

MINERAL LEASE ACT AMENDMENTS

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Leonard M. Blackham

AN ACT RELATING TO MINERAL LEASE REVENUE; ALLOCATING MINERAL LEASE REVENUE FROM TRUST LANDS ACQUIRED THROUGH A LAND EXCHANGE WITH THE FEDERAL GOVERNMENT; PROVIDING THAT ADDITIONAL IN LIEU PAYMENTS BE MADE TO COUNTIES OF THE FIFTH OR SIXTH CLASS UNDER CERTAIN CIRCUMSTANCES; TERMINATING A MANDATORY ANNUAL APPROPRIATION FROM THE GENERAL FUND TO THE BOARD OF REGENTS MADE IN LIEU OF AN APPROPRIATION OF MINERAL LEASE MONEY; CLARIFYING THE CONTENTS AND OPERATION OF THE MINERAL LEASE ACCOUNT; SPECIFYING USES OF THE PERMANENT COMMUNITY IMPACT FUND; MAKING TECHNICAL CHANGES; PROVIDING AN EFFECTIVE DATE; AND PROVIDING A COORDINATION CLAUSE.

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

AMENDS:

9-4-302, as last amended by Chapter 326, Laws of Utah 1995

9-4-303, as last amended by Chapters 4 and 127, Laws of Utah 1993

9-4-305, as last amended by Chapter 326, Laws of Utah 1995

9-4-307, as last amended by Chapter 78, Laws of Utah 1993

9-15-102, as enacted by Chapter 368, Laws of Utah 1999

53C-3-201, as enacted by Chapter 368, Laws of Utah 1999

53C-3-202, as enacted by Chapter 368, Laws of Utah 1999

59-21-1, as last amended by Chapter 102, Laws of Utah 1999

59-21-2, as last amended by Chapter 371, Laws of Utah 1999

63C-4-103, as enacted by Chapter 371, Laws of Utah 1999

REPEALS:

59-21-4, as enacted by Chapter 368, Laws of Utah 1999

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

Section 1. Section **9-4-302** is amended to read:

9-4-302. Definitions.

As used in this part:

(1) "Acquired lands" is as defined in Section 53C-3-201.

(2) "Acquired mineral interests" is as defined in Section 53C-3-201.

~~[(1)]~~ (3) "Bonus payments" ~~[mean]~~ means:

(a) that portion of the bonus payments received by the United States government under the Leasing Act paid to the state under Section 35 of the Leasing Act, 30 U.S.C. Sec. 191, together with any interest that had accrued on those payments~~[-]; or~~

(b) bonus payments collected by the School and Institutional Trust Lands Administration created by Section 53C-1-201 from the lease of:

(i) minerals on acquired lands; or

(ii) acquired mineral interests.

~~[(2)]~~ (4) "Impact board" means the Permanent Community Impact Fund Board created under Section 9-4-304.

~~[(3)]~~ (5) "Impact fund" means the Permanent Community Impact Fund established by this chapter.

~~[(4)]~~ (6) "Leasing Act" means the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 181 et seq.~~[-as amended.]~~

~~[(5)]~~ (7) "Subdivision" means ~~[any]~~ a county, city, town, county service area, special service district, special improvement district, water conservancy district, water ~~[or]~~ improvement district, sewer improvement district, housing authority, building authority, school district, or public postsecondary institution organized under the laws of this state.

Section 2. Section **9-4-303** is amended to read:

9-4-303. Impact fund -- Deposits and contents -- Use of fund monies.

(1) There is created an internal service fund entitled the "Permanent Community Impact Fund."

(2) The fund consists of:

- (a) all amounts appropriated to the impact fund under Section 59-21-2;
 - (b) ~~[70% of the] bonus payments [in respect of the Department of the Interior oil shale prototype leases known as U-A and U-B]~~ deposited to the impact fund pursuant to Subsection 59-21-1(2);
 - (c) ~~[70% of all other]~~ bonus payments deposited to the impact fund pursuant to Section 53C-3-202;
 - (d) all amounts received for the repayment of loans made by the impact board under this chapter ~~[or from the Community Impact Account];~~ and
 - (e) all other monies appropriated or otherwise made available to the impact fund by the Legislature.
- (3) The state treasurer shall:
- (a) invest the monies in the impact fund by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act; and
 - (b) deposit all interest or other earnings derived from those investments into the impact fund.
- (4) The amounts in the impact fund available for loans, grants, administrative costs, or other purposes of this part shall be limited to that which the Legislature appropriates for these purposes.
- (5) Federal mineral lease revenue received by the state under the Leasing Act that is deposited into the impact fund shall be used:
- (a) in a manner consistent with:
 - (i) the Leasing Act; and
 - (ii) this part; and
 - (b) for loans, grants, or both to state agencies or subdivisions that are socially or economically impacted by the leasing of minerals under the Leasing Act.
- (6) Mineral lease revenue collected by the School and Institutional Trust Lands Administration from the lease of minerals on acquired lands or the lease of acquired mineral interests that is deposited into the impact fund shall be used:
- (a) in a manner consistent with this part; and
 - (b) for loans, grants, or both to state agencies or subdivisions socially or economically

impacted by the leasing of:

(i) minerals on acquired lands; or

(ii) acquired mineral interests.

