

MINERAL LEASE AMENDMENTS

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: Jack A. Seitz

AN ACT RELATING TO REVENUE AND TAXATION; REDISTRIBUTING A PORTION OF MINERAL LEASE ACCOUNT MONIES FROM THE BOARD OF REGENTS TO THE PERMANENT COMMUNITY IMPACT FUND, THE DEPARTMENT OF TRANSPORTATION, THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, AND CERTAIN COUNTIES; PROVIDING THAT AFTER THE LEGISLATURE MAKES CERTAIN APPROPRIATIONS THE REMAINDER OF THE DEPOSITS MADE TO THE MINERAL LEASE ACCOUNT SHALL BE APPROPRIATED TO THE PERMANENT COMMUNITY IMPACT FUND; MAKING TECHNICAL CHANGES; AND PROVIDING AN EFFECTIVE DATE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

59-21-2, as last amended by Chapter 36, Laws of Utah 1996

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-21-2** is amended to read:

59-21-2. Mineral Bonus Account -- Allocation of monies from Mineral Lease Account.

- (1) (a) The Mineral Bonus Account is created within the General Fund.
- (b) All bonus money received by the state under Subsection 59-21-1(3) shall be deposited in this account.
- (c) The Legislature shall appropriate from the Mineral Bonus Account in accordance with Section 35 of the Mineral Leasing Act of 1920, 30 U.S.C. Sec. 191.
- (d) The state treasurer shall:
 - (i) invest the money in the Mineral Bonus Account by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act; and
 - (ii) deposit all interest or other earnings derived from the account into the Mineral Bonus

Account.

(2) The Legislature shall ~~[appropriate,]~~ make appropriations from the Mineral Lease Account~~[:]~~ as provided in this Subsection (2).

(a) In addition to the appropriation under Subsection (2)(b)(ii), the Legislature shall appropriate 32.5% of all deposits made to the Mineral Lease Account to the Permanent Community Impact Fund established by Section 9-4-303[;].

(b) (i) ~~[except]~~ Except as provided in Subsection (2)(b)(ii), the Legislature shall appropriate 33.5% of all deposits made to the Mineral Lease Account to the Board of Regents for allocation to the state's institutions of higher education[;].

(ii) ~~[in]~~ (A) For the fiscal year ~~[1996-97,]~~ beginning on July 1, 1996, and ending on June 30, 1997, the Legislature shall appropriate 20% of the mineral lease funds that would otherwise be appropriated to the Board of Regents under Subsection (2)(b)(i) ~~[shall be appropriated]~~ to the Permanent Community Impact Fund ~~[and an equivalent amount shall be appropriated from the General Fund to the Board of Regents to replace the mineral lease monies that the Board of Regents would have otherwise received - An].~~

(B) For the fiscal year beginning on July 1, 1997, and ending on June 30, 1998, the Legislature shall appropriate 40% of the mineral lease funds that would otherwise be appropriated to the Board of Regents under Subsection (2)(b)(i) to the Permanent Community Impact Fund.

(C) For fiscal years beginning on or after July 1, 1998, the Legislature shall annually appropriate as follows an additional 20% of the funds that would otherwise be appropriated to the Board of Regents under Subsection (2)(b)(i) ~~[shall be appropriated to]~~ until the Legislature appropriates 100% of the funds that would otherwise be appropriated to the Board of Regents:

(I) the Legislature shall make an appropriation to the Department of Transportation as provided in Subsection (2)(f)(ii);

(II) the Legislature shall make an appropriation to the Department of Community and Economic Development as provided in Subsection (2)(g);

(III) the Legislature shall make the appropriations provided for in Subsection (2)(h); and

(IV) the Legislature shall, after making the appropriations under Subsections (2)(b)(ii)(B)(I)

through (III), appropriate the remainder of the funds that would otherwise be appropriated to the Board of Regents to the Permanent Community Impact Fund [in each succeeding fiscal year until 100% of the funds currently appropriated to the Board of Regents under Subsection (2)(b)(i) are appropriated to the Permanent Community Impact Fund]. [An]

(D) For fiscal years beginning on or after July 1, 1996, the Legislature shall appropriate an equivalent amount [shall be appropriated] from the General Fund to the Board of Regents [each of the succeeding fiscal years] to replace the mineral lease monies the Board of Regents would have otherwise received under Subsection (2)(b)(i).

(c) The Legislature shall appropriate 2.25% of all deposits made to the Mineral Lease Account 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[;].

