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Utah State Legislature

Senate • Utah State Capitol Complex • 320 State Capitol
PO Box 145115 • Salt Lake City, Utah 84114-5115
(801) 538-1035 • fax (801) 538-1414

House of Representatives • Utah State Capitol Complex • 350 State Capitol
PO Box 145030 • Salt Lake City, Utah 84114-5030
(801) 538-1029 • fax (801) 538-1908

November 19, 2019

Senator Jerry W. Stevenson, Senate Chair
Representative Bradley G. Last, House Chair
Executive Appropriations Committee
Utah State Legislature
Salt Lake City, UT 84114

Dear Senator Stevenson and Representative Last,

The Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee is pleased to report our actions during the 2019 Interim. In response to new requirements in HJR 18 (2019 General Session), you asked us to meet three times (June, August, and October) to review accountable process budgets. We also deliberated on items that were required by intent language, pending from the 2019 General Session, or otherwise emerging in advance of the 2020 General Session.

As required by JR3-2-501, as amended in HJR 18, we identified approximately 20 percent of our budget for the accountable budget process, ensuring that each program within our purview is subject to the process at least once every five years. We presented our plan to you during your May 14, 2019 meeting. Please find a copy of our plan [here](#) and attached to this report.

Per HJR 18, the accountable budget process is “a review of a line item or program... to determine whether or the extent to which to recommend the line item or program be included in a budget for the upcoming fiscal year.”

Accountable Budget Review

As planned, our primary focus was on reviewing the budgets of approximately one half of the line items of the Department of Natural Resources. Our evaluations were aided by a report issued by the Office of the Legislative Auditor General, [An In-Depth Budget Review of the Department of Natural Resources](#). We are also anticipating a legislative audit report on the Oil and Gas Program, scheduled to be released later today (Nov. 19th, 2019). We look forward to studying and implementing the recommendations from these audits during the 2020 General Session.

The subcommittee approved FY 2021 Base Budgets for the line items reviewed through the accountable budget process and authorized legislative staff to draft the subcommittee's base budget bill. The approved budget numbers are included in Table 1 on the following page.

The underlined bold numbers in the table represent adjusted amounts. The base budget bill will not include any funding for the Division of Oil, Gas, and Mining (lines 14-17). Their funding amounts will be considered during the 2020 General Session, after the subcommittee members have had the opportunity to review the findings and recommendations of the legislative audit on the Oil and Gas Program. The Federal Mineral Lease appropriation to the Utah Geological Survey (line 27) was reduced because the agency anticipates less federal funds in FY 2021.

<i>Line</i>	Line Items and Funding Sources	FY 2021 Base Bill
1	Administration	
2	General Fund	\$4,420,100
3	Sovereign Lands Mgt (GFR)	\$81,300
4	Building Operations	
5	General Fund	\$1,788,800
6	DNR Pass Through	
7	General Fund	\$1,108,400
8	Forestry, Fire and State Lands	
9	General Fund	\$3,020,000
10	Federal Funds	\$6,668,500
11	Dedicated Credits Revenue	\$6,797,000
12	Sovereign Lands Mgt (GFR)	\$7,519,900
13	Oil, Gas and Mining	
14	General Fund	<u>\$0</u>
15	Federal Funds	<u>\$0</u>
16	Oil and Gas Conservation Account (GFR)	<u>\$0</u>
17	Dedicated Credits Revenue	<u>\$0</u>
18	Predator Control	
19	General Fund	\$59,600
20	Species Protection	
21	Dedicated Credits Revenue	\$2,450,000
22	Species Protection (GFR)	\$817,800
23	Utah Geological Survey	
24	General Fund	\$4,544,100
25	Federal Funds	\$696,800
26	Dedicated Credits Revenue	\$585,500
27	Federal Mineral Lease	<u>\$1,100,000</u>
28	Land Exchange Distribution Account (GFR)	\$21,600
29	Water Resources	
30	General Fund	\$4,083,900
31	Federal Funds	\$1,025,300
32	Dedicated Credits Revenue	\$150,000
33	Water Resources C and D	\$3,333,200
34	Water Resources Revolving Construction Fund	
35	Water Resources C and D	\$3,800,000
36	Watershed	
37	General Fund	\$11,300
38	Sovereign Lands Mgt (GFR)	\$2,000,000
39	Dedicated Credits Revenue	\$500,000

Table 1. Approved base budgets from the accountable budget process

During the accountable budget review, we discovered that the Division of Forestry, Fire, and State Lands has not been fulfilling a statutory requirement to create and maintain a publicly available central index of all lands owned by the Department of Natural Resources. The subcommittee directed the division to allocate the necessary staff and resources to create and make the central index available to the public, and to report its plans and progress during the 2020 General Session.

We also identified several statutory references to entities that no longer exist, such as the Utah water and power board ([73-10-5/11](#)) and the Executive Secretary ([73-10-19](#)). There are also specific appropriations ([73-10-12/13](#)) that are no longer relevant. We notified the Office of the Legislative Research and General Council, whose staff could include these issues in a potential revisory statute legislation.

Other Actions

In addition to the accountable budget process, we also reviewed the following items and took the actions noted for each one:

1. [Fiscal Note and Budget Item Follow-Up Report](#)
 - a. *H.B. 216 - Jordan River Recreation Park*: requested the Division of Forestry, Fire, and State Lands present performance measures with specific goals to assess the success of each project related to the Jordan River Recreation Park funding, and
 - b. *Operations Funding*: requested the Public Lands Policy Coordinating Office report on their planned uses of any non-lapsing balances related to stabilizing their agency.
2. California Commerce Clause Legal Challenge Funding Reallocation: passed a motion to support efforts to find the funding that will allow the lawsuit to move forward.
3. [A Performance Audit of the Repayment Feasibility of the Lake Powell Pipeline](#): the subcommittee determined:
 - a. That Washington County Water Conservancy District is taking appropriate steps to consider a Lake Powell Pipeline (LPP) repayment plan that considers the financial impact on taxpayers and water users while generating enough revenue in the event of an economic downturn;
 - b. That the Board of Water Resources is taking appropriate actions to clarify and formalize the repayment process prior to funding for those items over which they are given statutory authority for the LPP; and
 - c. That the Board of Water Resources is taking appropriate actions to clarify down payment expectations for participating districts.
4. Evaluation of the accuracy of agencies' fee accounting data: evaluated the accuracy of fee data regarding how much revenue is collected from each fee, and how much it costs the agency to administer each fee ([August Report](#) and [October Report](#)). No actions were taken.
5. [An In-Depth Budget Review of the Department of Natural Resources](#). No actions were taken.

Sincerely,

Chairs of the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee.

Sen. David P. Hinkins, Co-Chair

Rep. Stewart E. Barlow, Co-Chair

Rep. Scott H. Chew, House Vice Chair