Section 3. Section **9-4-305** is amended to read:

9-4-305. Duties -- Loans -- Interest.

(1) The impact board shall:

(a) make~~[, subject to the limitations of the Leasing Act,]~~ grants and loans from the amounts appropriated by the Legislature out of the impact fund to state agencies and to subdivisions that are or may be socially or economically impacted, directly or indirectly, by mineral resource development for:

(i) planning;

(ii) construction and maintenance of public facilities; and

(iii) provision of public services;

(b) establish the criteria by which the loans and grants will be made;

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

(d) in conjunction with other agencies of the state or of subdivisions conduct studies, investigations, and research into the effects of proposed mineral resource development projects upon local communities;

(e) sue and be sued in accordance with applicable law;

(f) qualify for, accept, and administer grants, gifts, loans, or other funds from the federal government and from other sources, public or private; and

(g) perform other duties assigned to it under Sections 11-13-29 and 11-13-30.

(2) Monies, including all loan repayments and interest, in the impact fund derived from bonus payments may be used for any of the purposes set forth in Subsection (1)(a) but may only be given in the form of loans to be paid back into the impact fund by the agency or subdivision.

(3) The average annual return to the impact fund on all bonus monies may not be less than ~~[one-half]~~ 1/2 of the average interest rate paid by the state on general obligation bonds issued during the most recent fiscal year in which bonds were sold.

(4) (a) "Provision of public services" under Subsection (1)(a) includes contracts with public postsecondary institutions to fund research, education, or public service programs that ~~[(i)]~~ benefit impacted counties or political subdivisions of the counties ~~[, and]~~.

~~[(ii) are consistent with the purposes provided in Subsection 59-21-1(1)(a)(ii):]~~

(b) Each contract under Subsection (4)(a) shall be:

(i) based on an application to the impact board from the impacted county; and

(ii) approved by the county legislative body.

(c) For purposes of this section, a land use plan is a public service program.

Section 4. Section **9-4-307** is amended to read:

9-4-307. Impact fund administered by impact board -- Eligibility for assistance --

Review by board -- Administration costs -- Annual report.

(1) The impact board shall administer the impact fund in a manner which will keep a portion of the impact fund revolving and shall determine provisions for repayment of loans.

(2) In order to receive assistance under this part, subdivisions shall submit formal applications with such information as the impact board prescribes.

(3) (a) The impact board shall establish criteria for determining eligibility for assistance under this part ~~[which are consistent with the purposes of Section 35 of the Leasing Act]~~.

(b) Criteria for awarding loans or grants made from funds described in Subsection 9-4-303(5) shall be consistent with Subsection 9-4-303(5).

(c) Criteria for awarding loans or grants made from funds described in Subsection 9-4-303(6) shall be consistent with Subsections 9-4-303(6) and 9-4-305(1)(a).

(d) In determining eligibility for loans and grants under this part, the impact board shall consider the following:

~~[(a)]~~ (i) the subdivision's current ~~[federal]~~ mineral lease production;

~~[(b)]~~ (ii) the feasibility of the actual development of a resource which may impact the subdivision directly or indirectly;

~~[(c)]~~ (iii) current taxes being paid by the subdivision's residents;

~~[(d)]~~ (iv) the borrowing capacity of the subdivision, its ability and willingness to sell bonds

or other securities in the open market, and its current and authorized indebtedness, except that the impact board may not fund any education project which could otherwise have reasonably been funded by a school district through a program of annual budgeting, capital budgeting, bonded indebtedness, or special assessments;

~~[(e)]~~ (v) all possible additional sources of state and local revenue, including utility user charges;

~~[(f)]~~ (vi) the availability of federal assistance funds;

~~[(g)]~~ (vii) probable growth of population due to actual or prospective natural resource development in an area;

~~[(h)]~~ (viii) existing public facilities and services;

~~[(i)]~~ (ix) the extent of the expected direct or indirect impact upon public facilities and services of the actual or prospective natural resource development in an area; and

~~[(j)]~~ (x) the extent of industry participation in an impact alleviation plan, either as specified in Title 63, Chapter 51, Resource Development, or otherwise.

~~[(2)]~~ (4) The impact board may restructure all or part of the agency's or subdivision's liability to repay loans for extenuating circumstances.

~~[(3)]~~ (5) The impact board shall review the proposed usages of the impact fund for loans or grants prior to approval and may condition approval on ~~[such]~~ assurances ~~[as]~~ that the impact board ~~[deems]~~ considers to be necessary to ensure that the proceeds of the loan or grant will be used in accordance with ~~[the provisions of]~~ the Leasing Act and this part.

(6) Any loan shall specify the terms for repayment and shall be evidenced by general obligation, special assessment, or revenue bonds, notes, or other obligations of the appropriate subdivision issued to the impact board pursuant to such authority for the issuance thereof as may exist at the time of the loan.

~~[(4)]~~ (7) The impact board shall allocate from the impact fund to the department those funds that are appropriated by the Legislature for the administration of the impact fund, but this amount may not exceed 2% of the annual receipts to the impact fund.

