

**NORTH DAKOTA DEPARTMENT OF TRUST LANDS
BADLANDS AREA WATER ADJUSTMENT REGION**

The North Dakota Department of Trust lands has expanded its policy addressing Livestock Water Developments in the Badlands Water Adjustment Region. The policy has been modified as follows:

- 3. Badlands Area Water Adjustment Region.** Tracts within the Badlands Area Water Adjustment Region receive an up-front reduction when determining the Fair Market Value Minimum Rent. Tracts receiving the Badlands Area Water Adjustment rent reduction will receive a deduction from the maximum cost share reimbursement for the permanent improvement practice. This upfront reduction will be accounted for as follows: total tract grass acres x reduction in \$/grass acre x the lifespan of the permanent improvement practice = deduction from the maximum cost share reimbursement. The National Handbook of Conservation Practices (NHCP Notice 168) will be used to determine the lifespan of a permanent improvement practice. The following is a practical example:

A lessee applies to develop a livestock water well on a tract that received a Badlands Area Water Adjustment Region rent reduction. The total cost of the 375 foot well is \$13,385.00. The tract has 150 acres of grassland receiving a rent reduction of 85¢ per grass acre. The lifespan for a Livestock Water Well as determined by the National Handbook of Conservation Practices is 20 years. The amount DTL will cost share is as follows:

Calculation of rent deduction: 150 acres x \$.85 x 20 = \$2,550

Amount DTL will cost share:

\$11,100	Maximum Cost Share
- <u>2,550</u>	Deduction to account for upfront reduction
\$8,550.00	Maximum cost share paid by DTL

\$13,385.00	(Total Cost)
<u>\$8,550.00</u>	(Maximum Cost Share Less Rent Reduction (\$11,100 - \$2,550

(150 acres x \$.85 x 20))

\$4,835.00 (Balance – amount assumed by lessee and/or other entity)

If you have any questions or concerns please contact Mike Humann (701) 328-1917 or Jacob Lardy (701) 328-1919.