

FY 2009 Budget Brief – Mineral Lease

SUMMARY

Title 59-21-2(h) of the Utah Code Annotated requires the Department of Transportation to distribute 40% of all deposits made to the Mineral Lease Account to special service districts organized throughout the State for areas impacted by mineral development. Title 59-21-2(j) of the Utah Code Annotated further requires the Department to distribute Mineral Lease Funds to each county in which school or institutional trust lands are located, or lands owned by the Division of Parks and Recreation, and or lands owned by the Division of Wildlife Resources that are not under an in lieu of taxes contract, an amount equal to the number of acres of those lands in the county multiplied by \$.52.

ISSUES AND RECOMMENDATIONS

The base budget for the Mineral Lease line item for FY 2009 is \$49,669,000. This recommendation includes funding for two programs within the line item, including Mineral Lease Payments and Mineral Lease – Payment in Lieu.

MINERAL LEASE PAYMENTS

Title 59-21-2(f) of the Utah Code Annotated requires the Department of Transportation to distribute Mineral Lease Funds to special service districts organized throughout the State for areas impacted by mineral development.

The FY 2009 funding for this program is \$47,200,000.

MINERAL LEASE – PAYMENT IN LIEU

Title 59-21-2h of the Utah Code Annotated further requires the Department to distribute Mineral Lease Funds to each county in which school or institutional trust lands are located, or lands owned by the Division of Parks and Recreation, and or lands owned by the Division of Wildlife Resources that are not under an in lieu of taxes contract, an amount equal to the number of acres of those lands in the county multiplied by \$.52.

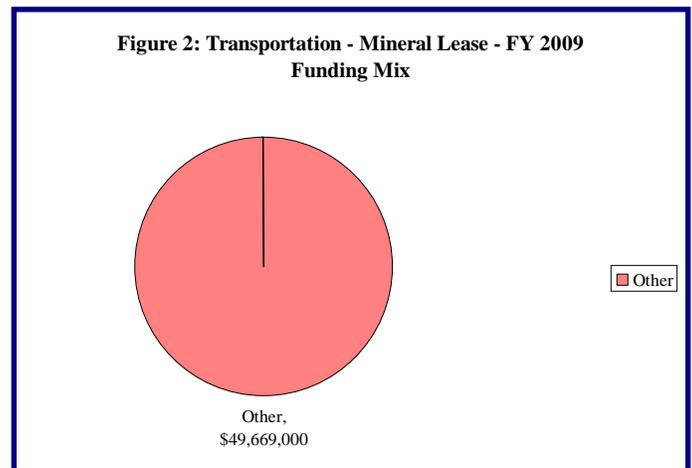
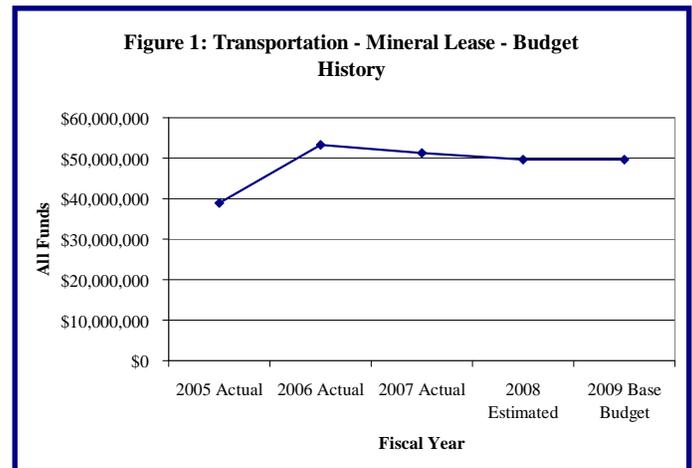
The FY 2009 base budget recommendation is \$2,469,000.

Intent Language

The following intent language was included in the appropriation for the Mineral Lease line item in FY 2008. It is the opinion of the Analyst that this intent is being followed and will be recommended in a subsequent appropriations bill.

It is the intent of the Legislature that the funds appropriated from the Federal Mineral Lease Account shall be used for improvement or reconstruction of highways that have been heavily impacted by energy development.

It is the intent of the Legislature that if private industries engaged in developing the State's natural resources are willing to participate in the cost of the construction of highways leading to



their facilities, that local governments consider that highway as a higher priority as they prioritize the use of Mineral Lease Funds received through 59-21-1(3)(d). The funds appropriated for improvement or reconstruction of energy impacted highways are non-lapsing.

LEGISLATIVE ACTION

The Base Budget Bill includes a base budget for FY 2009 for the Mineral Lease line item in the amount of \$49,669,000. New revenue estimates will likely necessitate adjusting this final appropriation to the Mineral Lease line item.

BUDGET DETAIL

The base budget for the Mineral Lease line item for FY 2009 is \$49,669,000. All of this amount \$49,669,000 is from the Federal Mineral Lease Fund. The recommendation covers the budgets of Mineral Lease Payments and Mineral Lease – Payment in Lieu.

Transportation - Mineral Lease						
Sources of Finance	FY 2007 Actual	FY 2008 Appropriated	Changes	FY 2008 Revised	Changes	FY 2009* Base Budget
Federal Mineral Lease	51,288,000	49,669,000	0	49,669,000	0	49,669,000
Total	\$51,288,000	\$49,669,000	\$0	\$49,669,000	\$0	\$49,669,000
Programs						
Mineral Lease Payments	48,506,300	47,200,000	0	47,200,000	0	47,200,000
Payment in Lieu	2,781,700	2,469,000	0	2,469,000	0	2,469,000
Total	\$51,288,000	\$49,669,000	\$0	\$49,669,000	\$0	\$49,669,000
Categories of Expenditure						
Other Charges/Pass Thru	51,288,000	49,669,000	0	49,669,000	0	49,669,000
Total	\$51,288,000	\$49,669,000	\$0	\$49,669,000	\$0	\$49,669,000
Other Data						

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.