~~[(5)]~~ (8) The department shall make an annual report to the Legislature concerning the

number and type of loans and grants made as well as a list of subdivisions which received this assistance.

~~[(6) Notwithstanding anything to the contrary in this part, no loan or grant may be made to any subdivision that is not in compliance by January 1, 1983, with the directives of the State Tax Commission with respect to factoring.]~~

Section 5. Section **9-15-102** is amended to read:

9-15-102. 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 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;
- (b) monies deposited to the fund under ~~[Subsection 59-21-4(2)]~~ Section 53C-3-202; and
- (c) bond proceeds from the issuance and sale of revenue bonds authorized under Subsection 9-15-104(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 6. Section **53C-3-201** is amended to read:

53C-3-201. Definitions.

As used in this part:

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

(2) "Acquired mineral interests" means mineral interests acquired by the administration pursuant to Section 3(F), (K), (L), or (M) of the agreement.

~~[(2)]~~ (3) "Agreement" means the Agreement to Exchange Utah School Trust Lands Between the State of Utah and the United States of America, signed May 8, 1998, as ratified by the Utah

School and Lands Exchange Act of 1998, Pub. L. No. 105-335.

~~[(3)]~~ (4) "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)]~~ (5) "Subject mineral" means any mineral that is covered by the ~~[Act of Congress of February 25, 1920, known as the "~~Mineral Lands Leasing Act²~~"], 30 U.S.C. Sec. 181 et seq., as amended through [the date of enactment of this part] May 3, 1999.~~

Section 7. Section **53C-3-202** is amended 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]~~ payments, rentals, and royalties from the lease of:

(a) minerals on [the] acquired lands; and

(b) acquired mineral interests.

(2) The director shall ~~[distribute]~~:

(a) except as provided in Subsections (3) and (4), no later than the last day of the second month following each calendar quarter, distribute all bonus [bids] payments received during [each] the 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) 12.16% to the Permanent Community Impact Fund created in Section 9-4-303;

(iii) 20% to the Constitutional Defense Restricted Account created in Section 63C-4-103;

(iv) (A) beginning on July 1, 2000, through June 30, 2001, 15% to the Mineral Bonus Account created by Section 59-21-2; and

(B) beginning on July 1, 2001, 15% to the Rural Electronic Commerce Communications System Fund created by Section 9-15-102; and

~~[(ii)]~~ (v) 2.84% to the Rural Development Fund created under Section 9-14-102; 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]~~

(b) except as provided in Subsections (3) and (4), no later than the last day of the second month following each calendar quarter, distribute all rentals and royalties received during the calendar quarter from the lease of subject minerals on the acquired lands [not later than the end of the second month following the quarter] and the lease of acquired mineral interests as follows:

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

(ii) 29.66% to the Mineral Lease Account created by Subsection 59-21-2(3);

(iii) 10% to the Constitutional Defense Restricted Account created by Section 63C-4-103;

(iv) 7.5% to the Rural Electronic Commerce Communications System Fund created by Section 9-15-102; and

~~[(ii)]~~ (v) 2.84% to the Rural Development Fund created [under] by Section 9-14-102[; and].

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

(3) Notwithstanding Subsections (2)(a), (2)(b), and (4), if the distribution required by Subsection (2)(a)(iii), (2)(b)(iii), or (4) would cause the balance of the Constitutional Defense Restricted Account to exceed \$2,000,000, the director shall distribute to the Permanent Community Impact Fund an amount equal to the difference between:

(a) what the total balance of the Constitutional Defense Restricted Account would be if, but for this Subsection (3), a distribution described in Subsection (2)(a)(iii), (2)(b)(iii), or (4) was made; and

(b) \$2,000,000.

(4) Notwithstanding Subsections (2)(a) and (b), and except as provided in Subsection (3), for fiscal years beginning on or after fiscal year 2000-01 the director shall deposit:

(a) the first \$750,000 of distributions required by Subsections (2)(a)(iv) and (2)(b)(iv) into the Rural Electronic Commerce Communications System Fund; and

(b) any amounts exceeding the \$750,000 described in Subsection (4)(a) that would be distributed into the Rural Electronic Commerce Communications System Fund but for this Subsection (4) into the Constitutional Defense Restricted Account.

~~[(3)]~~ (5) (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:

(A) include:

(I) direct costs incurred by the administration [~~as well as~~]; and

(II) out-of-pocket expenditures incurred by the administration that are directly attributable to leasing [~~and~~] or management of the acquired lands for subject minerals [~~and~~] or acquired mineral interests; and

(B) 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)~~] (5)(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)~~] (5)(d) with the amount retained under Subsection [~~(3)~~] (5)(a).

(ii) The director shall distribute any excess from the reconciliation pursuant to [~~Subsection~~] Subsections (2) through (4).

(iii) The director may retain an amount sufficient to cover the expected administrative costs allowed under Subsection [~~(3)~~] (5)(d) for the subsequent fiscal year, less the expected deduction for the subsequent fiscal year under Subsection [~~(3)~~] (5)(a).

