

Chapter 3
Deposit and Allocation of Revenue from Trust Lands

Part 1
Land Grant Management Fund - Disposition of Revenue

53C-3-101 Land Grant Management Fund -- Contents -- Use of money.

- (1)
 - (a) There is created an enterprise fund known as the Land Grant Management Fund.
 - (b) This fund shall consist of:
 - (i) all revenues derived from trust lands except revenues from the sale of those lands;
 - (ii) all interest earned by the fund;
 - (iii) all revenues deposited in the fund in accordance with Subsection 41-22-19(3); and
 - (iv) all revenues obtained from other activities of the director or administration.
- (2) The director may expend money:
 - (a) from the Land Grant Management Fund in accordance with the approved budget for the support of director and administration activities; and
 - (b) deposited in the fund in accordance with Subsection 41-22-19(3) as necessary to fulfill the purposes of Subsection 41-22-19(3)(b).
- (3) Except for revenues deposited under Subsection (1)(b)(iii), any amount in excess of that required to fund the budget shall be distributed to the various trust beneficiaries as of June 30 of each calendar year, and at other times determined by the director, in shares equal to the portion of total Land Grant Management Fund revenues obtained from each beneficiary's land during the accounting period.
- (4) Money from the lease or rental of school trust lands or from the use, sale, or lease of resources on school trust lands, all sums paid for fees, and all forfeitures or penalties received in connection with those transactions shall be deposited in the Permanent State School Fund.
- (5) Money from the lease or rental of lands acquired by the state for the benefit of an institution named in Sections 7, 8, and 12 of the Utah Enabling Act, or from the use, sale, or lease of renewable or nonrenewable resources on those lands, and all forfeitures or penalties received in connection with those transactions, shall be deposited into the respective permanent funds established for the benefit of an institution named in Sections 7, 8, and 12 of the Utah Enabling Act.
- (6) Except for revenues deposited under Subsection (1)(b)(iii), any remaining money, including interest earned on the account, shall be distributed in pro rata shares to the various beneficiaries.

Amended by Chapter 172, 2016 General Session

Contingently Superseded 1/1/2025

53C-3-102 Deposit and allocation of money received.

- (1)
 - (a) The director shall pay to the School and Institutional Trust Fund Office, created in Section 53D-1-201, all money received, accompanied by a statement showing the respective sources of this money.
 - (b) The administration and the School and Institutional Trust Fund Office shall enter into a memorandum of understanding detailing:

- (i) the classification of sources of money; and
 - (ii) other relevant information, as determined by the administration and the School and Institutional Trust Fund Office.
- (2) All money received from the sale of lands granted by Section 6 of the Utah Enabling Act for the support of the common schools, all money received from the sale of lands selected in lieu of those lands, all money received from the United States under Section 9 of the Utah Enabling Act, all money received from the sale of lands or other securities acquired by the state from the investment of those funds, all sums paid for fees, all forfeitures, and all penalties paid in connection with these sales shall be deposited in the Permanent State School Fund.
- (3) All money received from the sale and all net proceeds from other contractual arrangements of institutional trust lands granted to the state by the United States under Section 7, 8, or 12 of the Utah Enabling Act shall be deposited into the respective permanent funds established for the benefit of those institutions under the Utah Enabling Act and the Utah Constitution.
- (4)
- (a) All lands acquired by the state through foreclosure of mortgages securing school or institutional trust funds or through deeds from mortgagors or owners of those lands shall become a part of the respective school or institutional trust lands.
 - (b) All money received from these lands shall be treated as money received from school or institutional trust lands.
- (5) All money received from the sale of lands acquired by the state through foreclosure of mortgages securing trust funds or through deeds from mortgagors or owners of such lands, whether a profit is realized or a loss sustained on the principal invested, shall be regarded as principal and shall go into the principal or permanent fund from which it was originally taken in reimbursement of that fund, with profits being used to offset losses.
- (6)
- (a) All money received by the director as a first or down payment on applications to purchase, permit, or lease trust lands or minerals shall be paid to the state treasurer and held in suspense pending final action on those applications.
 - (b) After final action the payments received under Subsection (6)(a) shall either be credited to the appropriate fund or account, or refunded to the applicant in accordance with the action taken.
- (7) Distributions to the respective institutions from the associated permanent funds created from lands granted in Sections 8 and 12 of the Utah Enabling Act shall consist of 4% of the average market value of each institutional permanent fund over the past 20 consecutive quarters.

Amended by Chapter 336, 2021 General Session

Contingently Effective 1/1/2025

53C-3-102 Deposit and allocation of money received.

- (1)
- (a) The director shall pay to the School and Institutional Trust Fund Office, created in Section 53D-1-201, all money received, accompanied by a statement showing the respective sources of this money.
 - (b) The administration and the School and Institutional Trust Fund Office shall enter into a memorandum of understanding detailing:
 - (i) the classification of sources of money; and
 - (ii) other relevant information, as determined by the administration and the School and Institutional Trust Fund Office.

