpin	9,600	1,594	58.91	94	9,600	1,594	58.91	94

Table 19 Continued:

County	Appraised Lease Value: Lease Value	Adj. Value, Rural Sales Ratio $	1959 * Rural Tax Rate in Mills	Increased Tax Return To County	Appraised Value September, 1960: 9/60 Value	Adj. Value, Rural Sales Ratio $	1959 * Rural Tax Rate in Mills	Increased Tax Return To County
Grand	$ 683,759	$139,487	43.19	$ 6,024	$ 802,768	$163,765	43.19	$ 7,073
Gunnison	63,346	12,036	46.35	558	68,160	12,950	46.35	600
Hinsdale	---	---	---	---	---	---	---	---
Huerfano	380,671	64,333	55.55	3,574	383,077	64,740	55.55	3,596
Jackson	1,709,661	287,223	38.93	11,182	1,800,727	302,522	38.93	111,777
Jefferson	65,266	13,902	60.12	836	75,856	16,157	60.12	971
Kiowa	1,395,985	344,808	38.45	13,258	1,484,418	366,651	38.45	14,098
Kit Carson	1,040,943	205,066	46.57	9,550	1,455,662	286,765	46.57	13,355
Lake	12,377	2,599	48.38	126	11,326	2,378	48.38	115
La Plata	79,150	17,967	44.63	802	78,990	17,931	44.63	800
Larimer	920,221	247,539	41.21	10,201	1,123,279	302,162	41.21	12,452
Las Animas	1,849,148	371,679	79.21	29,441	1,695,686	340,233	79.21	26,997
Lincoln	2,600,939	572,207	54.02	30,911	3,355,652	738,243	54.02	39,880
Logan	3,069,385	675,265	50.21	33,905	4,090,919	900,002	50.21	45,189
Mesa	---	---	---	---	---	---	---	---
Mineral	---	---	---	---	---	---	---	---
Moffat	2,526,979	614,056	39.81	24,446	3,092,552	751,490	39.81	29,917
Montezuma	62,228	12,010	53.03	637	79,244	15,294	55.03	842
Montrose	---	---	---	---	---	---	---	---
Morgan	1,131,279	289,607	36.83	10,666	1,460,122	373,791	36.83	13,767
Otero	1,437,232	431,170	55.54	23,947	1,667,419	500,226	55.54	27,783
Ouray	11,094	2,840	47.03	134	13,857	3,547	47.03	167
Park	713,907	157,060	45.79	7,192	768,602	169,092	45.79	7,743
Phillips	1,214,252	228,279	40.15	9,165	1,359,509	255,588	40.15	10,262
Pitkin	3,307	592	48.43	29	2,835	507	48.43	25

Table 19 Continued:

County	Appraised Lease Value: Lease Value	Appraised Lease Value: 1959* Adj. Value, Rural Sales Ratio $	Appraised Lease Value: 1959* Rural Tax Rate in Mills	Appraised Lease Value: Increased Tax Return To County	Appraised Value September, 1960: 9/60 Value	Appraised Value September, 1960: 1959* Adj. Value, Rural Sales Ratio $	Appraised Value September, 1960: 1959* Rural Tax Rate in Mills	Appraised Value September, 1960: Increased Tax Return To County
Prowers	$ 649,930	$181,980	49.12	$ 8,939	$ 840,336	$235,294	49.12	$11,558
Pueblo	2,105,339	433,700	57.57	24,968	3,030,841	624,353	57.57	35,944
Rio Blanco								
Rio Grande	120,195	40,025	45.04	1,803	110,802	36,897	45.04	1,662
Routt	1,086,152	296,519	39.84	11,813	1,291,871	352,681	39.84	14,051
Saguache	536,92	229,268	54.31	12,452	534,378	228,179	54.31	12,392
San Juan								
San Miguel	105,280	29,478	37.85	1,116	103,240	28,907	37.85	1,094
Sedgwick	743,166	142,688	45.49	6,491	819,102	157,268	45.49	7,154
Summit								
Teller	47,954	7,433	61.69	459	70,424	10,916	61.69	673
Washington	2,857,472	602,927	35.16	21,199	3,537,788	746,473	35.16	26,246
Weld	3,565,305	866,369	43.49	37,678	4,073,957	989,972	43.49	43,054
Yuma	1,534,084	265,397	42.54	11,290	1,801,380	311,639	42.54	13,257
Total	$44,948,800			$488,905	$54,426,258			$588,769

* "Lease" value represents the value contained in the reports filed by land board appraisers. "9/60" value represents the value placed on the land in September, 1960, by land board appraisers.