Section 8. Section **59-21-1** is amended to read:

59-21-1. Disposition of federal mineral lease monies -- Priority to political subdivisions impacted by mineral development -- Disposition of mineral bonus payments -- Appropriation of monies attributable to royalties from extraction of minerals on federal land located within boundaries of Grand Staircase-Escalante National Monument.

(1) [~~(a)~~] Except as provided in Subsections (2) through (4), all monies received from the United States under the provisions of the Mineral Lands Leasing Act, 30 U.S.C. Sec. 181 et seq.,

shall:

~~[(i)]~~ (a) be deposited in the Mineral Lease Account of the General Fund; and

~~[(ii)]~~ (b) be appropriated by the Legislature giving priority to those subdivisions of the state socially or economically impacted by development of minerals leased under the Mineral Lands Leasing Act, for:

~~[(A)]~~ (i) planning;

~~[(B)]~~ (ii) construction and maintenance of public facilities; and

~~[(C)]~~ (iii) provision ~~[for]~~ of public services~~;~~ and].

~~[(D)]~~ housing.]

~~[(b) (i) To the extent determined necessary by the Legislature to provide for the purposes specified in Subsection (1)(a), the Legislature shall appropriate the money received from the United States either totally or partially to:]~~

~~[(A) the Permanent Community Impact Fund established by Section 9-4-303;]~~

~~[(B) the Board of Water Resources for loans under Section 73-10-23; or]~~

~~[(C) counties, cities, towns, or other political subdivisions of this state socially or economically impacted by development of minerals leased under the Mineral Land Lands Leasing Act.]~~

~~[(ii) Any balance of the money may be appropriated by the Legislature.]~~

(2) Seventy percent of money received from ~~[the United States attributable to the bonus payments on the Department of the Interior oil shale prototype leases known as U-A and U-B and 70% of all other]~~ federal mineral lease bonus payments~~;~~ shall be deposited into the Permanent Community Impact Fund and shall be used as provided in Title 9, Chapter 4, Part 3, Community Impact Alleviation.

(3) Thirty percent of ~~[the]~~ money received from ~~[the United States attributable to bonus payments on its oil shale prototype leases described in Subsection (2) and 30% of all other]~~ federal mineral lease bonus payments shall be deposited in the Mineral Bonus Account created by Subsection 59-21-2~~[(1)]~~(2) and appropriated as provided in that subsection.

(4) (a) For purposes of ~~[Subsections (4)(b) through (f)]~~ this Subsection (4):

(i) the "boundaries of the Grand Staircase-Escalante National Monument" means the boundaries:

(A) established by Presidential Proclamation No. 6920, 61 Fed. Reg. 50,223 (1996); and

(B) modified by:

(I) Pub. L. No. 105-335, 112 Stat. 3139; and

(II) Pub. L. No. 105-355, 112 Stat. [3139] 3247; and

(ii) a special service district, school district, or federal land is considered to be located within the boundaries of the Grand Staircase-Escalante National Monument if a portion of the special service district, school district, or federal land is located within the boundaries described in Subsection (4)(a)(i).

(b) Beginning on July 1, 1999, the Legislature shall appropriate, as provided in Subsections (4)(c) through ~~[(f)]~~ (g), monies received from the United States that are attributable to royalties from the extraction of minerals on federal land that, on September 18, 1996, was located within the boundaries of the Grand Staircase-Escalante National Monument.

(c) The Legislature shall annually appropriate 40% of the monies described in Subsection (4)(b) to the Department of Transportation to be distributed by the Department of Transportation to special service districts [within] that are:

(i) established by counties[:] under Title 17A, Chapter 2, Part 13, Utah Special Service District Act;

~~[(i) if the special service districts are:]~~

~~[(A)]~~ (ii) socially or economically impacted by the development of minerals under the Mineral Lands Leasing Act; and

~~[(B)]~~ (iii) located within the boundaries of the Grand Staircase-Escalante National Monument~~[:and]~~.

~~[(i)]~~ (d) The Department of Transportation shall distribute the money described in Subsection (4)(c) in amounts proportionate to the amount of federal mineral lease money generated by the county in which a special service district is located.

~~[(d)]~~ (e) The Legislature shall annually appropriate 40% of the monies described in

Subsection (4)(b) to the State Board of Education to be distributed equally to school districts ~~[if the school districts]~~ that are:

(i) socially or economically impacted by the development of minerals under the Mineral Lands Leasing Act; and

(ii) located within the boundaries of the Grand Staircase-Escalante National Monument.

~~[(e)]~~ (f) The Legislature shall annually appropriate 2.25% of the monies described in Subsection (4)(b) to the Utah Geological Survey to facilitate the development of energy and mineral resources in counties that are:

(i) socially or economically impacted by the development of minerals under the Mineral Lands Leasing Act; and

(ii) located within the boundaries of the Grand Staircase-Escalante National Monument.

~~[(f)]~~ (g) Seventeen and three-fourths percent of the monies described in Subsection (4)(b) shall be deposited annually into the State School Fund established by Utah Constitution Article X, Section 5.

