

COMMUNITY DEVELOPMENT CAPITAL

ECONOMIC DEVELOPMENT AND REVENUE APPROPRIATIONS SUBCOMMITTEE
STAFF: ANDREA WILKO

BUDGET BRIEF

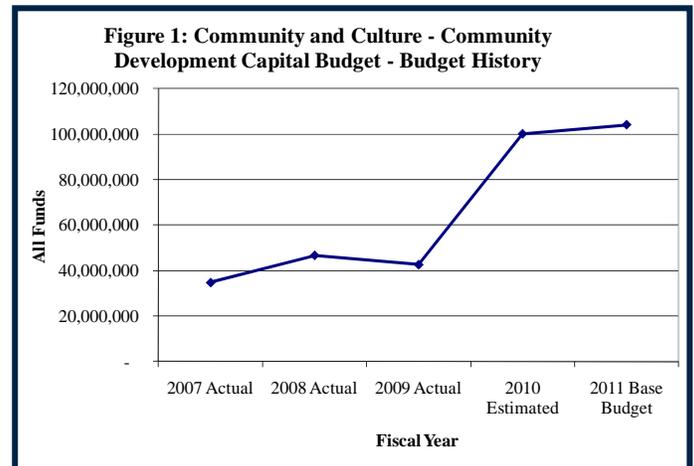
SUMMARY

The Community Development Capital budget provides grants and/or loans to subdivisions of the State which are impacted directly or indirectly by mineral resource development on federal lands. The Permanent Community Impact Fund receives 32.5 percent of the mineral lease payments from the federal government. This funding is prioritized by the Community Impact Board which is administered in the Community Development line item. Additionally, a portion of the federal mineral lease flows directly to special service districts through the mineral lease distribution formula.

Federal Mineral Lease Allocations

Federal Royalty revenue is generated when minerals are produced on federal lands. The producing companies pay the federal government a royalty based on taxable value of the extraction. Taxable value is generally based on production levels and price of the minerals. Both production and price have increased above historic levels for oil and gas. This has led to a corresponding increase in mineral lease allocations from the federal government.

Other sources of mineral lease revenue include bonuses, rents and other royalties. Rents are annual payment on leases not currently under production. Bonuses are payments made to obtain rights to mineral lease opportunities. Other royalties include audit assessments and mineral lease payments on minor products such as sand, gravel and sulfur.



ISSUES AND RECOMMENDATIONS

Statutory Allocations – The analyst recommends appropriating \$104,062,500 base budget funding for the Community Development Capital Program. The Special Service Districts are allocated \$5,500,000 of the total with the Permanent Community Impact Fund receiving the remaining \$98,562,500. The program however, is authorized to spend any distribution that actually comes in.

Allocation Increases – The Analyst recommends the committee adopt the additional growth in funding estimated as a building block in the amount of \$26,679,500. Funding will be distributed based on the statutory formula. Funding decisions are made on a trimester basis.

Other Funds – Community Development also administers other funds resulting from mineral lease development issues including the Uintah Basin Revitalization Fund and the Navajo Revitalization Fund.

Projects Funded – In the FY 2009 budget year the Permanent Community Impact Fund Board approved \$128,801,297 in projects for impacted areas of the state. There are no FTE's attached to this line item. Administrative support is provided through the Division of Housing and Community Development. However, the statutorily established board makes the funding decisions.

ACCOUNTABILITY DETAIL

The primary mission of the Permanent Community Impact Fund is to mitigate socio-economic impacts resulting from natural resource development of federal lands. To this end they measure the number of eligible applications getting funded, funds leveraged and citizens served.

