

**MINUTES OF THE
NATURAL RESOURCES, AGRICULTURE AND ENVIRONMENT
INTERIM COMMITTEE**

Wednesday, April 21, 1999 - 2:00 p.m. - Room 303 State Capitol

Members Present:

Sen. Howard C. Nielson, Cochair
Rep. Bradley T. Johnson, Cochair
Sen. Leonard M. Blackham
Sen. Beverly Ann Evans
Sen. Joseph L. Hull
Sen. Millie M. Peterson
Rep. Eli H. Anderson
Rep. Melvin R. Brown
Rep. Craig W. Buttars
Rep. Mary Carlson
Rep. Fred J. Fife, III
Rep. James R. Gowans
Rep. Tom Hatch
Rep. Keele Johnson
Rep. Evan L. Olsen
Rep. Jordan Tanner
Rep. Matt Throckmorton

Members Absent:

Rep. Bill Wright

Members Excused:

Rep. David N. Cox

Staff Present:

Ms. Constance C. Steffen,
Research Analyst
Ms. Jeanenne B. Larson,
Associate General Counsel
Ms. Joy L. Miller,
Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

1. Committee Business - Chairman Johnson called the meeting to order at 2:15 p.m.

MOTION: Rep. Gowans moved to approve the minutes of November 18, 1998. The motion passed unanimously. Sen. Blackham and Reps. Brown, Johnson, and Throckmorton were absent during the vote.

Ms. Steffen reviewed the list of potential study items for the committee.

Rep. Johnson said he received a request from the Division of Parks and Recreation to study the issue of driver's licenses for boaters. He said he would also like to study the issue of how federal rules interact with state regulations concerning landfills.

Mr. Sherm Hoskins, Department of Natural Resources, discussed the anticipated infestation of crickets and grasshoppers. He explained that he has been part of a task force that has been meeting and discussing the issue. They are concerned with eliminating the insects before they move into agricultural areas. Currently the primary area involved is in Tooele County.

Money for insecticides and bait is the critical issue.

MOTION: Rep. Gowans moved the committee send a letter to the congressional delegation supporting the department's request for funding to help with the cricket and grasshopper infestation problem. The motion passed unanimously. Sens. Blackham and Evans, and Reps. Brown, Johnson, and Throckmorton were absent during the vote.

Ms. Kathy Clarke, Department of Natural Resources, discussed the collaborative planning process within the department concerning the Great Salt Lake. The process has included scoping, assessing current conditions and trends, and developing alternatives. It is their goal to develop a plan that is publicly supportable, well-grounded in science, and will stand up to legal challenges.

MOTION: Sen. Hull moved to adopt the suggested items for interim study. The motion passed unanimously. Sens. Blackham and Evans, and Reps. Brown, Johnson, and Throckmorton were absent during the vote.

2. Post-Olympic Maintenance and Operation of the Soldier Hollow Venue - Mr. Brian Allred, Office of Legislative Research and General Counsel, distributed information concerning competition venues for the 2002 Winter Olympics. He discussed the Soldier Hollow venue and the issues raised concerning how to deal with the post-Olympic maintenance and operation of the facility. Soldier Hollow is unique since it is the only Olympic competition venue on state-owned land. Mr. Allred explained that the state spent \$59 million to build the Winter Sports Park. The state has agreed to sell the park to the Salt Lake Organizing Committee (SLOC) for \$99 million. SLOC will pay the state and local governments \$59 million as reimbursement for the sales and use tax proceeds. The remaining \$40 million will establish the Legacy Fund which will be paid to the Utah Athletic Foundation (UAF) to maintain and operate the Winter Sports Park. Ownership of the park will be transferred to UAF. He pointed out that the selection of the Soldier Hollow site took place after the agreement to sell the Winter Sports Park to SLOC. The question has arisen whether the money in the Legacy Fund could be used to help maintain and operate Soldier Hollow.

