

**DISPOSITION OF REVENUE FROM CERTAIN
SCHOOL AND INSTITUTIONAL TRUST
LANDS**

1999 GENERAL SESSION

STATE OF UTAH

Sponsor: Leonard M. Blackham

AN ACT RELATING TO STATE LANDS; PROVIDING THAT THE DIRECTOR OF THE
SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION IS RESPONSIBLE
FOR THE COLLECTION AND DISTRIBUTION OF ALL BONUS BIDS, RENTALS, AND
ROYALTIES FROM MINERAL LEASES ON LANDS ACQUIRED FROM THE FEDERAL
GOVERNMENT UNDER THE UTAH SCHOOLS AND LAND EXCHANGE ACT OF 1998;
PROVIDING DISTRIBUTION FORMULAS; PROVIDING FOR ADMINISTRATIVE COSTS;
CREATING A RURAL DEVELOPMENT FUND AND A RURAL DEVELOPMENT FUND
BOARD; CREATING A RURAL ELECTRONIC COMMERCE COMMUNICATIONS
SYSTEM FUND AND A RURAL ELECTRONIC COMMERCE COMMUNICATIONS
SYSTEM FUND BOARD; AND PROVIDING FUNDING SOURCES FOR THE
DEVELOPMENT AND COMMUNICATIONS FUNDS.

This act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

9-13-101, Utah Code Annotated 1953

9-13-102, Utah Code Annotated 1953

9-13-103, Utah Code Annotated 1953

9-13-104, Utah Code Annotated 1953

9-13-105, Utah Code Annotated 1953

9-13-106, Utah Code Annotated 1953

9-14-101, Utah Code Annotated 1953

9-14-102, Utah Code Annotated 1953

28 **9-14-103**, Utah Code Annotated 1953

29 **9-14-104**, Utah Code Annotated 1953

30 **9-14-105**, Utah Code Annotated 1953

31 **9-14-106**, Utah Code Annotated 1953

32 **53C-3-201**, Utah Code Annotated 1953

33 **53C-3-202**, Utah Code Annotated 1953

34 **59-21-4**, Utah Code Annotated 1953

35 *Be it enacted by the Legislature of the state of Utah:*

36 Section 1. Section **9-13-101** is enacted to read:

37 **CHAPTER 13. RURAL DEVELOPMENT FUND AND BOARD**

38 **9-13-101. Definitions.**

39 As used in this chapter:

40 (1) "Board" means the Rural Development Fund Board.

41 (2) "Development Fund" means the Rural Development Fund.

42 (3) "Division" means the Division of Community Development.

43 (4) "Eligible entity" means Garfield, Kane, Piute, or Wayne County and any incorporated
44 municipality or special service district within those counties.

45 Section 2. Section **9-13-102** is enacted to read:

46 **9-13-102. Rural Development Fund -- Deposits and contents -- Interest --**
47 **Administration.**

48 (1) In order to compensate for the effects of the federal-state land exchange identified in
49 Section 53C-3-201 that have a significant social or economic impact on rural areas of the state
50 located in close proximity to where the former state lands are now designated as federal lands,
51 there is created § ~~[an enterprise]~~ A § fund entitled the Rural Development Fund.

52 (2) The development fund sources of revenue are:

53 (a) monies deposited to the fund under this chapter; and

54 (b) monies deposited to the fund under Section 53C-3-202.

55 (3) The development fund shall earn interest, which shall be deposited in the development
56 fund.

57 (4) The division may use development fund monies for administration of the fund, but not
58 to exceed 2% of the annual receipts to the fund.

(5) Any unallocated balance in the fund at the end of a fiscal year shall be nonlapsing.

Section 3. Section **9-13-103** is enacted to read:

9-13-103. Rural Development Fund Board -- Members -- Terms -- Chair -- Quorum
-- Expenses.

(1) There is created within the division the Rural Development Fund Board comprised of five members as follows:

(a) the governor or the governor's designee;

(b) two mayors from eligible entities; and

(c) two county commissioners from eligible entities.

(2) The governor shall appoint the members, subject to confirmation by the Senate.

(3) The terms of members shall run concurrently with the terms of office for the governor, the mayors, and the commissioners.

(4) The governor or the governor's designee shall serve as the chair of the board.

(5) Three board members constitute a quorum.

(6) (a) Members who do not receive salary, per diem, or expenses from the entity that they represent for their service may receive per diem and expenses incurred in the performance of their official duties at the rates established by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

(b) Members may decline to receive per diem and expenses for their service.

Section 4. Section **9-13-104** is enacted to read:

9-13-104. Board duties and powers.

(1) The board shall:

(a) establish procedures for the application for and awarding of grants to projects and programs, including:

(i) eligibility criteria;

(ii) preference to projects and programs that are associated with the geographic areas impacted by the Utah School and Lands Exchange Act of 1998, Pub.L. 105-335; and

(iii) coordination of projects and programs with other projects and programs funded by federal, state, and local governmental entities;

(b) determine the order in which projects will be funded; and

(c) qualify for, accept, and administer grants, gifts, or other funds from the federal

government and from other sources, public or private.