Section 9. Section **59-21-2** is amended to read:

59-21-2. Definitions -- Mineral Bonus Account created -- Contents -- Use of Mineral Bonus Account money -- Mineral Lease Account created -- Contents -- Appropriation of monies from Mineral Lease Account.

(1) As used in this section:

(a) "Acquired lands" is as defined in Section 53C-3-201.

(b) "Acquired mineral interests" is as defined in Section 53C-3-201.

~~[(1)]~~ (2) (a) The Mineral Bonus Account is created within the General Fund.

(b) ~~[All bonus money received by the state under]~~ The Mineral Bonus Account consists of federal mineral lease bonus payments deposited pursuant to Subsection 59-21-1(3) [shall be deposited in this account].

(c) The Legislature shall ~~[appropriate]~~ make appropriations from the Mineral Bonus Account in accordance with Section 35 of the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 191.

(d) The state treasurer shall:

(i) invest the money in the Mineral Bonus Account by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act; and

(ii) deposit all interest or other earnings derived from the account into the Mineral Bonus Account.

(3) (a) The Mineral Lease Account is created within the General Fund.

(b) The Mineral Lease Account consists of:

(i) federal mineral lease money deposited pursuant to Subsection 59-21-1(1); and

(ii) rentals and royalties from the lease of the following deposited pursuant to Section 53C-3-202:

(A) minerals on acquired lands; or

(B) acquired mineral interests.

~~[(2)]~~ (c) The Legislature shall make appropriations from the Mineral Lease Account as provided in Subsection 59-21-1(1) and this Subsection ~~[(2)]~~ (3).

~~[(a)]~~ (d) ~~[(i) Except as provided in Subsection (2)(a)(ii) and (2)(a)(iii), in addition to the appropriation under Subsection (2)(b)(ii), the]~~ The Legislature shall annually appropriate 32.5% of all deposits made to the Mineral Lease Account to the Permanent Community Impact Fund established by Section 9-4-303.

~~[(ii) Except as provided in Subsection (2)(a)(iii), the Legislature shall: (A) for the fiscal year beginning on July 1, 1999, and ending on June 30, 2000, appropriate 3% of all deposits made to the Permanent Community Impact Fund as provided in Subsection (2)(a)(i) to the Constitutional Defense Restricted Account created in Section 63C-4-103; and (B) for fiscal years beginning on or after July 1, 2000, appropriate 1% of all deposits made to the Permanent Community Impact Fund as provided in Subsection (2)(a)(i) to the Constitutional Defense Restricted Account created in Section 63C-4-103.]~~

~~[(iii) If the appropriation required by Subsection (2)(a)(ii) would cause the balance of the Constitutional Defense Restricted Account to exceed \$1 million, the Legislature shall reduce the appropriation required by Subsection (2)(a)(ii) so that the appropriation will cause the balance of the Constitutional Defense Restricted Account to be \$1 million.]~~

~~[(b) (i) Except as provided in Subsection (2)(b)(ii), the Legislature shall appropriate 33.5% of all deposits made to the Mineral Lease Account to the Board of Regents for allocation to the state's institutions of higher education.]~~

~~[(ii) (A) For the fiscal year beginning on July 1, 1996, and ending on June 30, 1997, the Legislature shall appropriate 20% of the mineral lease funds that would otherwise be appropriated to the Board of Regents under Subsection (2)(b)(i) to the Permanent Community Impact Fund.]~~

~~[(B) For the fiscal year beginning on July 1, 1997, and ending on June 30, 1998, the Legislature shall appropriate 40% of the mineral lease funds that would otherwise be appropriated to the Board of Regents under Subsection (2)(b)(i) to the Permanent Community Impact Fund.]~~

~~[(C) For fiscal years beginning on or after July 1, 1998, the Legislature shall annually appropriate as follows an additional 20% of the funds that would otherwise be appropriated to the Board of Regents under Subsection (2)(b)(i) until the Legislature appropriates 100% of the funds that would otherwise be appropriated to the Board of Regents:]~~

~~[(I) the Legislature shall make an appropriation to the Department of Transportation as provided in Subsection (2)(f)(ii);]~~

~~[(II) the Legislature shall make an appropriation to the Department of Community and Economic Development as provided in Subsection (2)(g);]~~

~~[(III) the Legislature shall make the appropriations provided for in Subsection (2)(h), and]~~

~~[(IV) the Legislature shall, after making the appropriations under Subsections (2)(b)(ii)(C)(I) through (III), appropriate the remainder of the funds that would otherwise be appropriated to the Board of Regents to the Permanent Community Impact Fund.]~~

~~[(D) For fiscal years beginning on or after July 1, 1996, the Legislature shall appropriate an equivalent amount from the General Fund to the Board of Regents to replace the mineral lease monies the Board of Regents would have otherwise received under Subsection (2)(b)(i).]~~

~~[(e)] (e) The Legislature shall annually appropriate 2.25% of all deposits made to the Mineral Lease Account to the State Board of Education, to be used for education research and experimentation in the use of staff and facilities designed to improve the quality of education in Utah.~~

~~[(f)] (f) The Legislature shall annually appropriate 2.25% of all deposits made to the Mineral~~

Lease Account to the Utah Geological Survey, to be used for activities carried on by the survey having as a purpose the development and exploitation of natural resources in the state.