112-3-30. Bonds of purchaser -- waste. -- When, in the judgment of the state board of land commissioners, a bond by the purchaser of state lands is necessary, the board shall require such purchaser to give a bond upon such conditions as the board may determine. In leasing state lands, the board shall require of the lessee such a bond as shall secure the state against loss of rents or other loss or waste, or occupation of the land for more than thirty days after the cancellation or expiration of the lease of the lessee, unless the lessee becomes the purchaser of the land, and in no case shall the lessee be allowed to cut or use more timber than shall be necessary for the improvement of the land or for fuel for the use of the family of the lessee, and the cutting and hauling of timber to sawmills, to be sawed on shares, is expressly prohibited.

Source: L. 19, p. 649, Section 22; C.L. Section 1175; CSA, C. 134, Section 74.

112-3-31. Lost certificate of purchase. -- Whenever a certificate of purchase shall be lost or wrongfully withheld by any person from the owner thereof, the state board of land commissioners may receive evidence of such loss or wrongful detention, and upon satisfactory proof of the fact, may cause a certificate of purchase or patent, as the case may be, to issue to such person as shall appear to them to be the proprietor of the land described in the original certificate of purchase.

Source: L. 19, p. 650, Section 23; C.L. Section 1176; CSA, C. 134, Section 75.

112-3-32. Determination of conflicting claims. -- The state board of land commissioners may hear and determine the claims of all persons who may claim to be entitled in whole or in part to any lands owned by this state, and the decisions of the board shall be held to be final, until set aside by a court of competent jurisdiction. The board shall also have power to establish such rules and regulations as in their opinion may be proper, to prevent fraudulent applications.

Source: L. 19, p. 650, Section 24; C.L. Section 1177; CSA, C. 134, Section 76.

112-3-33. Lands sold subject to taxation. -- All lands sold under the provisions of this article or any interest therein, shall be subject to taxation, and the register of the state board of land commissioners shall furnish to the county assessor of each county on

the first day of May of each year a list of the equities owned or acquired in all lands so sold, to whom sold, the price per acre and the amount paid. Each county shall pay the expense incurred in compiling such list.

Source: L. 19, p. 650, Section 25; C.L. Section 1178; CSA, C. 134, Section 77.

112-3-34. Rebate of taxes on reverted land. -- In case any lands sold under the provisions of this article are reverted to the state for any cause whatsoever, the register of the state board of land commissioners shall at once notify the county treasurer of the county in which the land is situated, and upon receipt of such notice it shall be the duty of the county treasurer to at once rebate all taxes that have been charged against the lands so reverted.

Source: L. 19, p. 650, Section 26, C.L. Section 1179; CSA, C. 134, Section 78.

112-3-35. Proceeds of sale -- funds. -- The funds arising from the sale of public school, university and agricultural college lands, shall be held intact for the benefit of the funds for which such lands were granted and shall be known as permanent funds, and the interest and rentals only shall be expended for the purpose of the grant. The funds arising from the sale, leasing and income of all other state lands shall be disposed of as shall be provided by law, but, in the absence of any other provisions, may be invested in the same manner as the school fund.

Source: L. 19, p. 650, Section 27; C.L. Section 1180; CSA, C. 134, Section 79.

112-3-36. Proceeds of leases -- disposition. -- All moneys arising from the leasing of agricultural college, university or public school lands which are now, or may hereafter be, received by the state treasurer, shall be treated in all respects in the same manner as is provided by law for the disposition of the interest on the proceeds arising from the sale of the same class of lands.

Source: L. 19, p. 651, Section 28; C.L. Section 1181; CSA, C. 134, Section 80.

