

# STATE BOARD OF LAND COMMISSIONERS

September 16, 2025

Regular Agenda

## Subject

Increase in Minimum Rent and Assignment Fees

## Question Presented

Shall the Land Board approve an increase in minimum rent and lease assignment fees?

## Background

In 1971, the State Board of Land Commissioners (Land Board) set the minimum lease rent at \$25. The 1971 decision was the last Land Board action taken for setting a minimum rental rate. In 1997, the Idaho Department of Lands (Department) increased the minimum rent to \$50 in Operations Memorandum 1530, and this remains the current minimum. In 2009, the Land Board approved an increase in lease application fees from \$10 to \$250 for all leasing types to better recover costs incurred and to create consistency across leasing programs. This was the last Land Board action taken regarding lease administration fees and the remaining fees have gone unchanged since the 1990s. Pursuant to Idaho Code § 58-127, and IDAPA 20.03.14.60, the Land Board is empowered to set the fees related to the administration of leases including minimum rent and assignment fees.

Following a comprehensive review and analysis of the current lease administration costs associated with assignments, amendments, and ongoing lease compliance, the Department has identified the need to increase certain leasing fees in order to capture operational expenses, ensuring sustainable lease administration practices and alignment with the Department's fiduciary obligation to the endowments.

## Discussion

Lease administration costs vary greatly depending on the lease type, extent of lease negotiations, and management considerations. For this purpose, the Department conducted a cost analysis for a simple Department lease. The cost analysis tracks expenses incurred to advertise the lease, application processing, lease drafting and execution, and annual administration costs throughout the lifetime of the lease. The average cost for administration of a lease of low complexity was calculated to be \$361.06 a year, with more complex leases increasing significantly in cost due to increased staff hours to initiate and maintain the lease.

The Department is proposing an increase in minimum rent from the current \$50 to \$300 across all leasing programs (except Oil and Gas, which is set in rule) to better reflect administrative costs of the various programs.

An increase in assignment fees is also being proposed. The process of an assignment is similar in cost to lease administration, minus initial costs of lease negotiations and setup. Over the last 5 years, including the first half of 2025, there were 266 assignments performed across all leasing programs statewide. By applying the estimated cost found using this analysis, the total time spent on each of these transactions is about 29 hours including annual maintenance. Each of these assignments has at least four employees involved throughout the process with varying pay scales. The baseline, full assignment analysis estimate shows that each assignment costs the Department an average of \$570. When that is divided over the length of the lease, which is also variable dependent on the time of assignment, the assignment costs the Department between \$32 and \$285 annually. Because of the variability, the Department is proposing increasing the assignment fees to better recover costs for many programs.

Partial assignments are significantly more complex and time-consuming than a regular assignment. The proposed increase to \$200 would not cover all costs associated with most partial assignments but would result in an increased ability to recover costs compared to the current fee of \$25.

Outreach letters have been drafted to inform all lessees of the proposed changes. Versions of this letter, varying by program, will be sent upon the Land Board's approval of the increase. Attachment 1 is a sample outreach letter that includes a table of current and new assignment fees.

Research was conducted to determine how Idaho minimum rent and fees compared to other western states. The proposed increases would put Idaho right at the average of the 10 surrounding states with similar leasing activities (Attachment 2).

## **Recommendation**

Approve the increases in the minimum rent and lease assignment fees.

## **Board Action**

## **Attachments**

1. Outreach Letter
2. Western States Minimums and Fees

**Idaho Department of Lands**  
Trust Lands Management Div.  
Real Estate Services Bureau  
300 N. 6th Street, Suite 103  
P.O. Box 83720  
Boise, ID 83720-0050  
Phone (208) 334-0200



Dustin T. Miller, Director  
*Working Lands, Trusted Stewards*

**State Board of Land Commissioners**  
Brad Little, Governor  
Phil McGrane, Secretary of State  
Raúl R. Labrador, Attorney General  
Brandon D Woolf, State Controller  
Debbie Critchfield, Sup't Public Instruction

August 28, 2025

Name  
Address  
City, ST ZIP

via email: xxx@xxx.gov (Delete this line if not sending by email.)

Re: Minimum Rent and Assignment Fee Increase

Dear Mr. Jones:

In September 2024, the Idaho Department of Lands (IDL) conducted analysis to determine the actual cost of administration and maintenance of endowment leases. This exercise was initiated with the intent of evaluating the minimum rent of these leases to, at minimum, recover the cost of lease administration, in accordance with our mission.

Based on our analysis, the Department intends to increase the minimum annual rent for all lease types (except Oil and Gas, which is set in rule) to \$300 in efforts to better recover costs associated with the lease administration.

As a result of the IDL's cost analysis, other fees associated with all IDL leasing activities are also being reevaluated. The anticipated increase in fees will focus mainly on assignment fees and the proposed programmatic increases can be found in the table below:

Program	Current	Full Assignment	Partial Assignment	Point of Contact
Grazing/Crop/Conservation	\$25	\$100	\$200 plus app fee	afaust@idl.idaho.gov
Commercial Ground	\$20	\$750	N/A	kesmith@idl.idaho.gov
Industrial	\$25	\$250	N/A	kesmith@idl.idaho.gov
Commercial Recreation	\$25	\$250	\$250 plus app fee	kesmith@idl.idaho.gov
Communication Site	\$20/\$25	\$250	N/A	kesmith@idl.idaho.gov
Residential	\$50	\$250	N/A	kesmith@idl.idaho.gov
Energy	\$20/\$25	\$750	N/A	jlaney@idl.idaho.gov
Minerals	\$50	\$150	\$150 plus app fee	mmurphy@idl.idaho.gov
Oil and Gas	\$100	\$150	\$150 plus app fee	mmurphy@idl.idaho.gov
Geothermal	\$150	\$150	\$150 plus app fee	mmurphy@idl.idaho.gov
Other Lease Types/Minimum	\$25	\$100	\$100 plus app fee	jlaney@idl.idaho.gov

*Recipient Name* in *italics* and Verdana 9 pt (1 point less than font on letter)

*Month Day, Year*

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If you have any questions, or would like additional information regarding these changes, please reach out to the point of contact for the program listed in the table.

Sincerely or Respectfully, (choose one)

Sender's Name

Sender's Title

## Western States Comparison

State	Minimum Rent	Assignment Fees
Oregon	\$250	\$250
Washington	\$500	\$25
Montana	No official minimum. Current AUM rate is \$23.00	\$50
Utah	No official minimum, but rent is a bid \$/AUM opposed to a premium. Leases are not considered if the rent does not cover administration costs.	\$30 for family, \$10/AUM otherwise
New Mexico	\$50	\$100
Wyoming	No minimum	\$40
Colorado	No official minimum, but rent is a bid \$/AUM opposed to a premium. Leases are not considered if the rent does not cover administration costs.	\$100 + consideration fee (50% of current rent)
Arizona	\$100	\$2,000
California	\$799	\$1,000
<b>Average</b>	<b>\$340</b>	<b>\$456 *</b>
<b>Average <u>EX</u> CA &amp; AZ</b>	<b>\$225</b>	<b>\$108</b>

\*Average does not include AUM charge or consideration fee portion of CO and UT fees.