~~[(e)]~~ (g) The Legislature shall annually appropriate 2.25% of all deposits made to the Mineral Lease Account to the Water Research Laboratory at Utah State University, to be used for activities carried on by the laboratory having as a purpose the development and exploitation of water resources in the state.

~~[(f)]~~ (h) (i) The Legislature shall annually appropriate ~~[the following percentages]~~ to the Department of Transportation 40% of all deposits made to the Mineral Lease Account to ~~[the Department of Transportation, to]~~ be distributed ~~[as follows]~~ as provided in Subsection (3)(h)(ii) to:

(A) counties;

(B) special service districts established:

(I) by counties;

(II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

(III) for the purpose of constructing, repairing, ~~[and]~~ or maintaining roads~~[-];~~ or

(C) special service districts established:

(I) by counties;

(II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

(III) for other purposes authorized by statute~~[-];~~

~~[(i)]~~ (ii) ~~[the Legislature shall annually appropriate to the]~~ The Department of Transportation ~~[25%]~~ shall allocate the funds specified in Subsection (3)(h)(i):

(A) in amounts proportionate to the amount of mineral lease money generated by each county; and

(B) to a county or special service district established by a county under Title 17A, Chapter 2, Part 13, Utah Special Service District Act, as determined by the county legislative body.

(i) (i) The Legislature shall annually appropriate 5% of all deposits made to the Mineral Lease Account to the Department of Community and Economic Development to be distributed to:

(A) special service districts ~~[within counties; and]~~ established:

~~[(ii) in addition to the appropriation under Subsection (2)(f)(i), the Legislature shall make the~~

~~following appropriations from mineral lease funds that would be appropriated to the Board of Regents under Subsection (2)(b)(i) except for the appropriations provided in Subsection (2)(b)(ii)(C):]~~

~~[(A) for the fiscal year beginning on July 1, 1998, and ending on June 30, 1999, the Legislature shall appropriate 5% of all deposits made to the Mineral Lease Account to the Department of Transportation to be distributed to special service districts within counties;]~~

~~[(B) for the fiscal year beginning on July 1, 1999, and ending on June 30, 2000, the Legislature shall appropriate 10% of all deposits made to the Mineral Lease Account to the Department of Transportation to be distributed to special service districts within counties; and]~~

~~[(C) for fiscal years beginning on or after July 1, 2000, the Legislature shall appropriate 15% of all deposits made to the Mineral Lease Account to the Department of Transportation to be distributed to special service districts within counties.]~~

~~[(g) (i) The Legislature shall appropriate the following percentages of all deposits made to the Mineral Lease Account to the Department of Community and Economic Development to be distributed as follows for the purpose of constructing, repairing, and maintaining roads, or for other purposes authorized by statute:]~~

~~[(A) for the fiscal year beginning on July 1, 1998, and ending on June 30, 1999, the Legislature shall appropriate 2.5% of all deposits made to the Mineral Lease Account to the Department of Community and Economic Development to be distributed to special service districts within counties:]~~

~~(I) by counties;~~

~~(II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and~~

~~(III) for the purpose of constructing, repairing, or maintaining roads; or~~

~~(B) special service districts established:~~

~~(I) by counties;~~

~~(II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and~~

~~(III) for other purposes authorized by statute.~~

~~(ii) The Department of Community and Economic Development may distribute the amounts~~

described in Subsection (3)(i)(i) only to special service districts established under Title 17A, Chapter 2, Part 13, Utah Special Service District Act, by counties:

~~[(F)]~~ (A) of the third, fourth, fifth, or sixth class;

~~[(H)]~~ (B) in which 4.5% or less of the mineral lease moneys within the state are generated;

and

~~[(H)]~~ (C) that are significantly socially or economically impacted as provided in Subsection (3)(i)(iii) by the development of:

(I) minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec. ~~[191, as a result of either]~~ 181 et seq.:

(II) minerals on acquired lands; or

(III) acquired mineral interests.

(iii) The significant social or economic impact required under Subsection (3)(i)(ii)(C) shall be as a result of:

(A) the transportation within the county of hydrocarbons, including solid hydrocarbons as defined in Section 59-5-101~~[, within the county,];~~

(B) the employment of persons residing within the county in hydrocarbon extraction, including the extraction of solid hydrocarbons as defined in Section 59-5-101~~[, of persons residing within the county, or both, and]; or~~

~~[(B) for fiscal years beginning on or after July 1, 1999, the Legislature shall appropriate 5% of all deposits made to the Mineral Lease Account to the Department of Community and Economic Development to be distributed to special service districts within counties meeting the requirements of Subsections (2)(g)(i)(A)(I) through (H).]~~

~~[(ii) The executive director of the Department of Community and Economic Development:]~~

~~[(A) shall determine whether a county meets the requirements of Subsections (2)(g)(i)(A)(I) through (H);]~~

~~[(B) shall distribute the appropriations under Subsection (2)(g)(i) to special service districts within counties that meet the requirements of Subsections (2)(g)(i)(A)(I) through (H) as provided in Subsection (2)(g)(iii); and]~~

~~[(C) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, may make rules:]~~

~~[(F) providing a procedure for making the distributions under Subsection (2)(g)(ii)(B) to special service districts; and]~~

~~[(H) defining the term "population" for purposes of Subsection (2)(g)(ii)(B):]~~

(C) a combination of Subsections (3)(i)(iii)(A) and (B).

