



UINTAH BASIN REVITALIZATION FUND

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

As part of the reorganization of appropriations acts, the Analyst recommends that the committee vote to include the Uintah Basin Revitalization Fund. The Executive Appropriations Committee approved this reorganization of the appropriations acts on November 13, 2012. Based on current law (UCA [35A-8-1602](#) & [59-5-116](#)), the Uintah Basin Revitalization Fund receives its revenue automatically and can spend all revenues without additional Legislative action. The Fund ended FY 2012 with a balance of \$21,621,600. Expenditures from the Fund have ranged from \$3.5 million in FY 2010 to \$14.5 million in FY 2012 in the last three years.

LEGISLATIVE ACTION

- As part of the reorganization of appropriations acts, the Analyst recommends that the committee vote to include the Uintah Basin Revitalization Fund.

DISCUSSION AND ANALYSIS

Why Are we Proposing This Change?

On November 13 the Executive Appropriations Committee approved reorganization of appropriations acts so that they will more clearly identify different types of transactions. Under the reorganization, operating and capital appropriations – typically thought of as “the budget” – will be presented in separate subsections from items that approve business-like activities, review fiduciary funds, or simply move money from one account to another. The reorganization will not only more clearly communicate the legislature’s intent to state agencies and the Division of Finance, it will also allow readers to more easily compare appropriations acts to other budget documents like the Governor’s recommendations and Comprehensive Annual Financial Report.

The reorganization also allows legislative staff to present more and better information about certain types of financial activity. Because transactions are now presented and summarized by type, all activity in self-spending “restricted special revenue” funds and enterprise funds can be shown without risk of double-counting. This year, staff is expanding and improving reporting on funds and accounts previously included in appropriations acts, and will over time add other funds not previously shown.

What is the Uintah Basin Revitalization Fund?

One such fund is the Uintah Basin Revitalization Fund. This Fund receives revenue automatically as per UCA [35A-8-1602](#). For Ute tribal lands, the Fund receives 33% of severance taxes from wells existing before July 1995 and 80% of taxes from new wells beginning production on or after July 1995. The maximum annual deposit cannot exceed a statutory cap. The cap is \$6,000,000, as adjusted by a commission for the consumer price index using 2008 as the base year. If the annual deposit were to exceed \$6,000,000, then the excess would go into the General Fund. In the last three years, the Fund has received annual deposits ranging from \$5.8 million in FY 2010 to \$6.3 million in FY 2012. Over the same period, total expenditures from the Fund have ranged from \$3.5 million in FY 2010 to \$14.5 million in FY 2012.

UCA [35A-8-1602](#) lists the following as the Fund’s purpose: “In order to maximize the long-term benefit of severance taxes derived from lands held in trust by the United States for the Tribe and its members by fostering funding mechanisms that will, consistent with sound financial practices, result in the greatest use of financial resources for the greatest number of citizens of the Uintah Basin, and in order to promote cooperation and

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coordination between the state, its political subdivisions, Indian tribes, and individuals, firms, and business organizations engaged in the development of oil and gas interests held in trust for the Tribe and its members.”