112-3-37. Rights of way granted -- unused grant. -- The state board of land commissioners may grant the right of way across or upon any portion of state land for any ditch, reservoir, railroad, public highway, telegraph or telephone or pipe line, and may grant land for the purpose of building district school houses and may grant right of way or land to any public agency or instrumentality of the United States of America, or to the state, or any of its institutions, agencies, counties, municipalities, districts, or any other political subdivisions of the state, for any public use or purpose. Any right of way or land so granted shall be upon such terms as the board shall determine. Said board may execute and sign as provided by this article, on behalf of the state, a proper deed or other instrument of writing for such right of way or grant. This section shall not be construed to grant authority to convey any such land, except for the purposes above set forth. Whenever lands granted for any of the purposes mentioned in this section shall cease to be used for such purposes, the lands shall revert to the state, upon notice to that effect being served at their last known post office address upon the person to whom such grant was made.

Source: L. 19, p. 651, Section 29; C.L. Section 1182; CSA, C. 134, Section 81; L. 47, p. 690, Section 1.

112-3-38. Sale of lands to procure irrigation. -- For the purpose of furnishing irrigation for state lands, the state board of land commissioners is hereby authorized, when, in their judgment, the interest of the state may be subserved thereby, to sell at public sale, at such place as the board may fix, at not less than the appraised value thereof, which in no case shall be less than the minimum price of three dollars and fifty cents per acre, any tract of arid land belonging to the state. Not more than one-half section of land shall be sold, and in alternate quarter sections, to any responsible person or persons, on condition that the person construct an irrigation ditch in such locality, and of sufficient capacity to furnish water for the entire tract, and so located that the tract may be irrigated therefrom. Before any of the state lands shall be offered for sale, the party desiring to purchase the lands and construct a ditch shall enter into a contract with the board guaranteeing to bid at least the minimum price per acre, and to complete such ditch within given time, which time shall be fixed by the board in the contract.

The contract shall further provide that the party constructing such ditch shall furnish water for the remaining one-half of the state lands at such reasonable rates as the board and the parties holding such ditch or canal may agree upon. Such contract shall be drawn by the attorney general, and signed by the president and register of the board,

and by the party desiring to construct such ditch. If any person, other than the person making application for the purchase of the lands shall be the highest bidder at the public sale thereof, such bidder shall, within such reasonable time as the board may fix enter into a contract and bond, as required by the provisions of this article, for the construction of the ditch, and for the furnishing of water therefrom; and in the event of his failure to furnish a satisfactory bond and enter into the said contract within the time fixed, then such bid shall be disregarded and such public sale shall be void and of no effect. The board shall make the sale upon like conditions as other state lands are sold, and shall require a good and sufficient bond from the party desiring to construct such ditch, conditioned for the faithful performance of the contract, and the conditions of the sale, and in no case shall the title of any of said lands pass from the state until the ditch shall have been completed and accepted by the board.

Source: L. 19, p. 651, Section 30; C.L. Section 1183; CSA, C. 134, Section 82.

112-3-39. Mineral department -- personnel -- duties. -- The state board of land commissioners is hereby authorized and directed to establish, under the jurisdiction of the register of the state board of land commissioners, a mineral department and appoint a superintendent of the same who shall have been a resident of the state for more than ten years last past, and shall be a mining man of known ability for at least ten years, and shall be thoroughly familiar with mining and the underground workings of mines. It shall be the duty of the superintendent to inspect in person all mines and other works operated under leases from the state for the production of precious metals, coal, iron, oil or other mineral products upon which rentals are due to the state upon a basis of a royalty upon the production therefrom, as often from time to time, as he shall deem it necessary for the purpose of estimating and checking royalties therefrom, and keep such maps of the workings of all mines as will give the land department full information concerning the same.

Lessees of all mineral lands, including coal lands, shall be required to furnish the mineral superintendent of this department with copies or blue prints of all maps of underground surveys of leased land, made or authorized by such lessee, including engineer's field notes, certified to by the engineer who made the survey. He shall supervise all mining and require the same to be done in accordance with the best methods of mining. He shall also check the royalties reported as due under such lease for the preceding month and compare the same with the surveys and other inspections made by him; and shall report on or before the twentieth day of such month the result of such examination and checking to the state board of land commissioners.