- (2) All money received from the sale of lands granted by Section 6 of the Utah Enabling Act for the support of the common schools, all money received from the sale of lands selected in lieu of those lands, all money received from the United States under Section 9 of the Utah Enabling Act, all money received from the sale of lands or other securities acquired by the state from the investment of those funds, all sums paid for fees, all forfeitures, and all penalties paid in connection with these sales shall be deposited in the Permanent State School Fund.
- (3) All money received from the sale and all net proceeds from other contractual arrangements of institutional trust lands granted to the state by the United States under Section 7, 8, or 12 of the Utah Enabling Act shall be deposited into the respective permanent funds established for the benefit of those institutions under the Utah Enabling Act and the Utah Constitution.
- (4)
 - (a) All lands acquired by the state through foreclosure of mortgages securing school or institutional trust funds or through deeds from mortgagors or owners of those lands shall become a part of the respective school or institutional trust lands.
 - (b) All money received from these lands shall be treated as money received from school or institutional trust lands.
- (5) All money received from the sale of lands acquired by the state through foreclosure of mortgages securing trust funds or through deeds from mortgagors or owners of such lands, whether a profit is realized or a loss sustained on the principal invested, shall be regarded as principal and shall go into the principal or permanent fund from which it was originally taken in reimbursement of that fund, with profits being used to offset losses.
- (6)
 - (a) All money received by the director as a first or down payment on applications to purchase, permit, or lease trust lands or minerals shall be paid to the state treasurer and held in suspense pending final action on those applications.
 - (b) After final action the payments received under Subsection (6)(a) shall either be credited to the appropriate fund or account, or refunded to the applicant in accordance with the action taken.
- (7) Distributions to the respective institutions from the associated permanent funds created from lands granted in Sections 8 and 12 of the Utah Enabling Act shall consist of 5% of the average market value of each institutional permanent fund over the past 20 consecutive quarters.

Amended by Chapter 293, 2023 General Session

53C-3-103 Disposition of interest on permanent funds.

The trust distributions derived from the investment of funds belonging to the permanent State School Fund and the permanent funds of the respective state institutions shall be distributed for use for the maintenance of public elementary and secondary schools or the state institutions in accordance with applicable law.

Amended by Chapter 172, 2016 General Session

53C-3-104 Disposition of reservoir land grant revenue.

Money from the sale or management of land selected under the Reservoir Land Grant for the establishment of permanent water reservoirs and water development and conservation projects for irrigation purposes shall be deposited in the Water Resources Construction Fund created in Section 73-10-8.

Enacted by Chapter 294, 1994 General Session

53C-3-105 Disposition of revenue for normal schools.

Money distributed for the benefit of the state's normal schools, as provided under the Utah Enabling Act, Section 12, Utah Constitution Article X, Section 7, Utah Constitution Article XX, Section 2, and Sections 53C-3-101 and 53C-3-103, shall be allocated to institutions within the state system of higher education, as defined in Section 53B-1-102, that offer bachelor's degrees in education in proportion to the number of bachelor's degrees awarded by those institutions in the previous fiscal year.

Enacted by Chapter 189, 2005 General Session

**Part 2
Federal-State Land Exchange**

53C-3-201 Definitions.

As used in this part:

- (1) "Acquired lands" means lands acquired by the administration under the agreement.
- (2) "Acquired mineral interests" means mineral interests acquired by the administration pursuant to Section 3(F), (K), (L), or (M) of the agreement.
- (3) "Agreement" means the Agreement to Exchange Utah School Trust Lands Between the State of Utah and the United States of America, signed May 8, 1998, as ratified by the Utah School and Lands Exchange Act of 1998, Pub. L. No. 105-335.
- (4) "Exchange" means a land or mineral interest exchange by the administration and the United States of America after March 1, 2007 that is directed by Congressional action.
- (5) "Exchanged lands" means lands:
 - (a) acquired by the administration through an exchange; and
 - (b) reduced in value to take into account the presence of minerals subject to leasing under the Mineral Leasing Act, 30 U.S.C. Sec. 181 et seq.
- (6) "Exchanged mineral interests" means mineral interests:
 - (a) acquired by the administration through an exchange; and
 - (b) reduced in value to take into account the presence of minerals subject to leasing under the Mineral Leasing Act, 30 U.S.C. Sec. 181 et seq.
- (7) "Identified tracts" means the tracts identified in Section 3(F), (G), (J), (K), (L), and (M) of the agreement, generally referred to as the Cottonwood Tract, Westridge Coal Tract, Ferron Field, Mill Fork Tract, Dugout Canyon Tract, Muddy Tract, and North Horn Coal Tract.
- (8) "Subject mineral" means a mineral that is covered by the Mineral Leasing Act, 30 U.S.C. Sec. 181 et seq.