(d) The Legislature shall appropriate 2.25% of all deposits made to the Mineral Lease Account to the Utah Geological Survey, to be used for activities carried on by the survey having as a purpose the development and exploitation of natural resources in the state[;].

(e) The Legislature shall appropriate 2.25% of all deposits made to the Mineral Lease Account to the Water Research Laboratory at Utah State University, to be used for activities carried on by the laboratory having as a purpose the development and exploitation of water resources in the state[;].

(f) [25%] The Legislature shall appropriate the following percentages of all deposits made to the Mineral Lease Account to the Department of Transportation, to be distributed [to special service districts established by counties] as follows for the purpose of constructing, repairing, and maintaining roads, or for other purposes authorized by [law; and] statute:

[(g) to the extent available after the allocations provided in Subsections (2)(a) through (2)(f) are made:]

(i) the Legislature shall annually appropriate to the Department of Transportation 25% of all deposits made to the Mineral Lease Account to be distributed to special service districts within counties; and

(ii) in addition to the appropriation under Subsection (2)(f)(i), the Legislature shall make the

following appropriations from mineral lease funds that would be appropriated to the Board of Regents under Subsection (2)(b)(i) except for the appropriations provided in Subsection (2)(b)(ii)(C):

(A) for the fiscal year beginning on July 1, 1998, and ending on June 30, 1999, the Legislature shall appropriate 5% of all deposits made to the Mineral Lease Account to the Department of Transportation to be distributed to special service districts within counties;

(B) for the fiscal year beginning on July 1, 1999, and ending on June 30, 2000, the Legislature shall appropriate 10% of all deposits made to the Mineral Lease Account to the Department of Transportation to be distributed to special service districts within counties; and

(C) for fiscal years beginning on or after July 1, 2000, the Legislature shall appropriate 15% of all deposits made to the Mineral Lease Account to the Department of Transportation to be distributed to special service districts within counties.

(g) (i) The Legislature shall appropriate the following percentages of all deposits made to the Mineral Lease Account to the Department of Community and Economic Development to be distributed as follows for the purpose of constructing, repairing, and maintaining roads, or for other purposes authorized by statute:

(A) for the fiscal year beginning on July 1, 1998, and ending on June 30, 1999, the Legislature shall appropriate 2.5% of all deposits made to the Mineral Lease Account to the Department of Community and Economic Development to be distributed to special service districts within counties:

(I) of the third, fourth, fifth, or sixth class;

(II) in which 4.5% or less of the mineral lease moneys within the state are generated; and

(III) that are significantly socially or economically impacted by the development of minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec. 191, as a result of either the transportation of hydrocarbons, including solid hydrocarbons as defined in Section 59-5-101, within the county, the employment in hydrocarbon extraction, including the extraction of solid hydrocarbons as defined in Section 59-5-101, of persons residing within the county, or both; and

(B) for fiscal years beginning on or after July 1, 1999, the Legislature shall appropriate 5% of all deposits made to the Mineral Lease Account to the Department of Community and Economic

Development to be distributed to special service districts within counties meeting the requirements of Subsections (2)(g)(i)(A)(I) through (III).

(ii) The executive director of the Department of Community and Economic Development:

(A) shall determine whether a county meets the requirements of Subsections (2)(g)(i)(A)(I) through (III);

(B) shall distribute the appropriations under Subsection (2)(g)(i) to special service districts within counties that meet the requirements of Subsections (2)(g)(i)(A)(I) through (III) as provided in Subsection (2)(g)(iii); and

(C) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, may make rules:

(I) providing a procedure for making the distributions under Subsection (2)(g)(ii)(B) to special service districts; and

(II) defining the term "population" for purposes of Subsection (2)(g)(ii)(B).

(iii) For purposes of distributing the appropriations under Subsection (2)(g)(i) to special service districts within counties, the Department of Community and Economic Development shall:

(A) (I) allocate 50% of the appropriations equally among the counties meeting the requirements of Subsections (2)(g)(i)(A)(I) through (III); and

(II) allocate 50% of the appropriations based on the ratio that the population of each county meeting the requirements of Subsections (2)(g)(i)(A)(I) through (III) bears to the total population of all of the counties meeting the requirements of Subsections (2)(g)(i)(A)(I) through (III); and

(B) after making the allocations described in Subsection (2)(g)(iii)(A), distribute the allocated revenues to special service districts within the counties as determined by the executive director of the Department of Community and Economic Development after consulting with the county legislative bodies of the counties meeting the requirements of Subsection (2)(g)(i)(A)(I) through (III).

