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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; 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; AND PROVIDING AN EFFECTIVE DATE.

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:

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

29 **9-4-302. Definitions.**

30 As used in this part:

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

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

33 ~~[(1)]~~ (3) "Bonus payments" [mean] means:

34 (a) that portion of the bonus payments received by the United States government under the
35 Leasing Act paid to the state under Section 35 of the Leasing Act, together with any interest that
36 had accrued on those payments[-]; or

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

39 (i) minerals on acquired lands; or

40 (ii) acquired mineral interests.

41 ~~[(2)]~~ (4) "Impact board" means the Permanent Community Impact Fund Board created
42 under Section 9-4-304.

43 ~~[(3)]~~ (5) "Impact fund" means the Permanent Community Impact Fund established by this
44 chapter.

45 ~~[(4)]~~ (6) "Leasing Act" means the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 181
46 et seq.[-, as amended].

47 ~~[(5)]~~ (7) "Subdivision" means [any] a county, city, town, county service area, special
48 service district, special improvement district, water conservancy district, water [or] improvement
49 district, sewer improvement district, housing authority, building authority, school district, or public
50 postsecondary institution organized under the laws of this state.

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

52 **9-4-303. Impact fund -- Deposits and contents -- Use of fund monies.**

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

55 (2) The fund consists of:

56 (a) all amounts appropriated to the impact fund under Section 59-21-2;

57 (b) ~~[70% of the]~~ bonus payments ~~[in respect of the Department of the Interior oil shale~~
58 prototype leases known as U-A and U-B] deposited to the impact fund pursuant to Subsection

59 59-21-1(2);

60 (c) [~~70% of all other~~] bonus payments deposited to the impact fund pursuant to Section
61 53C-3-202;

62 (d) all amounts received for the repayment of loans made by the impact board under this
63 chapter [~~or from the Community Impact Account~~]; and

64 (e) all other monies appropriated or otherwise made available to the impact fund by the
65 Legislature.

66 (3) The state treasurer shall:

67 (a) invest the monies in the impact fund by following the procedures and requirements of
68 Title 51, Chapter 7, State Money Management Act; and

69 (b) deposit all interest or other earnings derived from those investments into the impact
70 fund.

71 (4) The amounts in the impact fund available for loans, grants, administrative costs, or
72 other purposes of this part shall be limited to that which the Legislature appropriates for these
73 purposes.

74 (5) Federal mineral lease revenue received by the state under the Leasing Act that is
75 deposited into the impact fund shall be used:

76 (a) in a manner consistent with:

77 (i) the Leasing Act; and

78 (ii) this part; and

79 (b) for loans, grants, or both to state agencies or subdivisions that are socially or
80 economically impacted by the leasing of minerals under the Leasing Act.

81 (6) Mineral lease revenue collected by the School and Institutional Trust Lands
82 Administration from the lease of minerals on acquired lands or the lease of acquired mineral
83 interests that is deposited into the impact fund shall be used:

84 (a) in a manner consistent with this part; and

85 (b) for loans, grants, or both to state agencies or subdivisions socially or economically
86 impacted by the leasing of:

87 (i) minerals on acquired lands; or

88 (ii) acquired mineral interests.

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

90 **9-4-305. Duties -- Loans -- Interest.**

91 (1) The impact board shall:

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

96 (i) planning;

97 (ii) construction and maintenance of public facilities; and

98 (iii) provision of public services;

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

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

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

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

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

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

108 (2) Monies, including all loan repayments and interest, in the impact fund derived from
109 bonus payments may be used for any of the purposes set forth in Subsection (1)(a) but may only
110 be given in the form of loans to be paid back into the impact fund by the agency or subdivision.111 (3) The average annual return to the impact fund on all bonus monies may not be less than
112 ~~[one-half]~~ 1/2 of the average interest rate paid by the state on general obligation bonds issued
113 during the most recent fiscal year in which bonds were sold.114 (4) (a) "Provision of public services" under Subsection (1)(a) includes contracts with
115 public postsecondary institutions to fund research, education, or public service programs that~~[:(i)]~~
116 benefit impacted counties or political subdivisions of the counties~~[: and]~~.117 ~~[(ii) are consistent with the purposes provided in Subsection 59-21-1(1)(a)(ii).]~~

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

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

120 (ii) approved by the county legislative body.