Amended by Chapter 79, 2010 General Session

53C-3-202 Collection and distribution of revenues from federal land exchange parcels.

- (1) The director shall collect all bonus payments, rentals, and royalties from the lease of:
 - (a) minerals on acquired lands;
 - (b) acquired mineral interests;
 - (c) minerals on exchanged lands; and
 - (d) exchanged mineral interests.

- (2) No later than the last day of the second month following each calendar quarter, the director shall distribute:
 - (a) bonus payments received during the calendar quarter from the lease of coal, oil and gas, and coalbed methane on the identified tracts as follows:
 - (i) 50% to the United States; and
 - (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203;
 - (b) rentals and royalties received during the calendar quarter from the lease of subject minerals on the acquired lands and the lease of acquired mineral interests as follows:
 - (i) 50% to the Land Grant Management Fund created by Section 53C-3-101; and
 - (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203;
 - (c) mineral bonus, rental, and royalty revenue generated from the lease of subject minerals, other than oil shale, on exchanged lands or from the lease of exchanged mineral interests, other than interests in oil shale, as follows:
 - (i) 50% to the Land Grant Management Fund created by Section 53C-3-101; and
 - (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203; and
 - (d) mineral bonus, rental, and royalty revenue generated from the lease of oil shale on exchanged lands or the lease of exchanged mineral interests that are interests in oil shale, net of amounts paid to the United States pursuant to a reserved interest of the United States in oil shale, as follows:
 - (i) 50% to the Land Grant Management Fund created by Section 53C-3-101; and
 - (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203.
- (3)
 - (a) Except as provided in Subsection (3)(c), the director may retain up to 3% of the money collected under Subsection (1) to pay for administrative costs incurred under Subsections (1) and (2).
 - (b) Except as provided in Subsection (3)(c), the director may deduct administrative costs before distributions are made under Subsection (2).
 - (c) The director may not deduct administrative costs from the portion of collections derived from minerals on exchanged lands or exchanged mineral interests that is equal to the United States' reserved interest in oil shale.
 - (d) The director shall keep the administrative cost deductions in separate accounts.
 - (e) The money retained under Subsection (3)(a) is nonlapsing.
 - (f) The director shall distribute in accordance with Subsection (2) the unused balance of the money retained under Subsection (3)(a) that exceeds \$2,000,000 at the end of a fiscal year.

Amended by Chapter 342, 2011 General Session

53C-3-203 Land Exchange Distribution Account.

- (1) As used in this section, "account" means the Land Exchange Distribution Account created in Subsection (2)(a).
- (2)
 - (a) There is created within the General Fund a restricted account known as the Land Exchange Distribution Account.
 - (b) The account shall consist of revenue deposited in the account as required by Section 53C-3-202.
- (3)
 - (a) The state treasurer shall invest money in the account according to Title 51, Chapter 7, State Money Management Act.

- (b) The Division of Finance shall deposit interest or other earnings derived from investment of account money into the General Fund.
- (4) The Legislature shall annually appropriate from the account in the following order:
 - (a) \$1,000,000 to the Constitutional Defense Restricted Account created in Section 63C-4a-402; and
 - (b) from the deposits to the account remaining after the appropriation in Subsection (4)(a), the following amounts:
 - (i) 55% of the deposits to counties in amounts proportionate to the amounts of mineral revenue generated from the acquired land, exchanged land, acquired mineral interests, or exchanged mineral interests located in each county, to be used to mitigate the impacts caused by mineral development;
 - (ii) 25% of the deposits to counties in amounts proportionate to the total surface and mineral acreage within each county that was conveyed to the United States under the agreement or an exchange, to be used to mitigate the loss of mineral development opportunities resulting from the agreement or exchange;
 - (iii) 1.68% of the deposits to the State Board of Education, to be used for education research and experimentation in the use of staff and facilities designed to improve the quality of education in Utah;
 - (iv) 1.66% of the deposits to the Geological Survey, to be used for natural resources development in the state;
 - (v) 1.66% of the deposits to the Water Research Laboratory at Utah State University, to be used for water development in the state;
 - (vi) 11% of the deposits to the Constitutional Defense Restricted Account created in Section 63C-4a-402;
 - (vii) 1% of the deposits to the Geological Survey, to be used for test wells and other hydrologic studies in the West Desert; and
 - (viii) 3% of the deposits to the Permanent Community Impact Fund created in Section 35A-8-303, to be used for grants to political subdivisions of the state to mitigate the impacts resulting from the development or use of school and institutional trust lands.
- (5) The administration shall make recommendations to the Permanent Community Impact Fund Board for the Permanent Community Impact Fund Board's consideration when awarding the grants described in Subsection (4)(b)(viii).

Amended by Chapter 234, 2020 General Session