

## Fund 5290 Permanent Community Impact Bonus Fund

Agency(s): Workforce Services (Community and Culture prior to FY 2012), Finance

Analyst: Russell Frandsen

### Purpose and Uses

Funds are for low interest loans to government entities in areas of the State impacted by natural resource development. The money comes from federal mineral lease bonus payments. Money must be loaned with interest due and not given as a grant. This is different than the regular mineral lease money which flows through Fund 5285 and has the option to be loaned or granted.

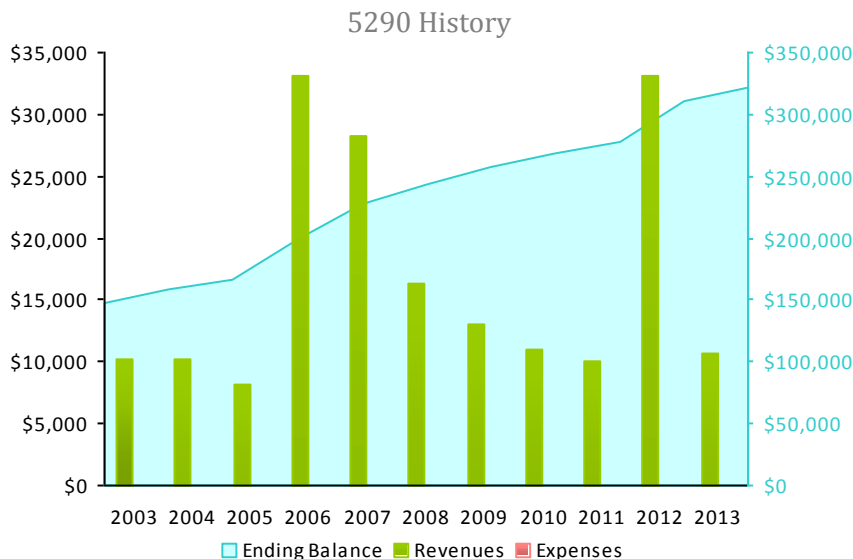
### Accountability

United States Code Title 30, Chapter 3A, Subchapter 1, Section 191 directs the money be used for public facilities and services by political subdivisions. The federal law directs the Legislature to give priority to subdivisions that are socially or economically impacted by mineral development. UCA 35A-8-307(7) requires an annual report for who received loans and what types of loans they were. UCA 35A-8-305 directs the funding decisions to be made by the Permanent Community Impact Fund Board.



### Recommendation

The Analyst recommends the Legislature review this fund annually and include it in an appropriations act. There are two funds that handle mineral funds for the work done by the Department of Workforce Services. It would be clearer to have the two funds be separate to more accurately reflect and track the different restrictions. The activity in this fund is already part of the appropriations act as part of the Permanent Community Impact Fund. This recommendation would break out Permanent Community Impact Fund into two funds, regular and bonus.



\*Revenues and Expenses include Net Transfers; Dollar figures in thousands

### Graph Notes

The fund balance is primarily loan receivables with terms of 20-30 years. The FY 2013 fund balance has over \$60 million in investments. Of the \$60 million, \$34 million is uncommitted while \$26 million is committed to loans that are in the process of being finalized. The revenues primarily come from mineral bonus payments, loan repayments, and interest earned. The fund receives money as per statute from the State's Mineral Lease Fund. The annual expenses (about \$30,000) are loan serving fees charged by the Division of Finance.