Every mine and other works upon the public domain of the state, held under lease therefrom by any person, association, partnership or corporation shall be at all times subject to the inspection of the superintendent. He shall inspect and examine all lands held under lease from the state, providing for the payment of royalties from the production therefrom, and report to the state board of land commissioners the condition of said lands, the amount of work and development done thereon by such lessees, and make such recommendations relative thereto as he may deem advisable. A further sum of one thousand dollars annually shall be allowed the superintendent for expenses and employment of an assistant when needed for surveys, to be paid only upon voucher approved by board and countersigned by the register. Before entering upon his duties as superintendent, the appointee of the state board of land commissioners shall give bond to the state in the penal sum of ten thousand dollars, conditioned upon the faithful discharge of his duties.

Source: L. 19, p. 653, Section 31; C.L. Section 1184; CSA, C. 134, Section 83.

112-3-40. Royalties on coal -- ton defined. -- Any person, association, copartnership or corporation leasing and operating coal lands under the provisions of this article shall pay to the deputy register of the state board of land commissioners a minimum price of not less than fifteen cents for each and every ton of coal mined from said lands, except that the lands of the Fort Lewis School, in La Plata county, may be leased at a royalty of not less than ten cents per ton, to be paid monthly, on or before the twenty-fifth day of each month, for the coal mined during the preceding calendar month, and except that any person, association, copartnership or corporation mining coal for the purpose of and to be used in the production of chemicals, synthetic fuels and development of power at such plant of operation shall pay to the deputy register of the state board of land commissioners a minimum price of not less than five cents for each and every ton of coal mined from said lands, provided not less than two hundred fifty thousand tons per annum are mined by such person, association, copartnership or corporation. Any amount less than two hundred fifty thousand tons shall be subject to the fifteen cent royalty. Every lessee of any such coal lands shall pay royalty based upon the maximum extraction possible by means of modern mining methods and with consideration of the local conditions of the coal seam or seams being operated. All coal produced from lands leased for the operation of plants to produce chemicals, synthetic fuels and for the development of power shall be used in such plants exclusively and shall not be sold on the open market.

Should the person, association, copartnership or corporation so leasing coal lands fail to mine during any one year the minimum amount

that may be provided for in the terms of the lease, then the amount as paid shall be applied and deemed as an advance payment of royalty upon coal actually mined in any subsequent year in excess of the minimum provided for in said lease. The term ton, as herein used, means twenty-seven cubic feet of coal, measured in solid, and shall be ascertained by the measurements of the space from which the coal is mined, deducting therefrom all space occupied by slate or other impurities. Such measurements shall be made by the mineral department, according to the provisions of this article. When possible and when the state board of land commissioners shall so order, the coal tonnage may be determined by the coal miners' pay roll check number or railroad shipment, and such miners' check number and coal tonnage determined by weight at the mine tipple, shall be clearly set forth and enumerated in the required monthly sworn royalty statements.

Source: L. 19, p. 654, Section 32; L. 21, p. 739, Section 1; C.L. Section 1185; L. 25, p. 468, Section 1; CSA, C. 134, Section 84; L. 53, p. 454, Section 1.

112-3-41. Mineral locations -- posting -- lease. Location of mineral claims may be made upon unleased mineral lands belonging to the state. The discoverer of a body of mineral in either a lead, lode, ledge, deposit, vein or contact shall immediately post conspicuously a notice declaring that he has made such a discovery on the date attached to the notice. Within ten days after posting said notice the discoverer must notify the state board of land commissioners of said discovery and arrange for a permit to explore the extent of the discovery. Within sixty days from date of discovery the locator shall be required to take a lease upon such terms as may be agreed upon by the state board of land commissioners, or apply for an extension of the permit.

Source: L. 19, p. 655, Section 33; C.L. Section 1186; CSA, C. 134, Section 85; L. 55, p. 684, Section 1.

112-3-42. Exchange of lands with government. -- The state board of land commissioners is hereby authorized and empowered to exchange any lands, the income from which is devoted to the public schools of the state, the state university, the state agricultural college, penitentiary, internal improvements, saline or any other lands which may be under the control of the state board of land commissioners, and which may have been granted to the state by the congress of the United States, for such unappropriated federal lands in the state as the state board of land commissioners may select. The register of said land board is hereby empowered to sign all papers necessary to such transfer, under the direction of the board.