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

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

123 **9-4-307. Impact fund administered by impact board -- Eligibility for assistance --**
124 **Review by board -- Administration costs -- Annual report.**

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

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

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

131 (b) Criteria for awarding loans or grants made from funds described in Subsection
132 9-4-303(5) shall be consistent with Subsection 9-4-303(5).

133 (c) Criteria for awarding loans or grants made from funds described in Subsection
134 9-4-303(6) shall be consistent with Subsections 9-4-303(6) and 9-4-305(1)(a).

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

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

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

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

141 [(d)] (iv) the borrowing capacity of the subdivision, its ability and willingness to sell bonds
142 or other securities in the open market, and its current and authorized indebtedness, except that the
143 impact board may not fund any education project which could otherwise have reasonably been
144 funded by a school district through a program of annual budgeting, capital budgeting, bonded
145 indebtedness, or special assessments;

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

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

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

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

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

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

156 [(2)] (4) The impact board may restructure all or part of the agency's or subdivision's
157 liability to repay loans for extenuating circumstances.

158 [(3)] (5) The impact board shall review the proposed usages of the impact fund for loans
159 or grants prior to approval and may condition approval on [such] assurances [as] that the impact
160 board [deems] considers to be necessary to ensure that the proceeds of the loan or grant will be
161 used in accordance with [~~the provisions of~~] the Leasing Act and this part.

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

166 [(4)] (7) The impact board shall allocate from the impact fund to the department those
167 funds that are appropriated by the Legislature for the administration of the impact fund, but this
168 amount may not exceed 2% of the annual receipts to the impact fund.

169 [(5)] (8) The department shall make an annual report to the Legislature concerning the
170 number and type of loans and grants made as well as a list of subdivisions which received this
171 assistance.

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

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

176 **9-15-102. Rural Electronic Commerce Communications System Fund -- Deposits and**
177 **contents -- Interest -- Administration.**

178 (1) In order to preserve and promote communications systems, such as broadcast
179 television, in the rural areas of the state, there is created a fund entitled the Rural Electronic
180 Commerce Communications System Fund.

181 (2) The fund shall consist of:

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

183 (b) monies deposited to the fund under [~~Subsection 59-21-4(2)~~] Section 53C-3-202; and

184 (c) bond proceeds from the issuance and sale of revenue bonds authorized under

185 Subsection 9-15-104(2).

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

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

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

189 of the annual receipts to the fund.

190 Section 6. Section **53C-3-201** is amended to read:

191 **53C-3-201. Definitions.**

192 As used in this part:

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

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

197 [~~(2)~~] (3) "Agreement" means the Agreement to Exchange Utah School Trust Lands
198 Between the State of Utah and the United States of America, signed May 8, 1998, as ratified by
199 the Utah School and Lands Exchange Act of 1998, Pub. L. 105-335.

200 [~~(3)~~] (4) "Identified tracts" means the tracts identified in Section 3(F), (G), (J), (K), (L),
201 and (M) of the agreement, generally referred to as the Cottonwood Tract, Westridge Coal Tract,
202 Ferron Field, Mill Fork Tract, Dugout Canyon Tract, Muddy Tract, and North Horn Coal Tract.

203 [~~(4)~~] (5) "Subject mineral" means any mineral that is covered by the [~~Act of Congress of~~
204 February 25, 1920, known as the "Mineral Lands Leasing Act"], 30 U.S.C. Sec. 181 et seq., as
205 amended through the date of enactment of this part.

206 Section 7. Section **53C-3-202** is amended to read:

207 **53C-3-202. Collection and distribution of revenues from federal land exchange**
208 **parcels.**

209 (1) The director is responsible for the collection of all bonus [~~bids~~] payments, rentals, and
210 royalties from the lease of:

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

212 (b) acquired mineral interests.