Mr. Allred pointed out that S.J.R. 17, passed during the 1994 General Session, gave the Legislature's approval to sell the Winter Sports Park and established that the primary purposes of the UAF will be to own, maintain, and operate the Winter Sports Park and to assist in funding operating costs and winter sports development at the speed skating oval. Subsequent to the passage of S.J.R. 17, a purchase agreement was signed between the state and SLOC which mirrored the requirements of S.J.R. 17. UAF articles of incorporation restrict the monies in the Legacy Fund to owning and operating the Winter Sports Park and assisting in funding the costs of the speed skating oval. UAF has questioned whether \$40 million will be adequate to properly

maintain and operate the Winter Sports Park. Mr. Allred pointed out that a portion of surplus revenue, if any, from the Olympics will go to the UAF and could provide post-Olympic funding of other venues such as Soldier Hollow.

Mr. Courtland Nelson, Division of Parks and Recreation, stated he has been leading a team of sports enthusiasts, community businesses, and others that have been preparing a post-Olympic plan for that venue. He said they plan to present the committee, in a future meeting, with a package that outlines the costs as well as the opportunities at the site, how they propose to manage the facility, and what they feel might be a fair and proportionate amount of the Legacy Fund to help offset some of the base costs for the facility.

Rep. Tanner suggested that Mr. Nelson's group discuss the possibility of privatizing Soldier Hollow and that the state not become involved in running the site.

3. Allocation of Mineral Lease Funds - Ms. Steffen noted that recent legislation has modified the way mineral lease revenues are allocated. She distributed information on the allocation of mineral lease revenues and reviewed the different formulas that exist to allocate monies generated from mineral leasing on Grand Staircase-Escalante National Monument lands, other federal lands, and state lands and mineral interests.

4. Funding of the Utah Geological Survey - Mr. Lee Allison, Utah Geological Survey (UGS), distributed information on the mineral lease issues affecting that division. According to Utah Code Section 59-21-2, 2.25 percent of all deposits made to the Mineral Lease Account are given to the UGS to be used for activities carried on by the survey having as a purpose the development and exploitation of natural resources in the state. Shortfalls in mineral lease revenues are absorbed by the survey. Between FY92 and FY99 there was a net shortfall of \$216,000. Mineral lease revenues are static, but more expenses are assigned to the division every year. Reductions in mineral lease revenues due to low oil prices, double appropriations of the same funds, and unfunded cost increases are making it difficult to carry out their duties.

5. Funding of the Division of Oil, Gas and Mining - Mr. Lowell Braxton, Division of Oil, Gas and Mining, noted that the annual budget for the oil and gas program is \$1.2 million. In order to generate the revenues to sustain the program, the price of oil needs to be approximately \$18 per barrel.

Mr. John Baza, Division of Oil, Gas and Mining, made a slide presentation on the state's petroleum industry and the oil and gas program. He distributed a copy of the information to the committee. Utah's petroleum resources and industry provide substantial public economic benefit. The oil and gas program provides critical oversight of the petroleum industry on all lands in Utah.

Oil and gas program operations are funded solely by a 0.02 conservation fee based on the variable value and production of oil and gas. Mr. Baza pointed out that diminishing revenue and an increasing workload have affected service levels. He stated that alternative program funding methods should be considered which will ensure that a prudent level of regulation is provided. Possible funding solutions include: 1) increase the existing conservation levy; 2) add new service fees; 3) divert or allocate severance tax revenue; 4) divert or allocate mineral lease revenue; 5) interdepartmental fund transfers; and 6) a new refined products (fuel) tax.

Mr. Braxton requested approval to establish a task force composed of representatives of the division, the board, representation from the Natural Resources, Agriculture and Environment Interim Committee, and industry. The task force would be responsible to study possible solutions to the funding problems of the Division of Oil, Gas and Mining and Utah Geological Survey and report back to the committee later in the year with recommendations and draft legislation for the 2000 General Session.

MOTION: Rep. Throckmorton moved to adjourn the meeting at 4:50 p.m. The motion passed unanimously.