(h) The Legislature shall make the following appropriations from the Mineral Lease Account:

(i) an amount equal to 52 cents multiplied by the number of acres of school or institutional

trust lands, lands owned by the Division of Parks and Recreation, [or] and lands owned by the Division of Wildlife Resources that are not under an in lieu of taxes contract, to each county in which those lands are located;

(ii) to each county in which school or institutional trust lands are transferred to the federal government after December 31, 1992, an amount equal to the number of transferred acres in the county multiplied by a payment per acre equal to the difference between 52 cents per acre and the per acre payment made to that county in the most recent payment under the federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 or P.L. 97-258 as amended, unless the federal payment was equal to or exceeded the 52 cents per acre, in which case no payment shall be made for the transferred lands; and

(iii) to each county in which federal lands, which are entitlement lands under the federal in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to the number of transferred acres in the county multiplied by a payment per acre equal to the difference between the most recent per acre payment made under the federal payment in lieu of taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52 cents per acre, in which case no payment shall be made for the transferred land.

(i) Beginning on July 1, 2000, the Legislature shall, after making the appropriations provided for in Subsections (2)(a) through (h), appropriate the remainder of all deposits made to the Mineral Lease Account to the Permanent Community Impact Fund.

(3) (a) Until July 1, 1999, the Board of Regents may not:

(i) increase the total amount of federal mineral lease funds allocated during any fiscal year above the amount allocated during the last fiscal year more than the percentage increase in the Consumer Price Index published by the United States Department of Labor for the last calendar year; and

(ii) increase the total amount allocated more than 10% above the amount allocated during the last fiscal year.

(b) If the total amount of mineral lease funds allocated to a recipient agency or institution in any fiscal year is less than the total amount allocated for the last fiscal year, the allocation to that

agency or institution for the next fiscal year shall be increased by the amount of the reduction before calculating and applying the percent limitation.

(c) (i) Higher education institutions shall expend the federal mineral lease funds apportioned to them via institutional work programs.

(ii) The Board of Regents may approve those programs only when it is satisfied that a majority of the funds will be expended for research, educational, or public service programs of benefit to subdivisions of the state that are socially or economically impacted by the development of minerals leased under the Mineral Lands Leasing Act in the planning, construction, and maintenance of public facilities, and the provision of public services.

(d) (i) Except as provided in Subsection (3)(d)(ii), each institution of higher education is entitled to an amount of mineral lease funds equal to the proportion of the total amount available that the average number of full-time students enrolled during the preceding year at that institution bears to the total enrollment of all institutions.

(ii) Enrollment at the University of Utah and Utah State University shall first be multiplied by 1.25 and that product shall constitute the enrollment of the University of Utah and Utah State University for the purposes of determining their proportionate allocation.

(4) The federal mineral lease funds allocated to the Water Research Laboratory at Utah State University are in addition to any other money to which Utah State University is entitled under this section.

(5) Federal mineral lease funds distributed by the Department of Transportation under Subsection (2)(f) shall be allocated to county special service districts in amounts proportionate to the amount of federal mineral lease money generated by the county in which a special service district is located.

(6) (a) Each county receiving money under Subsection (2)~~(g)~~(h) shall give the money to a school district or other special ~~[purpose governmental entity]~~ service district within the county.

(b) Beginning in fiscal year 1994-95 and in each year thereafter, the amount per acre provided in Subsection (2)~~(g)~~(h)(i) shall adjust to reflect changes in the rate of inflation as measured by the Consumer Price Index.

(7) Each agency, board, institution of higher education, and political subdivision receiving money under this chapter shall provide the Legislature, through the Office of the Legislative Fiscal Analyst, with a complete accounting of the use of that money on an annual basis. This accounting shall:

(a) include actual expenditures for the prior fiscal year, budgeted expenditures for the current fiscal year, and planned expenditures for the following fiscal year; and

(b) be reviewed by the Economic Development and Human Resources Appropriation Subcommittee as part of its normal budgetary process under Title 63, Chapter 38, Budgetary Procedures Act.

(8) All monies in or appropriated to the Targeted Allocation Fund shall be transferred to the Permanent Community Impact Fund.

Section 2. Effective date.

This act takes effect on July 1, 1998.