~~[(iii)]~~ (iv) For purposes of distributing the appropriations under this Subsection ~~[(2)(g)(i)]~~ (3)(i) to special service districts ~~[within]~~ established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service District Act, the Department of Community and Economic Development shall:

(A) (I) allocate 50% of the appropriations equally among the counties meeting the requirements of Subsections ~~[(2)(g)(i)(A)(I) through (H)]~~ (3)(i)(ii) and (iii); and

(II) allocate 50% of the appropriations based on the ratio that the population of each county meeting the requirements of Subsections ~~[(2)(g)(i)(A)(I) through (H)]~~ (3)(i)(ii) and (iii) bears to the total population of all of the counties meeting the requirements of Subsections ~~[(2)(g)(i)(A)(I) through (H)]~~ (3)(i)(ii) and (iii); and

(B) after making the allocations described in Subsection ~~[(2)(g)(iii)(A)]~~ (3)(i)(iv)(A), distribute the allocated revenues to special service districts ~~[within]~~ established by the counties under Title 17A, Chapter 2, Part 13, Utah Special Service District Act, as determined by the executive director of the Department of Community and Economic Development after consulting with the county legislative bodies of the counties meeting the requirements of ~~[Subsection (2)(g)(i)(A)(I) through (H)]~~ Subsections (3)(i)(ii) and (iii).

(v) The executive director of the Department of Community and Economic Development:

(A) shall determine whether a county meets the requirements of Subsections (3)(i)(ii) and (iii);

(B) shall distribute the appropriations under Subsection (3)(i)(i) to special service districts established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service District Act, that meet the requirements of Subsections (3)(i)(ii) and (iii); and

(C) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, may

make rules:

(I) providing a procedure for making the distributions under this Subsection (3)(i) to special service districts; and

(II) defining the term "population" for purposes of Subsection (3)(i)(iv).

~~[(iv)]~~ (j) (i) The Legislature shall annually make the following appropriations from the Mineral Lease Account:

~~[(iv)]~~ (A) an amount equal to 52 cents multiplied by the number of acres of school or institutional trust lands, lands owned by the Division of Parks and Recreation, and lands owned by the Division of Wildlife Resources that are not under an in lieu of taxes contract, to each county in which those lands are located;

~~[(iv)]~~ (B) to each county in which school or institutional trust lands are transferred to the federal government after December 31, 1992, an amount equal to the number of transferred acres in the county multiplied by a payment per acre equal to the difference between 52 cents per acre and the per acre payment made to that county in the most recent payment under the federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 ~~[or P.L. 97-258 as amended]~~ et seq., unless the federal payment was equal to or exceeded the 52 cents per acre, in which case ~~[no]~~ a payment ~~[shall]~~ under this Subsection (3)(j)(i)(B) may not be made for the transferred lands; ~~[and]~~

~~[(iii)]~~ (C) to each county in which federal lands, which are entitlement lands under the federal in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to the number of transferred acres in the county multiplied by a payment per acre equal to the difference between the most recent per acre payment made under the federal payment in lieu of taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52 cents per acre, in which case ~~[no]~~ a payment ~~[shall]~~ under this Subsection (3)(j)(i)(C) may not be made for the transferred land~~[-]; and~~

(D) to a county of the fifth or sixth class, an amount equal to the product of:

(I) \$1,000; and

(II) the number of residences described in Subsection (3)(j)(iv) that are located within the county.

(ii) A county receiving money under Subsection (3)(j)(i) may distribute the money to special service districts established by the county under Title 17A, Chapter 2, Part 13, Utah Special Service District Act, as determined by the county legislative body.

(iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the Division of Finance shall increase or decrease the amounts per acre provided for in Subsections (3)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all urban consumers published by the Department of Labor.

(B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance shall increase or decrease the amount described in Subsection (3)(j)(i)(D)(I) by the average annual change in the Consumer Price Index for all urban consumers published by the Department of Labor.

(iv) Residences described in Subsection (3)(j)(i)(D) are residences that are:

(A) owned by:

(I) the Division of Parks and Recreation; or

(II) the Division of Wildlife Resources;

(B) located on lands that are owned by:

(I) the Division of Parks and Recreation; or

(II) the Division of Wildlife Resources; and

(C) are not subject to taxation under:

(I) Chapter 2, Property Tax Act; or

(II) Chapter 4, Privilege Tax.

[(i) (k) ~~[Beginning on July 1, 2000, the]~~ The Legislature shall~~[-after making the appropriations provided for in Subsections (2)(a) through (h)];~~ annually appropriate [the remainder of] to the Permanent Community Impact Fund all deposits ~~[made to]~~ remaining in the Mineral Lease Account ~~[to the Permanent Community Impact Fund]~~ after making the appropriations provided for in Subsections (3)(d) through (j).