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

214 (a) except as provided in Subsections (3) and (4), no later than the last day of the second
215 month following each calendar quarter, distribute all bonus [bids] payments received during [each]
216 the calendar quarter from the lease of coal, oil and gas, and coalbed methane on the identified
217 tracts [not later than the end of the second month following the quarter] as follows:

218 (i) 50% to the United States [of America];
219 (ii) 17.16% to the Permanent Community Impact Fund created in Section 9-4-303;
220 (iii) 15% to the Constitutional Defense Restricted Account created in Section 63C-4-103;
221 (iv) 15% to the Rural Electronic Commerce Communications System Fund created by

222 Section 9-15-102; and

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

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

225 (b) no later than the last day of the second month following each calendar quarter,
226 distribute all [rentals and royalties] bonus payments received during [each] the calendar quarter
227 from the lease of subject [mineral leases] minerals on acquired lands, other than identified tracts,
228 as follows:

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

230 (ii) 47.16% to the Permanent Community Impact Fund created by Section 9-4-303; and

231 (iii) 2.84% to the Rural Development Fund created by Section 9-14-102; and

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

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

237 (ii) 32.16% to the Mineral Lease Account created by Subsection 59-21-2(3);

238 (iii) 7.5% to the Constitutional Defense Restricted Account created by Section 63C-4-103;

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

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

242 and];

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

244 (3) Notwithstanding Subsections (2)(a) and (2)(c), if the distribution required by

245 Subsection (2)(a)(iii) or (2)(c)(iii) would cause the balance of the Constitutional Defense
246 Restricted Account to exceed \$2,000,000, the director shall:

247 (a) reduce the distribution required by Subsection (2)(a)(iii), (2)(c)(iii), or both so that the
248 distribution will cause the balance of the Constitutional Defense Restricted Account to be
249 \$2,000,000; and

250 (b) distribute to the Permanent Community Impact Fund an amount equal to the difference
251 between:

252 (i) the sum of:

253 (A) the bonus payments described in Subsection (2)(a) that, but for this Subsection (3),
254 would be deposited into the Constitutional Defense Restricted Account under Subsection
255 (2)(a)(iii); and

256 (B) the rentals and royalties described in Subsection (2)(c) that, but for this Subsection (3),
257 would be deposited into the Constitutional Defense Restricted Account under Subsection
258 (2)(c)(iii); and

259 (ii) \$2,000,000.

260 (4) Notwithstanding Subsections (2)(a) and (2)(c), if the sum of the distributions to the
261 Rural Electronic Commerce Communications System Fund required by Subsections (2)(a)(iv) and
262 (2)(c)(iv) exceed \$750,000 in any fiscal year, the director shall distribute to the Permanent
263 Community Impact Fund an amount equal to the difference between:

264 (a) the sum of:

265 (i) the bonus payments described in Subsection (2)(a) that, but for this Subsection (4),
266 would be deposited into the Rural Electronic Commerce Communications System Fund under
267 Subsection (2)(a)(iv); and

268 (ii) the rentals and royalties described in Subsection (2)(c) that, but for this Subsection (4),
269 would be deposited into the Rural Electronic Commerce Communications System Fund under
270 Subsection (2)(c)(iv); and

271 (b) \$750,000.

272 ~~[(3)]~~ (5) (a) The director may retain up to 8% of the monies collected under Subsection
273 (1) to pay for administrative costs incurred under Subsection (1).

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

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

277 (d) (i) For purposes of this section, administrative costs:

278 (A) include:

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

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

283 (B) shall be determined in a manner similar to that used by the federal government
284 pursuant to 30 U.S.C. Sec.191(b).

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

288 (e) (i) At the end of each fiscal year, the director shall reconcile the amount actually spent
289 under Subsection [~~(3)~~] (5)(d) with the amount retained under Subsection [~~(3)~~] (5)(a).

