

1 **MINERAL LEASE FUND AMENDMENTS**

2 2003 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: Beverly Ann Evans**

5 **This act modifies provisions on Mineral Lease Funds. The act expands the public entities**
6 **that may receive monies from the Mineral Lease Account to include public institutions of**
7 **higher education.**

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

9 AMENDS:

10 **59-21-2**, as last amended by Chapter 205, Laws of Utah 2001

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

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

13 **59-21-2. Definitions -- Mineral Bonus Account created -- Contents -- Use of**
14 **Mineral Bonus Account money -- Mineral Lease Account created -- Contents --**
15 **Appropriation of monies from Mineral Lease Account.**

16 (1) As used in this section:

17 (a) "Acquired lands" is as defined in Section 53C-3-201.

18 (b) "Acquired mineral interests" is as defined in Section 53C-3-201.

19 (2) (a) The Mineral Bonus Account is created within the General Fund.

20 (b) The Mineral Bonus Account consists of federal mineral lease bonus payments
21 deposited pursuant to Subsection 59-21-1(3).

22 (c) The Legislature shall make appropriations from the Mineral Bonus Account in
23 accordance with Section 35 of the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 191.

24 (d) The state treasurer shall:

25 (i) invest the money in the Mineral Bonus Account by following the procedures and
26 requirements of Title 51, Chapter 7, State Money Management Act; and

27 (ii) deposit all interest or other earnings derived from the account into the Mineral



28 Bonus Account.

29 (3) (a) The Mineral Lease Account is created within the General Fund.

30 (b) The Mineral Lease Account consists of:

31 (i) federal mineral lease money deposited pursuant to Subsection 59-21-1(1); and

32 (ii) rentals and royalties from the lease of the following deposited pursuant to Section
33 53C-3-202:

34 (A) minerals on acquired lands; or

35 (B) acquired mineral interests.

36 (c) The Legislature shall make appropriations from the Mineral Lease Account as
37 provided in Subsection 59-21-1(1) and this Subsection (3).

38 (d) The Legislature shall annually appropriate 32.5% of all deposits made to the
39 Mineral Lease Account to the Permanent Community Impact Fund established by Section
40 9-4-303.

41 (e) The Legislature shall annually appropriate 2.25% of all deposits made to the
42 Mineral Lease Account to the State Board of Education, to be used for education research and
43 experimentation in the use of staff and facilities designed to improve the quality of education in
44 Utah.

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

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

53 (h) (i) The Legislature shall annually appropriate to the Department of Transportation
54 40% of all deposits made to the Mineral Lease Account to be distributed as provided in
55 Subsection (3)(h)(ii) to:

56 (A) counties;

57 (B) special service districts established:

58 (I) by counties;

59 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
60 (III) for the purpose of constructing, repairing, or maintaining roads; or
61 (C) special service districts established:
62 (I) by counties;
63 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
64 (III) for other purposes authorized by statute.
65 (ii) The Department of Transportation shall allocate the funds specified in Subsection
66 (3)(h)(i):
67 (A) in amounts proportionate to the amount of mineral lease money generated by each
68 county; and
69 (B) to a county or special service district established by a county under Title 17A,
70 Chapter 2, Part 13, Utah Special Service District Act, as determined by the county legislative
71 body.
72 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the
73 Mineral Lease Account to the Department of Community and Economic Development to be
74 distributed to:
75 (A) special service districts established:
76 (I) by counties;
77 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
78 (III) for the purpose of constructing, repairing, or maintaining roads; or
79 (B) special service districts established:
80 (I) by counties;
81 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
82 (III) for other purposes authorized by statute.
83 (ii) The Department of Community and Economic Development may distribute the
84 amounts described in Subsection (3)(i)(i) only to special service districts established under
85 Title 17A, Chapter 2, Part 13, Utah Special Service District Act, by counties:
86 (A) of the third, fourth, fifth, or sixth class;
87 (B) in which 4.5% or less of the mineral lease moneys within the state are generated;
88 and
89 (C) that are significantly socially or economically impacted as provided in Subsection

90 (3)(i)(iii) by the development of:

91 (I) minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec. 181 et seq.;

92 (II) minerals on acquired lands; or

93 (III) acquired mineral interests.

94 (iii) The significant social or economic impact required under Subsection (3)(i)(ii)(C)
95 shall be as a result of:

96 (A) the transportation within the county of hydrocarbons, including solid hydrocarbons
97 as defined in Section 59-5-101;

98 (B) the employment of persons residing within the county in hydrocarbon extraction,
99 including the extraction of solid hydrocarbons as defined in Section 59-5-101; or

100 (C) a combination of Subsections (3)(i)(iii)(A) and (B).