(2) The board may make rules under Title 63, Chapter 46a, Utah Administrative Rulemaking Act, if necessary to perform its responsibilities.

(3) The board is subject to the procedures and requirements under Title 52, Chapter 4, Open and Public Meetings.

Section 5. Section **9-13-105** is enacted to read:

9-13-105. Eligibility for assistance -- Application -- Review by board.

(1) Eligible entities that wish to receive grants from the board for projects or programs that lessen the impact of the federal-state land exchange identified in Section 53C-3-201 shall submit formal applications containing the information required by the board.

(2) (a) The board shall review each grant application before approving it.

(b) The board may approve the application subject to the applicant's compliance with certain conditions established by the board.

Section 6. Section **9-13-106** is enacted to read:

9-13-106. Division to distribute grant money -- Annual report.

(1) The division shall distribute grant monies if the grant is approved by the board.

(2) The division shall make an annual report to the governor and the Legislature's Natural Resources, Agriculture, and Environment Interim Committee on the number and type of grants made under this chapter.

Section 7. Section **9-14-101** is enacted to read:

**CHAPTER 14. RURAL ELECTRONIC COMMERCE COMMUNICATIONS
SYSTEM FUND AND BOARD**

9-14-101. Definitions.

As used in this chapter:

(1) "Board " means the Rural Electronic Commerce Communications System Fund Board established within the division.

(2) "Division" means the Division of Community Development.

(3) "Fund" means the Rural Electronic Commerce Communications System Fund.

Section 8. Section **9-14-102** is enacted to read:

9-14-102. Rural Electronic Commerce Communications System Fund -- Deposits and contents -- Interest -- Administration.

(1) In order to preserve and promote communications systems, such as broadcast television, in the rural areas of the state, there is created § ~~[an-enterprise]~~ A § fund entitled the Rural Electronic Commerce Communications System Fund.

(2) The fund shall consist of:

(a) monies deposited to the fund under this chapter; § ~~[and]~~ §

(b) monies deposited to the fund under Subsection 59-21-4(2) § ~~[-]~~ ;AND (c) BOND PROCEEDS FROM THE ISSUANCE AND SALE OF REVENUE BONDS AUTHORIZED UNDER SUBSECTION 9-14-104(2). §

(3) The fund shall earn interest, which shall be deposited in the fund

(4) Any unallocated balance in the fund at the end of a fiscal year shall be nonlapsing.

(5) The division may use fund monies for administration of the fund, but not to exceed 2% of the annual receipts to the fund.

Section 9. Section **9-14-103** is enacted to read:

9-14-103. Rural Electronic Commerce Communications System Fund Board -- Members -- Terms -- Chair -- Quorum -- Expenses.

(1) There is created within the division the Rural Electronic Commerce Communications System Fund Board comprised of nine members as follows:

(a) the governor or the governor's designee;

(b) four mayors from towns scattered throughout rural Utah; and

(c) four county commissioners from four different rural counties in the state.

(2) No more than two members under Subsections (1)(a) and (b) may be from the same county.

(3) The governor shall appoint the members, subject to confirmation by the Senate.

(4) The terms of members shall run concurrently with their terms of office.

(5) The governor or the governor's designee shall serve as chair of the board.

(6) Five members constitute a quorum.

(7) (a) Members who do not receive salary, per diem, or expenses from the entity that they represent for their service may receive per diem and expenses incurred in the performance of their official duties at rates established by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

(b) Members may decline to receive per diem and expenses for their service.

Section 10. Section **9-14-104** is enacted to read:

9-14-104. Board duties and powers.

(1) The board shall:

(a) establish procedures for the awarding of grants under this chapter to programs and

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projects that preserve and promote communications systems in the rural parts of the state for the benefit of citizens who reside in rural Utah, including:

- (i) eligibility criteria; and
- (ii) coordination of projects and programs with other projects and programs funded by federal, state, and local governmental entities;
- (b) determine the order in which projects will be funded; and
- (c) qualify for, accept, and administer grants, gifts, or other funds from the federal government and from other sources, public or private.

§ (2)(a) THE BOARD MAY ISSUE AND SELL REVENUE BONDS, PLEDGING AS THE SOLE SOURCE OF REPAYMENT THOSE MONIES IN THE FUND.

(b) THE BOARD SHALL USE THE PROCEEDS OF ANY ISSUANCE AND SALE OF REVENUE BONDS UNDER SUBSECTION (2)(a) TO FINANCE IN WHOLE OR IN PART PROJECTS AUTHORIZED BY THIS CHAPTER.

~~[(2)]~~ (3) § The board may make rules under Title 63, Chapter 46a, Utah Administrative Rulemaking Act, if necessary to perform its responsibilities.