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

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

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

296 **59-21-1. Disposition of federal mineral lease monies -- Priority to political**
297 **subdivisions impacted by mineral development -- Disposition of mineral bonus payments --**
298 **Appropriation of monies attributable to royalties from extraction of minerals on federal land**
299 **located within boundaries of Grand Staircase-Escalante National Monument.**

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

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

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

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

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

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

310 ~~[(D)]~~ housing;]

311 ~~[(b) (i) To the extent determined necessary by the Legislature to provide for the purposes~~

312 ~~specified in Subsection (1)(a), the Legislature shall appropriate the money received from the~~

313 ~~United States either totally or partially to:]~~

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

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

316 ~~[(C) counties, cities, towns, or other political subdivisions of this state socially or~~

317 ~~economically impacted by development of minerals leased under the Mineral Land Lands Leasing~~

318 ~~Act.]~~

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

320 (2) Seventy percent of money received from ~~[the United States attributable to the bonus~~

321 ~~payments on the Department of the Interior oil shale prototype leases known as U-A and U-B and~~

322 ~~70% of all other]~~ federal mineral lease bonus payments[;] shall be deposited into the Permanent

323 Community Impact Fund and shall be used as provided in Title 9, Chapter 4, Part 3, Community

324 Impact Alleviation.

325 (3) Thirty percent of ~~[the]~~ money received from ~~[the United States attributable to bonus~~

326 ~~payments on its oil shale prototype leases described in Subsection (2) and 30% of all other]~~ federal

327 mineral lease bonus payments shall be deposited in the Mineral Bonus Account created by

328 Subsection 59-21-2~~(1)~~(2) and appropriated as provided in that subsection.

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

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

331 boundaries:

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

333 (B) modified by:

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

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

336 (ii) a special [service] district, school district, or federal land is considered to be located

337 within the boundaries of the Grand Staircase-Escalante National Monument if a portion of the

338 special [service] district, school district, or federal land is located within the boundaries described
339 in Subsection (4)(a)(i).

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

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

347 (i) established by counties[?] under Title 17A;

348 [~~i~~] if the special service districts are:

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

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

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

356 [~~d~~] (e) The Legislature shall annually appropriate 40% of the monies described in
357 Subsection (4)(b) to the State Board of Education to be distributed equally to school districts [if
358 the school districts] that are:

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

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

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

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

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

368 [~~f~~] (g) Seventeen and three-fourths percent of the monies described in Subsection (4)(b)

369 shall be deposited annually into the State School Fund established by Utah Constitution Article
370 X, Section 5.

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

372 **59-21-2. Definitions -- Mineral Bonus Account created -- Contents -- Use of Mineral**
373 **Bonus Account money -- Mineral Lease Account created -- Contents -- Appropriation of**
374 **monies from Mineral Lease Account.**

375 (1) As used in this section:

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

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

378 [~~(1)~~] (2) (a) The Mineral Bonus Account is created within the General Fund.

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

382 (c) The Legislature shall [~~appropriate~~] make appropriations from the Mineral Bonus
383 Account in accordance with Section 35 of the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec.
384 191.

385 (d) The state treasurer shall:

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

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

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

391 (b) The Mineral Lease Account consists of:

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

393 (ii) rentals and royalties from the lease of the following deposited pursuant to Section
394 53C-3-202:

395 (A) minerals on acquired lands; or

396 (B) acquired mineral interests.

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

399 [~~(a)~~] (d) [(i) Except as provided in Subsection (2)(a)(ii) and (2)(a)(iii), in addition to the

400 appropriation under Subsection (2)(b)(ii), the] The Legislature shall annually appropriate 32.5%
401 of all deposits made to the Mineral Lease Account to the Permanent Community Impact Fund
402 established by Section 9-4-303.

