Regular Session, 2011

HOUSE BILL NO. 557

BY REPRESENTATIVE HUVAL AND SENATOR MILLS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

PROPERTY/PUBLIC: Provides relative to leases transferred to the state from another party

AN ACT

To amend and reenact R.S. 41:1217(A)(1) and (2)(a) and 1217.1(B) and R.S. 56:30.3(B), relative to lease of state lands; to provide relative to terms of a lease transferred to the state from another party; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 41:1217(A)(1) and (2)(a) and 1217.1(B) are hereby amended and reenacted to read as follows:

§1217. Term and rental; port authorities excepted

A. All leases executed under the provisions of this Part, and any lease which has been transferred to the state from another party, shall be for a period not ~~exceeding~~ to exceed ten years and shall provide for consideration to be paid as a cash rental of not less than one dollar per acre, which shall be payable in cash annually and in advance, or if the land is leased for agricultural purposes of planting, growing, cultivating, and harvesting any agricultural crop, the consideration shall be so paid in cash or on a share basis at the option of the lessor. Leases granted under this Section may be extended as follows:

(1) Any person who leases such land and who adds or contracts for permanent improvements to be constructed or placed on or made to the land in the amount of not less than two thousand dollars nor more than ten thousand dollars upon written notification to the lessor, or in the case of a lease which has been

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transferred to the state from another party, notification shall be given to the state prior to the expiration of such lease, and upon a proper showing that such improvements have in fact been made or contracted for may lease such lands for an additional period of not more than ten years, the payment of rentals therefor to be made as ~~hereinabove stated~~ provided in this Section. In addition, prior to the renewal of any lease transferred to the state from another party, the rental payment for said lease amount shall be increased by an amount equal to the Consumer Price Index increase for the ten-year period from 2001 to 2010.

(2)(a) Any person who leases such land and who within the original or any additional term of the lease adds or contracts permanent improvements to be constructed, placed, or made upon the land in the amount of ten thousand dollars or more, upon written notification to the lessor, or in the case of a lease which has been transferred to the state from another party, notification shall be given to the state prior to the expiration of such lease, and upon a proper showing that such improvements have in fact been made or contracted for, may, at the discretion of the lessor, lease such land for an additional ten-year period or any part thereof for each ten thousand dollars worth of improvements or additions made or contracted onto the land not to exceed a maximum term of twenty additional years from the end of the then current lease period. In addition, prior to the renewal of any lease transferred to the state from another party, the rental payment for said lease amount shall be increased by an amount equal to the Consumer Price Index increase for the ten-year period from 2001 to 2010.

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§1217.1. Renewal of lease; highest bid option

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B. Notwithstanding any provision of law to the contrary, if the commissioner or secretary determines there exists a public need to maintain the current lessee, the commissioner or secretary may offer the current lessee, if he made a bid, the option to match the highest bid in order to continue to lease the state lands. The provisions

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of this Subsection shall apply to lessees who held a lease with another party, which lease was subsequently transferred to the state. The provisions of this Subsection shall not apply to oyster leases, alligator leases, or oil and gas leases entered into by the Department of Wildlife and Fisheries, or to any lease entered into by the State Mineral and Energy Board.

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Section 2. R.S. 56:30.3(B) is hereby amended and reenacted to read as follows:

§30.3. Lease of state lands; access to public waterways

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B. Notwithstanding any provision of law to the contrary, if the secretary determines there exists a public need to maintain the current lessee, the secretary may offer the current lessee, if he made a bid, the option to match the highest bid in order to continue to lease the state lands. The provisions of this Subsection shall apply to lessees who held a lease with another party, which lease was subsequently transferred to the state. The provisions of this Subsection shall not apply to oyster leases, oil and gas leases, or alligator leases entered into by the department, or to any lease entered into by the State Mineral and Energy Board. The department shall promulgate rules and regulations providing for uniform criteria to assess the management of leased property.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Huval HB No. 557

Abstract: Provides relative to terms of leases that are transferred to the state from other parties.

Present law limited leases of state land to ten-year terms and required annual cash payments of rent. Authorized a 10-year extension of a lease if the lessee makes improvements of between $2,000 and $10,000 upon written notification to the lessor and an additional 10-year extension for each $10,000 of improvements beyond the first $10,000. In order to qualify for the extension, the lessee must provide the lessor written notification in advance of the improvements. Proposed law would make present law applicable to leases transferred to the state from another party. Proposed law would further require the rental payments for

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renewals of transferred leases to be increased by an amount equal to the Consumer Price Index increase for the 10-year period from 2001 to 2010.

Present law authorizes the commissioner or secretary who is the lessor of state land to make the determination that it is beneficial to the state to continue to lease to a current lessee and provide that lessee, if he made a bid on the lease, the opportunity to match the high bid on a new lease at the end of a lease term. Proposed law applies present law to leases transferred to the state from another party.

(Amends R.S. 41:1217(A)(1) and (2)(a) and 1217.1(B) and R.S. 56:30.3(B))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Natural Resources and Environment to the original bill.

1. Required the rental payments for renewals of transferred leases to be increased by an amount equal to the Consumer Price Index increase for the 10-year period from 2001 to 2010.

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