§ ~~(3)~~ (4) § The board is subject to the procedures and requirements under Title 52, Chapter 4, Open and Public Meetings

Section 11. Section **9-14-105** is enacted to read:

9-14-105. Eligibility for assistance -- Application -- Review by board.

(1) Entities concerned with preserving or promoting communications systems within the rural areas of the state that wish to receive grants from the board shall submit formal applications containing the information required by the board.

(2) The board shall review each grant application before approving it.

(3) The board may approve the application subject to the applicant's compliance with certain conditions established by the board.

Section 12. Section **9-14-106** is enacted to read:

9-14-106. Division to distribute grant money -- Annual report.

(1) The division shall distribute grant money if the grant is approved by the board.

(2) The division shall make an annual report to the governor and the Legislature's Natural Resources, Agriculture, and Environment Interim Committee concerning the number and types of grants awarded under this section.

Section 13. Section **53C-3-201** is enacted to read:

Part 2. Federal-State Land Exchange

53C-3-201. Definitions.

As used in this part:

(1) "Acquired lands" means those lands acquired by the administration under the agreement.

(2) "Agreement" means the Agreement to Exchange Utah School Trust Lands Between the State of Utah and the United States, signed May 8, 1998, as ratified by the Utah School and Lands Exchange Act of 1998, Pub. L. 105-335.

(3) "Identified tracts" means the tracts identified in Section 3(F), (G), (J), (K), (L), and (M) of the agreement, generally referred to as the Cottonwood Tract, Westridge Coal Tract, Ferron Field, Mill Fork Tract, Dugout Canyon Tract, Muddy Tract, and North Horn Coal Tract.

(4) "Subject mineral" means any mineral that is covered by the Act of Congress of February 25, 1920, known as the "Mineral Lands Leasing Act", 30 U.S.C. Sec. 181 as amended through the date of enactment of this part.

Section 14. Section **53C-3-202** is enacted to read:

53C-3-202. Collection and distribution of revenues from federal land exchange parcels.

(1) The director is responsible for the collection of all bonus bids, rentals, and royalties on the acquired lands.

(2) The director shall distribute:

(a) all bonus bids received during each calendar quarter from the lease of coal, oil and gas, and coalbed methane on the identified tracts not later than the end of the second month following the quarter as follows:

(i) 50% to the United States of America;

(ii) 2.84% to the Rural Development Fund created under Section 9-13-102; and

(iii) the remaining 47.16% as provided in Section 59-21-4; and

(b) all rentals and royalties received during each calendar quarter from subject mineral leases on the acquired lands not later than the end of the second month following the quarter as follows:

(i) 50% to the Land Grant Management Fund created under Section 53C-3-101;

(ii) 2.84% to the Rural Development Fund created under Section 9-13-102; and

(iii) the remaining 47.16% as provided in Section 59-21-4.

(3) (a) The director may retain up to 8% of the monies collected under Subsection (1) to

pay for administrative costs incurred under Subsection (1).

(b) The administrative costs may be deducted prior to the distributions made under Subsections (2)(a) and (b).

(c) The director shall keep the administrative cost deductions in separate accounts.

(d) (i) For purposes of this section, administrative costs include direct costs incurred by the administration as well as out-of-pocket expenditures incurred that are directly attributable to leasing and management of the acquired lands for subject minerals and shall be determined in a manner similar to that used by the federal government pursuant to 30 U.S.C. Sec.191(b).

(ii) If the administration includes out-of-pocket expenditures under Subsection (3)(d)(i) in determining its costs, those expenditures may not be included in its general calculation of direct costs.

(e) (i) At the end of each fiscal year, the director shall reconcile the amount actually spent under Subsection (3)(d) with the amount retained under Subsection (3)(a).

(ii) The director shall distribute any excess from the reconciliation pursuant to Subsection (2).

(iii) The director may retain an amount sufficient to cover the expected administrative costs allowed under Subsection (3)(d) for the subsequent fiscal year, less the expected deduction for the subsequent fiscal year under Subsection (3)(a).

Section 15. Section **59-21-4** is enacted to read:

59-21-4. Revenues from land exchange parcels -- Distribution.

The percentage of revenues from the land exchange parcels identified in Subsections 53C-3-202(2)(a)(iii) and (b)(iii) shall be distributed as follows:

(1) The director of the School and Institutional Trust Lands Administration shall distribute the monies to the Mineral Lease Account, the Mineral Bonus Account, and the Permanent Community Impact Fund as directed in Sections 59-21-1 and 59-21-2, except as provided in Subsection (2).

(2) The director shall distribute the 2.25% allocation that would have gone to the State Board of Education under Subsection 59-21-2(2)(c) and the 2.25% of the allocation that would have gone to the Utah Geological Survey under Subsection 59-21-2(2)(d) to the Rural Electronic Commerce Communications System Fund to be used for the grant program established in Title 9, Chapter 14, Rural Electronic Commerce Communications System Fund and Board.

Legislative Review Note
as of 2-10-99 9:19 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel