2806-2885 - RIGHTS-OF-WAY MANAGEMENT
Determining CY 2009 1/ Rent Under the Linear Rental Schedule
All Linear Right-of-Way Facilities

USE FOR CALENDAR
YEAR 2009 ONLY 2/

Serial No._____
Date of Determination_____
Employee_____

Determine the 2009 (12 months) rent for the ROW by multiplying the number of acres (round up to next tenth of an acre at county level) in each appropriate zone by the rental rate for that zone. All rental calculations are rounded to the nearest cent as follows: $97.164 is equal to $97.16; $97.165 is equal to $97.17.

Zone 1   acres X $ 5.78 = $.

Zone 2   acres X $ 11.55 = $.

Zone 3   acres X $ 23.10 = $.

Zone 4   acres X $ 34.66 = $.

Zone 5   acres X $ 46.21 = $.

Zone 6   acres X $ 69.31 = $.

Zone 7   acres X $ 115.52 = $.

Zone 8   acres X $ 231.02 = $.

Zone 9   acres X $ 462.05 = $.

Zone 10   acres X $ 693.08 = $.

Zone 11   acres X $ 1155.13 = $.

Zone 12   acres X $ 2310.26 = $.

                                                                    _____

12 month total $
Times part year factor 3/
Total for part year $

1/Refer to 43 CFR 2806.24 (attached) for required rental payment periods.
2/ See attached rent billing business rules.
3/ Part year factors are:

12 months 1.0000	9 months 0.7500	6 months 0.5000	3 months 0.2500
11 months 0.9167	8 months 0.6667	5 months 0.4167	2 months 0.1667
10 months 0.8333	7 months 0.5833	4 months 0.3333	1 month 0.0833

43 CFR 2806.24 How must I make rental payments for a linear grant?

(a) <u>Term grants.</u> For linear grants, except those issued in perpetuity, you must make either nonrefundable annual payments or a nonrefundable payment for more than 1 year, as follows:

(1) <u>One-time payments.</u> You may pay in advance the total rent amount for the entire term of the grant or any remaining years.

(2) <u>Multiple payments.</u> If you choose not to make a one-time payment, you must pay according to one of the following methods:

(i) <u>Payments by individuals.</u> If your annual rent is $100 or less, you must pay at 10-year intervals, not to exceed the term of the grant. If your annual rent is greater than $100, you may pay annually or at 10-year intervals, not to exceed the term of the grant. For example, if you have a grant with a remaining term of 30 years, you may pay in advance for 10 years, 20 years, or 30 years, but not any other multi-year period.

(ii) <u>Payments by all others.</u> If your annual rent is $500 or less, you must pay rent at 10-year intervals, not to exceed the term of the grant. If your annual rent is greater than $500, you may pay annually or at 10-year intervals, not to exceed the term of the grant.

(b) <u>Perpetual grants.</u> For linear grants issued in perpetuity (except as noted in §§2806.25 and 2806.26), you must make either nonrefundable annual payments or a nonrefundable payment for more than 1 year, as follows:

(1) <u>Payments by individuals.</u> If your annual rent is $100 or less, you must pay at 10-year intervals, not to exceed 30 years. If your annual rent is greater than $100, you may pay annually or at 10-year intervals, not to exceed 30 years.

(2) <u>Payments by all others.</u> If your annual rent is $500 or less, you must pay rent at 10-year intervals, not to exceed 30 years. If your annual rent is greater than $500, you may pay annually or at 10-year intervals, not to exceed 30 years.

(c) <u>Proration of payments.</u> The BLM considers the first partial calendar year in the initial rental payment period (the length of time for which the holder is paying rent) to be the first year of the term. The BLM prorates the first year rental amount based on the number of months left in the calendar year after the effective date of the grant.

<u>Business Rules for calculating initial rent (Courtesy Statements) and subsequent rent (Account Receivable Bills)</u>

<u>Calculation and billing of "initial" rent</u>.

The initial rent can be billed by creating a Courtesy Statement (CS) in LRAM (with some limitations) or CBS. Rent bills for new grants are "courtesy" statements because the applicant is not obligated to pay rent unless he/she accepts the terms/conditions of the grant offer.   If created in LRAM, the system calculates the rent (as long as the grant was issued between January 1 and September 30). If created in CBS, the rent must be manually calculated.

LRAM is not currently programmed to create a CS if the grant is issued between October 1 and December 31, since the current year's rental rates are replaced by the upcoming year's rental rates sometime around October 1 of each year. Therefore, for the period between October1 and December 31, 2008, it is recommended that CSs be created manually in CBS. **We expect that by October 2009, LRAM will have the capability to create and calculate CSs for any grant issued during the October 1 through December 31 time-period.** See Business Rules 4, 6, & 7.

