



PERMANENT COMMUNITY IMPACT 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 Permanent Community Impact Fund. The Executive Appropriations Committee approved this reorganization of the appropriations acts on November 13, 2012. Based on current law (UCA 59-21-1(2), 59-21-2 (2)(d), and 53C-3-203(4)(viii)), the Permanent Community Impact Fund receives its revenue automatically and functions as an enterprise fund. The Fund ended FY 2012 with a balance of \$602,444,200. Expenditures from the Fund have ranged from \$45.9 million in FY 2010 to \$85.7 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 Permanent Community Impact 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 Permanent Community Impact Fund?

One such fund is the Permanent Community Impact Fund. This Fund receives revenue automatically as per UCA 59-21-1(2), 59-21-2 (2)(d), and 53C-3-203(4)(viii)). What are these three revenue sources and what are the restrictions on their usage?

1. 70% of federal mineral lease bonus payments (UCA 59-21-1(2)) – funds must be loaned with interest due on the loan.
2. 32.5% of all deposits made to the Mineral Lease Account (UCA 59-21-2 (2)(d)) – money can be used for grants or loans. Loans may be as low as zero percent interest
3. 3% of the deposits to GFR – Land Exchange Distribution Account (UCA 53C-3-203(4)(viii))

In the last three years, the Fund has received annual deposits ranging from \$62.1 million in FY 2010 to \$94.0 million in FY 2012. Over the same period, total expenditures from the Fund have ranged from \$45.9 million in FY 2010 to \$85.7 million in FY 2012. The Fund’s purpose is to grants and/or loans to subdivisions of the State which are impacted directly or indirectly by mineral resource development on federal lands. The Department of

Workforce Services explains how projects are selected with the following: “The Permanent Community Impact Board (CIB) selects projects based on a competitive application process, with thorough review by program, fiscal, legal and technical staff prior to making recommendations to the Board. The review includes (but is not necessarily limited to) an eligible applicant's ability to issue revenue bonds or commit general fund revenue for loan repayment, an eligible applicant's ability to increase drinking water or sewer rates within statutory limits, an eligible applicant's ability to borrow funds or accrue additional debt within statutory debt limits/capacity, previous debt/loan management with the CIB, design/engineering of the project, etc. Eligibility to apply is defined in statute. Following thorough staff and technical review, the board meets monthly to hear applicant and public testimony on the applications. In accordance with Board rules, funding decisions are made three (3) times per year, with additional ability to suspend the rules and fund emergency requests.”

The Fund ended FY 2012 with a balance of \$602,444,200. The Department of Workforce Services explains this \$602 million balance with the following: “The fund balance is the cash balance. However, the majority of these funds have been committed under contract for capital improvement projects that can take months or years to develop, construct and pay out. The uncommitted funds balance is significantly lower than the cash balance. The Permanent Community Impact Board, in accordance with their own rules and policy, commits funds based on the uncommitted funds balance, not the cash balance.”