

(Draft - Awaiting Formal Approval)
**MINUTES OF THE
NATURAL RESOURCES, AGRICULTURE, AND ENVIRONMENTAL QUALITY
APPROPRIATIONS SUBCOMMITTEE**
Room 210 Senate Building
September 23, 2016

Members Present: Sen. David P. Hinkins, Co-Chair
Rep. Mike McKell, Co-Chair
Rep. Kay J. Christofferson, House Vice Chair
Sen. Scott K. Jenkins
Sen. Peter C. Knudson
Sen. Ralph Okerlund
Sen. Kevin T. Van Tassell
Rep. Scott Chew
Rep. Susan Duckworth
Rep. Brian M. Greene
Rep. Stephen G. Handy
Rep. Timothy Hawkes
Rep. Lynn N. Hemingway
Rep. Michael E. Noel
Rep. Lee B. Perry
Rep. Marc K. Roberts

Members Absent: Sen. Jim Dabakis
Sen. Margaret Dayton
Rep. Ken Ivory

Staff: Mr. Ivan D. Djambov, Fiscal Analyst
Mr. Brian Wikle, Fiscal Analyst
Ms. Linda Service, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Vice Chair Christofferson called the meeting to order at 8:10 a.m.

1. In-depth Review of Fees: School and Institutional Trust Lands Administration

Mr. David Ure, Director, Board of Trustees, School and Institutional Trust Lands Administration (SITLA), stated that the fees cover costs. The highest percentage of fees is from late charges on royalty payments with fees on land sales second. The fees charged are to make sure they break even, they cover costs, and a burden is not placed on the beneficiaries.

2. In-depth Review of Fees: Utah Geological Survey

Mr. Dennis Carver, Finance Director, Department of Natural Resources (DNR), reported that last year Utah Geological Survey examined fees to make adjustments where needed. At the time they had 56 fees and have now decreased them to 26. They collect approximately \$15,000 yearly.

3. In-depth Review of Fees: Oil, Gas, and Mining

Mr. John Baza, Director, Division of Oil, Gas, and Mining (DOGM), addressed the committee with a slide presentation. Within DOGM there are four major programs; Oil and Gas, Coal, Minerals, and Abandon Mine Reclamation. Their mission is to foster responsible development of resources, protect

public health and safety, and preserve the environment. He discussed funding and stated that diversity of sources could be a possible solution for long-term funding stability.

Testimony from the public:

Mr. Lee Peacock, Petroleum Association

Mr. Travis Holland, Anadarko Petroleum

4. In-depth Review of Fees: Water Resources

Mr. Eric Millis, Director, Division of Water Resources, replied that the purpose of their fees is to recoup costs coming principally from copying and creating documents for patrons.

Mr. Todd Adams, Deputy Director, Division of Water Resources, answered a question from the committee in regards to challenges reporting water use in the state. The division has collected approximately 90 percent of the data from the water use report and are processing and documenting the results.

5. In-depth Review of Fees: Parks and Recreation

Mr. Scott Strong, Finance Manager, Division of Parks and Recreation, addressed the following questions put forth Mr. Ivan Djambov, Fiscal Analyst, with a slide presentation:

- How are the fees established?
- How do the fees compare to private business?
- What is done with the revenue that is generated?
- Why doesn't the fee revenue cover all the capital operating costs?

MOTION: Sen. Van Tassell moved to encourage the standing committee to review with the agency how they are handling depreciation and if adjustments need to be made. The motion passed unanimously with Rep. Roberts absent for the vote.

Testimony from the public:

Mr. Sterling Brown, Utah Farm Bureau

6. In-depth Review of Fees: Water Rights

Mr. Kent Jones, State Engineer and Director, Division of Water Rights, presented a historical background of fees charged by the division over the years. Six percent of their budget comes from fees but they are not quite covering costs. They are generally set up on a flow-rate basis. On average, fees cover 13 percent of the costs of processing applications. When an application is filed, staff spends a lot of time making sure the rights of others are protected.

7. Adjudication Special Master: Goals, Plans, and Performance Measures

Mr. Ben Jensen, Assistant Attorney General, and Ms. Sarah Shechter, Assistant Attorney General, represent State Engineer, Mr. Jones, and the Division of Water Rights on general adjudications pending throughout the state.

Mr. Jensen explored the background of the Special Master and covered four topics:

- Role of Special Master;
- State Engineer's financial obligation in the billing structure;
- Performance measures;
- What the Special Master has done thus far.

Mr. Jones commented on the importance of the Special Master.

Mr. Mike Styler, Director, Department of Natural Resources, provided further information on adjudication of water rights.

8. Office of Energy Development: Report on Specific, Direct Contributions

Mr. Wikle, presented a background of the Office of Energy Development (OED), including five purposes of the office:

- Advance energy and mineral development;
- Implement state energy policy and the governor's energy and mineral development goals;
- Advance energy education, outreach, and research;
- Promote energy and mineral development workforce initiatives;
- Support research initiatives targeted at Utah-specific energy mineral development.

In addition, Mr. Wikle discussed initiatives, programs, and the economic contribution of OED.

Mr. Rob Simmons, Deputy Director, OED, explained that they are involved in policy issues responding to federal regulations and initiatives that may impact Utah's energy and mineral development. In addition, they are directly engaged with industry trying to work on doing business development when developing the resources in the state.

Ms. Michele Pasker, Director of Public Affairs and Communication, OED, commented briefly to clarify that the information provided is just a glimpse into some of their major projects.

9. Other Business

MOTION: Sen. Hinkins moved to adjourn. The motion passed unanimously.
House Vice Chair Christofferson adjourned the meeting at 11:55 a.m.