Source: L. 19, p. 655, Section 34; C.L. Section 1187; CSA, C. 134, Section 86.

112-3-43. Receipts from agricultural lands. -- The state board of land commissioners shall be and they are hereby required to transmit or cause to be transmitted to the secretary of the state board of agriculture, as the same are received, statements showing each item of receipt of money from all leases or sales and royalties, or as interest on purchase money passing through its hands, derived from agricultural college land grant land, which statement shall name and describe the lands to which the money paid applies, from whom and for what received, and whether the item is credited to land income or permanent fund.

Source: L. 15, p. 389, Section 1; C.L. Section 1188; CSA, C. 134, Section 87.

112-3-44. Statement to board of agriculture. On or before the second Wednesday in December of each and every year, the state board of land commissioners shall furnish to the state board of agriculture a complete statement of all transactions had by them in connection with agricultural college lands, which statement shall show:

(1) Amounts received from sales of such lands, describing the lands sold and the price received for each tract and giving name of purchaser.
(2) Amounts received from leases and royalties, describing the lands leased from which such income is derived, and giving the name of lessee or operator.
(3) Amounts received as interest on purchase money and other items, giving name of payer.
(4) Amounts due and unpaid on purchases and leases and other delinquencies, if any.
(5) Such other items as will enable said state board of agriculture to keep informed as to the condition of said lands, the income therefrom, and the manner in which same are being administered.

Source: L. 15, p. 389, Section 2; C.L. Section 1189; CSA, C. 134, Section 88.

112-3-45. Agreements with general agencies. -- The state board of land commissioners are hereby authorized and empowered to enter into co-operative agreements on behalf of the state with any federal agency, for the improvement and betterment of state owned lands, and to furnish necessary materials and tools in connection therewith.

Source: L. 37, p. 941, Section 1; CSA, C. 134, Section 88 (1).

112-3-46. Land commissioners' fund -- receipts -- disbursements. -- (1) There is hereby created a fund to be known as the "land commissioners' expense fund" from which shall be paid all administrative expenses of all departments and sections of the office of the state board of land commissioners, including the salaries of the commissioners and other personnel.

(2) The state board of land commissioners is hereby authorized to deduct, for the purpose of paying administrative expenses of the office, not to exceed ten per cent of all receipts of the office from the following sources: sales of timber, royalties and rentals from mineral lands, rentals from surface leases, interest on investments including bonds, loans and sales contracts, considerations for rights of way and easements, and any other moneys collected by the board, except proceeds from the sale of lands and from the redemption of bonds and loans and except as hereinafter otherwise provided in this subsection.

(3) Until the aggregate amount of credits shall equal the annual appropriation to the land board as provided for in subsection (4) of this section the state treasurer shall credit said deductions as fixed by the board, not exceeding said ten per cent, and shall also credit al fees collected under the provisions of section 112-3-12, to the land commissioners' expense fund, to be used for the purposes herein stated. When the credits shall equal the amount of the appropriation to the land board, the state controller shall notify the state treasurer, who shall discontinue for the balance of the fiscal year such deductions from the sources of income above specified.

(4) The general assembly shall annually appropriate from the land commissioners' expense fund for the operation of the state board of land commissioners, and no moneys shall be paid out of said fund except upon such appropriation.

(5) The mineral land expense fund and the land commissioners' cash fund are abolished as of the effective date of this section, and wherever reference is made to said funds in chapter 112, Colorado Revised Statutes 1953, it shall hereafter be deemed to mean the land commissioners' expense fund. Any moneys in said mineral land expense fund and the land commissioners' cash fund on the effective date of this section shall be transferred to the land commissioners' expense fund.

(6) Any moneys remaining in the land commissioners' expense fund at the end of any fiscal year shall not be transferred to the general fund but shall remain in the land commissioners' expense fund to be used for future administrative expenses of the board, subject to appropriation .

Source: L. 57, pp. 592, 593, Sections 1, 2.