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

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

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

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

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

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

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

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

431 ~~[(III) the Legislature shall make the appropriations provided for in Subsection (2)(h); and]~~
 432 ~~[(IV) the Legislature shall, after making the appropriations under Subsections~~
 433 ~~(2)(b)(ii)(C)(F) through (III), appropriate the remainder of the funds that would otherwise be~~
 434 ~~appropriated to the Board of Regents to the Permanent Community Impact Fund.]~~

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

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

442 ~~[(d)] (f) The Legislature shall annually appropriate 2.25% of all deposits made to the~~
 443 ~~Mineral Lease Account to the Utah Geological Survey, to be used for activities carried on by the~~
 444 ~~survey having as a purpose the development and exploitation of natural resources in the state.~~

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

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

453 ~~(A) counties;~~

454 ~~(B) special districts established;~~

455 ~~(I) by counties;~~

456 ~~(II) under Title 17A; and~~

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

458 ~~(C) special districts established;~~

459 ~~(I) by counties;~~

460 ~~(II) under Title 17A; and~~

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

462 ~~[(i) (ii) [the Legislature shall annually appropriate to the] The Department of~~
463 Transportation ~~[25%] shall allocate the funds specified in Subsection (3)(h)(i):~~
464 ~~(A) in amounts proportionate to the amount of mineral lease money generated by each~~
465 ~~county; and~~
466 ~~(B) to a county or special district established by a county under Title 17A, as determined~~
467 ~~by the county legislative body.~~
468 ~~(i) (i) The Legislature shall annually appropriate 5% of all deposits made to the Mineral~~
469 Lease Account to ~~the Department of Community and Economic Development to be distributed to:~~
470 ~~(A) special [service] districts [within counties; and] established:~~
471 ~~[(ii) in addition to the appropriation under Subsection (2)(f)(i), the Legislature shall make~~
472 ~~the following appropriations from mineral lease funds that would be appropriated to the Board of~~
473 ~~Regents under Subsection (2)(b)(i) except for the appropriations provided in Subsection~~
474 ~~(2)(b)(ii)(C):]~~
475 ~~[(A) for the fiscal year beginning on July 1, 1998, and ending on June 30, 1999, the~~
476 ~~Legislature shall appropriate 5% of all deposits made to the Mineral Lease Account to the~~
477 ~~Department of Transportation to be distributed to special service districts within counties;]~~
478 ~~[(B) for the fiscal year beginning on July 1, 1999, and ending on June 30, 2000, the~~
479 ~~Legislature shall appropriate 10% of all deposits made to the Mineral Lease Account to the~~
480 ~~Department of Transportation to be distributed to special service districts within counties; and]~~
481 ~~[(C) for fiscal years beginning on or after July 1, 2000, the Legislature shall appropriate~~
482 ~~15% of all deposits made to the Mineral Lease Account to the Department of Transportation to be~~
483 ~~distributed to special service districts within counties:]~~
484 ~~[(g) (i) The Legislature shall appropriate the following percentages of all deposits made~~
485 ~~to the Mineral Lease Account to the Department of Community and Economic Development to~~
486 ~~be distributed as follows for the purpose of constructing, repairing, and maintaining roads, or for~~
487 ~~other purposes authorized by statute:]~~
488 ~~[(A) for the fiscal year beginning on July 1, 1998, and ending on June 30, 1999, the~~
489 ~~Legislature shall appropriate 2.5% of all deposits made to the Mineral Lease Account to the~~
490 ~~Department of Community and Economic Development to be distributed to special service districts~~
491 ~~within counties:]~~
492 ~~(I) by counties;~~