FY 2009 CIB Projects Funded			
Project Type	Number of Projects	Total CIB Funding	Total Project Costs
Buildings	19	31,790,425.00	43,450,754.00
Capital Improvements	1	2,470,630.00	2,470,630.00
Cultural Recreation	13	18,450,934.00	24,345,454.00
Drainage/Streetscape	2	4,232,000.00	5,987,165.00
Equipment	1	49,500.00	49,500.00
Plan/Design/Study	17	861,079.00	1,772,158.00
Public Safety/Emerg. Equip.	12	13,216,482.00	21,964,872.00
RPP/Cap. Imp. Plan	7	404,000.00	404,000.00
Sewer	6	11,007,008.00	11,907,008.00
Streets/Roads Bridges	8	25,008,334.00	40,337,921.00
Telecommunications	1	263,193.00	263,193.00
Water	17	21,047,712.00	24,685,240.00
Total	104	128,801,297.00	177,637,895.00
The Community Impact Board funds government entities, not individuals. The CIB provides funding to all of rural Utah.			

FY 2009 PCIB Allocations By County		
County	PCIB Allocation	Total State Revenue Amount
Beaver	\$42,000	\$293,049
Box Elder	\$1,250,000	\$2,642
Cache	\$370,000	\$0
Carbon	\$13,283,620	\$24,119,376
Daggett	\$1,012,000	\$481,821
Davis	\$0	\$0
Duchesne	\$4,382,808	\$17,232,003
Emery	\$6,161,539	\$2,768,139
Garfield	\$1,842,000	\$734,285
Grand	\$4,950,000	\$2,632,363
Iron	\$7,060,000	\$162,995
Juab	\$2,502,000	\$816,907
Kane	\$8,405,000	\$26,942
Millard	\$636,000	\$3,931,538
Morgan	\$0	\$11,755
Piute	\$180,940	\$67,715
Rich	\$0	\$902,784
Salt Lake	\$0	\$7,830
San Juan	\$6,695,426	\$7,291,991
Sanpete	\$14,349,131	\$247,850
Sevier	\$6,072,786	\$14,946,428
Summit	\$2,189,000	\$450,035
Tooele	\$4,466,000	\$268,441
Uintah	\$41,435,982	\$98,626,740
Utah	\$0	\$74,872
Wasatch	\$0	\$57,726
Washington	\$49,650	\$3,454
Wayne	\$780,000	\$38,461
Weber	\$0	\$0
Unallocated	\$0	\$0
Regional*	\$685,193	\$0
Total	\$128,801,075	\$176,198,142

* The "regional classification includes projects that cover more than one county such as payments to State Agencies, Association of Governments, Higher Education and the Regional Planning Program

BUDGET DETAIL

Funding for the Community Development Capital Budget is from federal mineral lease revenue. The total funding amount is determined by a statutory formula established in UCA 59-21.

The analyst recommends a total FY 2011 base appropriation of \$104,062,500. The Analyst recommends the committee adopt as a building block the additional growth estimated in the amount of \$24,679,500.

BUDGET DETAIL TABLE

Community and Culture - Community Development Capital Budget

	FY 2009	FY 2010		FY 2010		FY 2011*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
Federal Mineral Lease	8,132,900	5,500,000	0	5,500,000	0	5,500,000
Permanent Community Impact	34,489,500	70,562,500	0	70,562,500	0	70,562,500
Repayments	0	28,000,000	(4,000,000)	24,000,000	4,000,000	28,000,000
Total	\$42,622,400	\$104,062,500	(\$4,000,000)	\$100,062,500	\$4,000,000	\$104,062,500
Programs						
Permanent Community Impact Boar	34,489,500	98,562,500	(4,000,000)	94,562,500	4,000,000	98,562,500
Special Service Districts	8,132,900	5,500,000	0	5,500,000	0	5,500,000
Total	\$42,622,400	\$104,062,500	(\$4,000,000)	\$100,062,500	\$4,000,000	\$104,062,500
Categories of Expenditure						
Other Charges/Pass Thru	42,622,400	104,062,500	(4,000,000)	100,062,500	4,000,000	104,062,500
Total	\$42,622,400	\$104,062,500	(\$4,000,000)	\$100,062,500	\$4,000,000	\$104,062,500

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