APPENDIX B

State of Colorado
DEPARTMENT OF NATURAL RESOURCES
326 State Services Building 1525 Sherman Street
Denver 3, Colorado

MEMORANDUM

November 16, 1960

To: Committee on Land Board Study
Colorado Legislative Council

From: Edward L. Clark

Subject: COLORADO STATE FOREST

The State Forest consists of approximately 72,000 acres, of which 70,900 acres were acquired by the exchange of State School Sections located within several national forests. The forest is located in Jackson County. The exchange was authorized by Senate Bill No. 92 of May 1931, and was consummated in 1939. It was made on the basis of equal acreages and equal values.

The first timber cutting contract was made in 1946. No new contracts have been made since 1957 although two extensions to existing contracts were made in 1958. Twenty-one cutting contracts have been made; two will extend to December 31, 1962; five have been or will be closed out by December 31, 1960. It is apparent that timber cutting on the forest is about completed, there remaining approximately 5,300,000 board feet of standing saw timber in three cutting blocks. When this stumpage has been cut, there is no reason to expect any appreciable revenue from the timber in the forest until another crop has matured some 20-50 years hence.

The state, unlike the federal government, does not receive any payment from the contractor for timber stand improvement, including reforestation, thinning, burning of slash, et cetera. Some contracts provided for an additional 10% of the stumpage prices to be paid for management costs; other contracts provided the stipulated amount of 50¢ per 1000 board feet and lineal feet of poles for this charge; still other contracts had no such provisions.

Six contracts provided a minimum rate of cutting or forfeiture of the contract but this provision was waived and not enforced due to labor shortages and unfavorable markets. It was not stipulated in the remaining contracts.

Ocular estimates without detailed timber surveys were employed in 14 contract blocks. Detailed surveys were made in 7 contract blocks. These differences in methods of estimation, together with the ability of the various contractors to work on very steep slopes which were excluded from consideration in making the estimates, have resulted in overcutting the amount of timber provided in the contract, as:

Contract No.	Board Feet in Contract	Board Feet Cut	Per Cent Overcut
151	425,000	1,671,752	293%
156	750,000	3,413,480	355%
176	250,000	378,092	51%
155	1,600,000	3,298,063	106%
164	3,000,000	4,123,756	41%
135	4,682,575	5,874,687	24%
165	1,500,000	2,070,765	38%
157	1,250,000	2,306,864	84%
141	500,000	713,437	42%
144	100,000	506,090	406%
142	178,000	460,070	159%

It is apparent from the overcut listed above that the contractor in effect was able to extend his contract, as in Contract No. 156, to 355% of the amount on which he made his original bid.

Of the twenty-one contracts on the forest, at least seventeen were extended for periods of 2 to 14 years without any adjustment of stumpage prices to meet market conditions and prices which existed at the time or times of the extensions. Contract No. 137 was signed December 1, 1948, and has been extended to December 31, 1962; this contract authorized the cutting of 29,906,937 board feet and approximately this amount will be cut by December 31, 1962.

Stumpage prices for a particular cutting block should not be compared directly with prices on other blocks because of the existence of so many variables such as timber quality, density, terrain, and existence of haulage roads. Nevertheless, one frequently hears that the Land Board did not receive full value for the timber cut. This accusation cannot be proven as false or true. The following stumpage prices are average and would indicate that over a period of 13 years, the state got fair value as compared to contracts issued by the U.S. Forest Service:

ANNUAL AVERAGE OF STUMPAGE PRICES

Year	Roosevelt National Forest	Routt National Forest	State Forest
1948	$ 4.90/1	$ 3.49/1	$5.23
1949	3.82	1.60/2	5.21
1950	2.92	1.17/2	6.06
1951	5.63	3.62	6.22
1952	8.41	5.70	6.81
1953	5.09	4.81	7.00
1954	4.19	3.09	7.59
1955	4.91	7.57	7.59
1956	13.18	1.23/2	7.80
1957	5.46	3.01	7.97
1958	5.86	5.43	8.22
1959	5.93	11.33	7.18
1960	6.38	9.00	7.18
Adjusted Average:	$6.39	$4.69	$6.92

/1 -- For years 1948-1958, inclusive, add 10% for timber stand improvement.
/2 -- Includes mostly cutting of dead material.