493 (II) under Title 17A; and
 494 (III) for the purpose of constructing, repairing, or maintaining roads; or
 495 (B) special districts established:
 496 (I) by counties;
 497 (II) under Title 17A; and
 498 (III) for other purposes authorized by statute.
 499 (ii) The Department of Community and Economic Development may distribute the
 500 amounts described in Subsection (3)(i)(i) only to special districts established under Title 17A by
 501 counties:
 502 ~~[(F)]~~ (A) of the third, fourth, fifth, or sixth class;
 503 ~~[(H)]~~ (B) in which 4.5% or less of the mineral lease moneys within the state are generated;
 504 and
 505 ~~[(H)]~~ (C) that are significantly socially or economically impacted as provided in
 506 Subsection (3)(i)(iii) by the development of:
 507 (I) minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec. 191~~[, as a result of~~
 508 ~~either];~~
 509 (II) minerals on acquired lands; or
 510 (III) acquired mineral interests.
 511 (iii) The significant social or economic impact required under Subsection (3)(i)(ii)(C) shall
 512 be as a result of:
 513 (A) the transportation within the county of hydrocarbons, including solid hydrocarbons
 514 as defined in Section 59-5-101~~[, within the county,];~~
 515 (B) the employment of persons residing within the county in hydrocarbon extraction,
 516 including the extraction of solid hydrocarbons as defined in Section 59-5-101~~[, of persons residing~~
 517 ~~within the county, or both, and]; or~~
 518 ~~[(B) for fiscal years beginning on or after July 1, 1999, the Legislature shall appropriate~~
 519 ~~5% of all deposits made to the Mineral Lease Account to the Department of Community and~~
 520 ~~Economic Development to be distributed to special service districts within counties meeting the~~
 521 ~~requirements of Subsections (2)(g)(i)(A)(I) through (H).]~~
 522 ~~[(ii) The executive director of the Department of Community and Economic~~
 523 ~~Development:]~~

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

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

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

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

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

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

535 [~~(iii)~~ (iv) For purposes of distributing the appropriations under this Subsection [~~(2)(g)(i)~~
536 (3)(i) to special [service] districts [within] established by counties under Title 17A, the Department
537 of Community and Economic Development shall:

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

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

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

549 (v) The executive director of the Department of Community and Economic Development:
550 (A) shall determine whether a county meets the requirements of Subsections (3)(i)(ii) and
551 (iii);

552 (B) shall distribute the appropriations under Subsection (3)(i)(i) to special districts
553 established by counties under Title 17A that meet the requirements of Subsections (3)(i)(ii) and
554 (iii); and

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

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

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

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

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

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

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

580 (ii) Each county receiving money under Subsection (3)(j)(i) shall distribute the money to
581 special districts established by the county under Title 17A.

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

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

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

592 ~~[(i) increase the total amount of federal mineral lease funds allocated during any fiscal year~~
593 ~~above the amount allocated during the last fiscal year more than the percentage increase in the~~
594 ~~Consumer Price Index published by the United States Department of Labor for the last calendar~~
595 ~~year; and]~~

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

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

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

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

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

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

616 ~~[(4) The federal mineral lease funds allocated to the Water Research Laboratory at Utah~~

617 State University are in addition to any other money to which Utah State University is entitled under
618 this section.]

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

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

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

628 ~~[(7)] (4) (a) Each agency, board, institution of higher education, and political subdivision~~
629 ~~receiving money under this chapter shall provide the Legislature, through the Office of the~~
630 ~~Legislative Fiscal Analyst, with a complete accounting of the use of that money on an annual basis.~~
631 ~~[This accounting]~~

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

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

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

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

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

641 **63C-4-103. Creation of Constitutional Defense Restricted Account -- Sources of**
642 **funds -- Uses of funds.**

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

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

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

648 (b) voluntary contributions;
 649 (c) monies received by the Constitutional Defense Council from other state agencies; and
 650 (d) appropriations made by the Legislature.
 651 (3) Funds in the account shall be nonlapsing.
 652 [~~(4) (a) The account shall earn interest.~~]
 653 [~~(b) All interest earned on account monies shall be deposited into the General Fund.~~]
 654 [~~(5)~~ (4) The account balance may not exceed [~~\$1 million~~] \$2,000,000.
 655 [~~(6)~~ (5) The Legislature may annually appropriate monies from the Constitutional Defense
 656 Restricted Account to the Constitutional Defense Council to carry out its duties in Section
 657 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.

Legislative Review Note
as of 2-2-00 1:14 PM

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

Office of Legislative Research and General Counsel