101 (iv) For purposes of distributing the appropriations under this Subsection (3)(i) to
102 special service districts established by counties under Title 17A, Chapter 2, Part 13, Utah
103 Special Service District Act, the Department of Community and Economic Development shall:

104 (A) (I) allocate 50% of the appropriations equally among the counties meeting the
105 requirements of Subsections (3)(i)(ii) and (iii); and

106 (II) allocate 50% of the appropriations based on the ratio that the population of each
107 county meeting the requirements of Subsections (3)(i)(ii) and (iii) bears to the total population
108 of all of the counties meeting the requirements of Subsections (3)(i)(ii) and (iii); and

109 (B) after making the allocations described in Subsection (3)(i)(iv)(A), distribute the
110 allocated revenues to special service districts established by the counties under Title 17A,
111 Chapter 2, Part 13, Utah Special Service District Act, as determined by the executive director
112 of the Department of Community and Economic Development after consulting with the county
113 legislative bodies of the counties meeting the requirements of Subsections (3)(i)(ii) and (iii).

114 (v) The executive director of the Department of Community and Economic
115 Development:

116 (A) shall determine whether a county meets the requirements of Subsections (3)(i)(ii)
117 and (iii);

118 (B) shall distribute the appropriations under Subsection (3)(i)(i) to special service
119 districts established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service
120 District Act, that meet the requirements of Subsections (3)(i)(ii) and (iii); and

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

123 (I) providing a procedure for making the distributions under this Subsection (3)(i) to
124 special service districts; and

125 (II) defining the term "population" for purposes of Subsection (3)(i)(iv).

126 (j) (i) The Legislature shall annually make the following appropriations from the
127 Mineral Lease Account:

128 (A) an amount equal to 52 cents multiplied by the number of acres of school or
129 institutional trust lands, lands owned by the Division of Parks and Recreation, and lands owned
130 by the Division of Wildlife Resources that are not under an in lieu of taxes contract, to each
131 county in which those lands are located;

132 (B) to each county in which school or institutional trust lands are transferred to the
133 federal government after December 31, 1992, an amount equal to the number of transferred
134 acres in the county multiplied by a payment per acre equal to the difference between 52 cents
135 per acre and the per acre payment made to that county in the most recent payment under the
136 federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal
137 payment was equal to or exceeded the 52 cents per acre, in which case a payment under this
138 Subsection (3)(j)(i)(B) may not be made for the transferred lands;

139 (C) to each county in which federal lands, which are entitlement lands under the federal
140 in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to
141 the number of transferred acres in the county multiplied by a payment per acre equal to the
142 difference between the most recent per acre payment made under the federal payment in lieu of
143 taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52
144 cents per acre, in which case a payment under this Subsection (3)(j)(i)(C) may not be made for
145 the transferred land; and

146 (D) to a county of the fifth or sixth class, an amount equal to the product of:

147 (I) \$1,000; and

148 (II) the number of residences described in Subsection (3)(j)(iv) that are located within
149 the county.

150 (ii) A county receiving money under Subsection (3)(j)(i) may, as determined by the
151 county legislative body, distribute the money or a portion of the money to:

152 (A) special service districts established by the county under Title 17A, Chapter 2, Part
153 13, Utah Special Service District Act; [~~or~~]

154 (B) school districts~~[-]; or~~

155 (C) public institutions of higher education.

156 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the
157 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections
158 (3)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all urban
159 consumers published by the Department of Labor.

160 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance
161 shall increase or decrease the amount described in Subsection (3)(j)(i)(D)(I) by the average
162 annual change in the Consumer Price Index for all urban consumers published by the
163 Department of Labor.

164 (iv) Residences for purposes of Subsection (3)(j)(i)(D)(II) are residences that are:

165 (A) owned by:

166 (I) the Division of Parks and Recreation; or

167 (II) the Division of Wildlife Resources;

168 (B) located on lands that are owned by:

169 (I) the Division of Parks and Recreation; or

170 (II) the Division of Wildlife Resources; and

171 (C) are not subject to taxation under:

172 (I) Chapter 2, Property Tax Act; or

173 (II) Chapter 4, Privilege Tax.

174 (k) The Legislature shall annually appropriate to the Permanent Community Impact
175 Fund all deposits remaining in the Mineral Lease Account after making the appropriations
176 provided for in Subsections (3)(d) through (j).

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

181 (b) The accounting required under Subsection (4)(a) shall:

182 (i) include actual expenditures for the prior fiscal year, budgeted expenditures for the

183 current fiscal year, and planned expenditures for the following fiscal year; and
184 (ii) be reviewed by the Economic Development and Human Resources Appropriation
185 Subcommittee as part of its normal budgetary process under Title 63, Chapter 38, Budgetary
186 Procedures Act.

Legislative Review Note
as of 12-6-02 8:42 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number SB0036

Mineral Lease Fund Amendments

09-Jan-03

3:24 PM

State Impact

No fiscal impact. The bill would broaden the potential use of existing mineral lease monies.

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst