

MINERAL LEASE

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS SUBCOMMITTEE
STAFF: MARK BLEAZARD AND GARY RICKS

BUDGET BRIEF

SUMMARY

Title 59-21-1-(4)(c) 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)(i)(A) 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 Analyst recommends a base budget for the Mineral Lease line item for FY 2014 of \$73,349,000. 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 59-21-1-(4)(c) 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 2014 funding for this program is \$70,880,000.

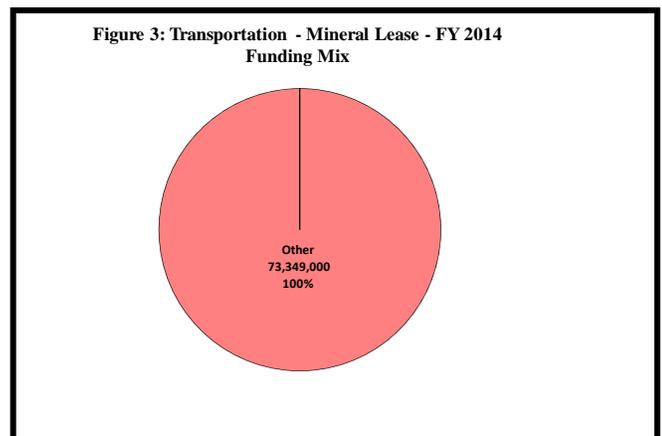
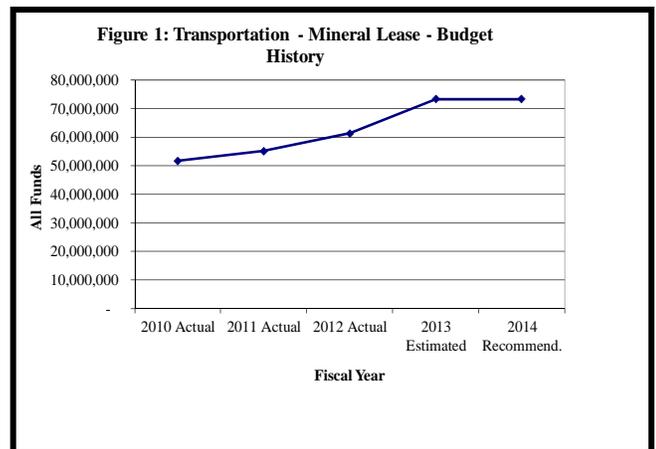
Mineral Lease – Payment In Lieu

Title 59-21-2(j)(i)(A) 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 2014 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 2013. 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(4)(c)(i). The funds appropriated for improvement or reconstruction of energy impacted highways are non-lapsing.

BUDGET DETAIL

The base budget for the Mineral Lease line item for FY 2014 is \$73,349,000. The recommendation covers the budgets of Mineral Lease Payments and Mineral Lease – Payment in Lieu.

| Transportation - Mineral Lease | | | | | | |
|----------------------------------|---------------------|-------------------------|------------|---------------------|------------|-------------------------|
| Sources of Finance | FY 2012 Actual | FY 2013 Appropriated | Changes | FY 2013 Revised | Changes | FY 2014* Recommended |
| Federal Mineral Lease | 61,388,100 | 73,349,000 | 0 | 73,349,000 | 0 | 73,349,000 |
| Total | \$61,388,100 | \$73,349,000 | \$0 | \$73,349,000 | \$0 | \$73,349,000 |
| Programs | | | | | | |
| Mineral Lease Payments | 58,919,100 | 70,880,000 | 0 | 70,880,000 | 0 | 70,880,000 |
| Payment in Lieu | 2,469,000 | 2,469,000 | 0 | 2,469,000 | 0 | 2,469,000 |
| Total | \$61,388,100 | \$73,349,000 | \$0 | \$73,349,000 | \$0 | \$73,349,000 |
| Categories of Expenditure | | | | | | |
| Other Charges/Pass Thru | 61,388,100 | 73,349,000 | 0 | 73,349,000 | 0 | 73,349,000 |
| Total | \$61,388,100 | \$73,349,000 | \$0 | \$73,349,000 | \$0 | \$73,349,000 |

LEGISLATIVE ACTION

The Analyst recommends the Legislature:

1. Adopt the FY 2014 base budget of \$73,349,000 as shown in the budget detail.
2. Approve the intent language on page 2.