[(3) (a) ~~Until July 1, 1999, the Board of Regents may not:~~

[(i) ~~increase the total amount of federal mineral lease funds allocated during any fiscal year above the amount allocated during the last fiscal year more than the percentage increase in the~~

Consumer Price Index published by the United States Department of Labor for the last calendar year; and]

~~[(ii) increase the total amount allocated more than 10% above the amount allocated during the last fiscal year.]~~

~~[(b) If the total amount of mineral lease funds allocated to a recipient agency or institution in any fiscal year is less than the total amount allocated for the last fiscal year, the allocation to that agency or institution for the next fiscal year shall be increased by the amount of the reduction before calculating and applying the percent limitation.]~~

~~[(c) (i) Higher education institutions shall expend the federal mineral lease funds apportioned to them via institutional work programs.]~~

~~[(ii) The Board of Regents may approve those programs only when it is satisfied that a majority of the funds will be expended for research, educational, or public service programs of benefit to subdivisions of the state that are socially or economically impacted by the development of minerals leased under the Mineral Lands Leasing Act in the planning, construction, and maintenance of public facilities, and the provision of public services.]~~

~~[(d) (i) Except as provided in Subsection (3)(d)(ii), each institution of higher education is entitled to an amount of mineral lease funds equal to the proportion of the total amount available that the average number of full-time students enrolled during the preceding year at that institution bears to the total enrollment of all institutions.]~~

~~[(ii) Enrollment at the University of Utah and Utah State University shall first be multiplied by 1.25 and that product shall constitute the enrollment of the University of Utah and Utah State University for the purposes of determining their proportionate allocation.]~~

~~[(4) The federal mineral lease funds allocated to the Water Research Laboratory at Utah State University are in addition to any other money to which Utah State University is entitled under this section.]~~

~~[(5) Federal mineral lease funds distributed by the Department of Transportation under Subsection (2)(f) shall be allocated to county special service districts in amounts proportionate to the amount of federal mineral lease money generated by the county in which a special service district is~~

located.]

~~[(6) (a) Each county receiving money under Subsection (2)(h) shall give the money to a school district or other special service district within the county.]~~

~~[(b) Beginning in fiscal year 1994-95 and in each year thereafter, the amount per acre provided in Subsection (2)(h)(i) shall adjust to reflect changes in the rate of inflation as measured by the Consumer Price Index.]~~

~~[(7) (4) (a) Each agency, board, institution of higher education, and political subdivision receiving money under this chapter shall provide the Legislature, through the Office of the Legislative Fiscal Analyst, with a complete accounting of the use of that money on an annual basis. [This accounting]~~

~~(b) The accounting required under Subsection (4)(a) shall:~~

~~[(a) (i) include actual expenditures for the prior fiscal year, budgeted expenditures for the current fiscal year, and planned expenditures for the following fiscal year; and~~

~~[(b) (ii) be reviewed by the Economic Development and Human Resources Appropriation Subcommittee as part of its normal budgetary process under Title 63, Chapter 38, Budgetary Procedures Act.~~

~~[(8) All monies in or appropriated to the Targeted Allocation Fund shall be transferred to the Permanent Community Impact Fund.]~~

Section 10. Section **63C-4-103** is amended to read:

63C-4-103. Creation of Constitutional Defense Restricted Account -- Sources of funds -- Uses of funds -- Account balance limits.

(1) There is created a restricted account within the General Fund known as the Constitutional Defense Restricted Account.

(2) The account consists of monies from the following revenue sources:

(a) monies deposited to the ~~[fund from the Mineral Bonus Account]~~ account as required by ~~[Subsection 59-21-2(2)]~~ Section 53C-3-202;

(b) voluntary contributions;

(c) monies received by the Constitutional Defense Council from other state agencies; and

(d) appropriations made by the Legislature.

(3) Funds in the account shall be nonlapsing.

~~[(4) (a) The account shall earn interest.]~~

~~[(b) All interest earned on account monies shall be deposited into the General Fund.]~~

~~[(5)]~~ (4) The account balance may not exceed [~~\$1 million~~] \$2,000,000.

~~[(6)]~~ (5) The Legislature may annually appropriate monies from the Constitutional Defense Restricted Account to the Constitutional Defense Council to carry out its duties in Section 63C-4-102.

Section 11. Repealer.

This act repeals:

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

Section 12. Effective date.

This act takes effect on July 1, 2000.

Section 13. Coordination clause.

(1) If this bill and H.B. 207, Use of Constitutional Defense Council Restricted Account, both pass, it is the intent of the Legislature that in Subsection 63C-4-103(6)(b) of H.B. 207, Use of Constitutional Defense Council Restricted Account, the language "from the Mineral Bonus Account" be deleted and replaced with "pursuant to Section 53C-3-202".

(2) If this bill and S.B. 10, Community Impact Alleviation - Definitions, both pass, it is the intent of the Legislature that in Subsection 9-4-307(1)(a)(iii) of S.B. 10, Community Impact Alleviation - Definitions, the following language be deleted:

"that are consistent with the purposes of Section 35 of the Leasing Act".