Business Rule 1 – round acres up to nearest tenth of an acre: Acres are rounded **up** to the next tenth of an acre on a county (or geographical area) basis.

Business Rule 2 - **Default billing periods**: for billing purposes, BLM will assume that the holder prefers the minimum allowable rental payment period provided by the new regulations in this section (either annual or 10-year), unless the holder notifies BLM in writing at least 3 months prior to the due date (by October 1, if the due date is January 1) of their desire to be billed for a greater period. **However, if possible, during the initial implementation of the new rent schedule (Fall 2008) BLM billing offices should try to accommodate other billing periods if requested by the holder prior to the time that January 1, 2009 bills are mailed. Caution: do not apply the 2008 rental rates from the previous rent schedule to any billing period beyond December 31, 2008.**

Business Rule 3: **When a new grant is issued between January 1 and September 30, and the initial billing period is 10 years** (the annual rent for an individual is $100 or less; or the annual rent for a non-individual is $500 or less), manually calculate the first year's rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded up to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor. Calculate the rent for the remaining years in the rent payment period by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded up to the next tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the number of full years remaining in the rent payment period.

Business Rule 4: **When a new grant is issued between October 1 and December 31, and the initial billing period is 10 years** (the annual rent for an individual is $100 or less; or the annual rent for a non-individual is $500 or less), manually calculate the first year's rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded up to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor. Calculate the rent for the remaining years in the rent payment period by multiplying the rent per acre for the appropriate county zone from the next year's rent schedule by the number of acres (as rounded up to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the number of full years remaining in the rent payment period.

Business Rule 5: When a new grant is issued between January 1 and September 30, and the grant qualifies for annual billing (the annual rent for an individual is more than $100; or the annual rent for a non-individual is more than $500), manually calculate the initial rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded up to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor.

Business Rule 6: When a new grant is issued between October 1 and December 31, and the grant qualifies for annual billing (the annual rent for an individual is more than $100; or the annual rent for a non-individual is more than $500), manually calculate the first year's rent by multiplying the rent per acre for the appropriate county zone from the current rent schedule by the number of acres (as rounded up to the nearest tenth of an acre) in the right-of-way area that fall in each zone and multiplying the result by the part year factor. However, since the new grant is issued in the 4th quarter, it is inefficient to only bill for a maximum of two months. Therefore, include both the partial year and the full subsequent year in the initial rental bill due on grant issuance. Calculate the rent for the subsequent year by multiplying the rent per acre for the appropriate

county zone from the <u>next year's rent schedule</u> (2010, in this example) by the number of acres (as rounded up to the nearest tenth of an acre) in the right-of-way area that fall in each zone.

Business Rule 7 - Transition Period: to determine the **initial rent for new grants issued in the 4th quarter (Oct – Dec) of 2008** use the previous linear rent schedule, as updated for 2008, to calculate the partial year rent for 2008 and then use the new linear rent schedule (use the 2009 phase-in rates) to determine rent for 2009 (if grant qualifies for annual payments) or for the remaining rental payment period (2009 – 2018) if the grant does not qualify for annual rent, and the billing period is for 10 years.

Accounts Receivable Bills

Calculation of "accounts receivable" bills (rent bills for existing grants are considered "accounts receivable" bills because the holder is obligated to pay rent as a term/condition of the grant. Account receivable bills must be calculated in LRAM. Since all grants should terminate on December 31 of the final year of the term, billing periods should be either annually, at 10-year intervals, or the term of the grant (not to exceed 30 years, if the term is perpetual). No other billing periods are available under the final regulations.

Business Rule 8 - Annual bills for 2009. Whenever the annual rent using the 2009 rental rates exceeds $100 (for an individual) or exceeds $500 (for a non-individual), then that grant qualifies for annual billing. These limits are based on individual grants, not multiple grants in bill groups or in consolidated bills.

Business Rule 9 - Ten year bills or bills for remaining years in term. Whenever the annual rent using the 2009 rental rates equals $100 or less (for an individual) or equals $500 or less (for a non-individual), then that grant qualifies for ten-year interval (or the remaining term) billing.

Business Rule 10 - Existing and new perpetual grants. Rent (and rent payment periods) for perpetual grants are determined the same as rent for grants with a specified number of years, except the maximum rental payment period cannot exceed 30 years (unless the land encumbered by the perpetual grant is being transferred out of Federal ownership and the holder requests a one-time payment as provided by §§2806.25, 2806.26 and 2885.22(a)). Payment of the maximum rent for a perpetual grant for a 30 year period is not a one-time rent payment for that grant. New rent is due for that perpetual grant in year 31 if the holder had initially or subsequently paid the maximum 30 year rent payment term.