On larger sales which were advertised, the U.S. Forest Service received the following bids:

Year	Roosevelt Forest	Routt Forest
1955	$11.25, $13.30, $15.10	$5.80, $13.40, $4.70
1956	$12.90, $19.50	$7.00, $5.50
1957	$12.48	$7.90, $9.10
1958	-	$9.45

These sales had the opportunity to benefit from the markets that existed at the time of the sales. The Land Board practice of extending contracts at the original sales price precluded the receiving of such benefits had they existed.

The State Forest has been managed to receive the greatest gross revenue. Clear cutting and the use of portable sawmills have been the general practice. Cutting has not been related to rate of growth thereby perpetuating the financial yield from the forest. When the remaining timber has been cut, the principal revenue from these lands will be from the grazing lease with very small revenue from the sale of small poles, posts, Christmas trees, or pulp wood (for which there is no current market). The eleven inch diameter limit (minimum) has been followed whereas the federal forest service cuts to a nine inch diameter. This practice has left standing many trees subject to blow-down and such a thin dispersion that a cutting block at a later date is not likely to be feasible because of the lack of density of growth of mature trees.

Moderate to severe fire hazards exist due to the great abundance of slash spread over large areas which have been clear cut. No fire breaks have been installed. Reinforcements with fire combat equipment must come from Walden, a time distance of 45 minutes.

No regard has been shown for cutting practices which would have preserved the aesthetic values of the natural scenery. Large scars of cut-over lands are visible from the main road over Cameron Pass. Large sawdust piles are scattered through the forest. Except for the clear cutting and existing sawdust piles, the management does not appear to be very different from the management on the U.S. Roosevelt and Routt Forests.

Good reproduction prevails. Wind-down timber is comparable to other cut-off lands in the general area. Many young growth areas are in need of thinning, as typical of the lodgepole pine forest.

Grazing on State Forest

Prior to the consolidation of the lands involved into the State Forest, the adjacent ranchers owned grazing allotments on the national forest lands. After consolidation, these allotments were honored and grazing permits were granted to these ranchers. Prior to June 1, 1956, the permits were on a per animal month unit basis for sheep and cattle. On June 1, 1956, the permits were all renewed for a 5-year period and placed on a per acre basis varying from (the equivalent of) 8.5 cents to 13.2 cents per acre. On June 1, 1959, all individual permits were combined and reissued for a 10-year period to the State Forest Grazing Association for the total of the rentals of the various individual leases. The current lease permits grazing of sheep for 2½ months (July 1 to September 15) and of cattle for 3 months (July 1 to September 30); the number of sheep and cattle permitted on the forest is now restricted to a total of 3100 sheep and 1462 cattle.

In effect, all grazing permits and leases on the forest have been extended without advertising. In one instance, a lease was dropped by the lessee and advertised. In the sale, a lease was granted with a bonus payment of $2550 (R. B. Rogerson for Lowell Moran on 3,803 acres, November 23, 1955).

When old permits were changed from the animal month unit basis to straight acreage rental, the revenue from grazing increased from $6440 to $3904. The Grazing Association now pays an annual rental of $3904, with the stipulation that rental rates will be subject to review at the end of the first 5 years of the lease. The lease further provides that sub-leasing "to any person other than stockholders" of the Association "will automatically cause loss of priority or preference right to renewal". This, in effect, makes a closed corporation and restricts open competitive bidding by restricting those who are eligible to bid.

Edward L. Clark
Director of Natural Resources

ELC:kch

APPENDIX C

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November 22, 1960

Dear Senator Ham:

In regard to your request summarizing the testimony comparing private lease rentals and state lease rentals, a review of the minutes of the area meetings reveals the following:

State lease rate higher than private lease - 19 cases
State and private lease rates same or about same - 5 cases
Private lease rate higher than state lease - 2 cases

Your second request is difficult to answer. Included in the memorandum comparing state land activities in 15 states is a table where rental rates are reported for 1930, 1940, 1950, 1955, and 1959. However, surface rentals are not broken down as to grazing, agricultural, and other prior to 1955 because the reports of the land board did not make this distinction. Consequently, for any period of years over ten years or so, the only rental rate which can be used for comparative purposes is the total surface rental figure.

Very truly yours,

Phillip E. Jones

Phillip E. Jones
Senior Research Analyst