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**SCHOOL AND INSTITUTIONAL TRUST**

**LANDS AMENDMENTS**

2007 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John G. Mathis**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill changes the distribution of mineral revenue generated from lands acquired by the School and Institutional Trust Lands Administration from the federal government.

**Highlighted Provisions:**

This bill:

- ▶ creates the Land Exchange Distribution Account;
- ▶ distributes the state's share of mineral revenues from school and institutional trust

lands to:

- the counties from which the revenue is generated;
- the counties where school and institutional trust lands were relinquished to the

United States;

- the Constitutional Defense Restricted Account;
- the State Board of Education;
- the Utah Geological Survey; and
- the Water Research Laboratory at Utah State University;

- ▶ eliminates the contributions of mineral revenue from school and institutional trust

lands to:

- the Permanent Community Impact Fund;
- the Rural Electronic Commerce Communications System Fund;



- 28           • the Rural Development Fund; and
- 29           • the Mineral Lease Account;
- 30         ▶ changes how administrative costs are determined;
- 31         ▶ repeals provisions relating to the Rural Development Fund; and
- 32         ▶ makes technical changes.

**33 Monies Appropriated in this Bill:**

34           None

**35 Other Special Clauses:**

36           None

**37 Utah Code Sections Affected:**

38 **AMENDS:**

- 39           **9-4-302**, as last amended by Chapters 10 and 299, Laws of Utah 2000
- 40           **9-4-303**, as last amended by Chapter 175, Laws of Utah 2001
- 41           **9-4-307**, as last amended by Chapters 10 and 299, Laws of Utah 2000
- 42           **9-15-102**, as last amended by Chapter 256, Laws of Utah 2002
- 43           **11-14-308**, as last amended by Chapter 83, Laws of Utah 2006
- 44           **53C-3-202**, as last amended by Chapter 292, Laws of Utah 2002
- 45           **59-21-1**, as last amended by Chapter 299, Laws of Utah 2000
- 46           **59-21-2**, as last amended by Chapter 148, Laws of Utah 2005
- 47           **63C-4-103**, as last amended by Chapter 14, Laws of Utah 2006

48 **ENACTS:**

- 49           **53C-3-203**, Utah Code Annotated 1953
- 50           **53C-3-204**, Utah Code Annotated 1953

51 **REPEALS:**

- 52           **9-14-101**, as last amended by Chapter 18, Laws of Utah 2004
- 53           **9-14-102**, as last amended by Chapter 256, Laws of Utah 2002
- 54           **9-14-103**, as last amended by Chapter 176, Laws of Utah 2002
- 55           **9-14-104**, as last amended by Chapter 14, Laws of Utah 2006
- 56           **9-14-105**, as enacted by Chapter 368, Laws of Utah 1999
- 57           **9-14-106**, as enacted by Chapter 368, Laws of Utah 1999

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

60 Section 1. Section **9-4-302** is amended to read:

61 **9-4-302. Definitions.**

62 As used in this part:

63 [~~(1) "Acquired lands" is as defined in Section 53C-3-201.~~]

64 [~~(2) "Acquired mineral interests" is as defined in Section 53C-3-201.~~]

65 [~~(3)~~] (1) "Bonus payments" means[~~:(a)~~] that portion of the bonus payments received  
66 by the United States government under the Leasing Act paid to the state under Section 35 of  
67 the Leasing Act, 30 U.S.C. Sec. 191, together with any interest that had accrued on those  
68 payments[~~;~~or].

69 [~~(b) bonus payments collected by the School and Institutional Trust Lands  
70 Administration created by Section 53C-1-201 from the lease of:~~]

71 [~~(i) minerals on acquired lands; or~~]

72 [~~(ii) acquired mineral interests.~~]

73 [~~(4)~~] (2) "Impact board" means the Permanent Community Impact Fund Board created  
74 under Section 9-4-304.

75 [~~(5)~~] (3) "Impact fund" means the Permanent Community Impact Fund established by  
76 this chapter.

77 [~~(6)~~] (4) "Interlocal Agency" means a legal or administrative entity created by a  
78 subdivision or combination of subdivisions under the authority of Title 11, Chapter 13,  
79 Interlocal Cooperation Act.

80 [~~(7)~~] (5) "Leasing Act" means the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec.  
81 181 et seq.

82 [~~(8)~~] (6) "Subdivision" means a county, city, town, county service area, special service  
83 district, special improvement district, water conservancy district, water improvement district,  
84 sewer improvement district, housing authority, building authority, school district, or public  
85 postsecondary institution organized under the laws of this state.

86 Section 2. Section **9-4-303** is amended to read:

87 **9-4-303. Impact fund -- Deposits and contents -- Use of fund monies.**

88 (1) There is created an enterprise fund entitled the "Permanent Community Impact  
89 Fund."

90 (2) The fund consists of:

91 (a) all amounts appropriated to the impact fund under Section 59-21-2;

92 (b) bonus payments deposited to the impact fund pursuant to Subsection 59-21-1(2);

93 [~~(c) bonus payments deposited to the impact fund pursuant to Section 53C-3-202;~~]

94 [~~(d)~~] (c) all amounts received for the repayment of loans made by the impact board  
95 under this chapter; and

96 [~~(e)~~] (d) all other monies appropriated or otherwise made available to the impact fund  
97 by the Legislature.

98 (3) The state treasurer shall:

99 (a) invest the monies in the impact fund by following the procedures and requirements  
100 of Title 51, Chapter 7, State Money Management Act; and

101 (b) deposit all interest or other earnings derived from those investments into the impact  
102 fund.

103 (4) The amounts in the impact fund available for loans, grants, administrative costs, or  
104 other purposes of this part shall be limited to that which the Legislature appropriates for these  
105 purposes.

106 (5) Federal mineral lease revenue received by the state under the Leasing Act that is  
107 deposited into the impact fund shall be used:

108 (a) in a manner consistent with:

109 (i) the Leasing Act; and

110 (ii) this part; and

111 (b) for loans, grants, or both to state agencies or subdivisions that are socially or  
112 economically impacted by the leasing of minerals under the Leasing Act.

113 [~~(6) Mineral lease revenue collected by the School and Institutional Trust Lands  
114 Administration from the lease of minerals on acquired lands or the lease of acquired mineral  
115 interests that is deposited into the impact fund shall be used:]~~]

116 [~~(a) in a manner consistent with this part; and]~~]

117 [~~(b) for loans, grants, or both to state agencies or subdivisions socially or economically  
118 impacted by the leasing of:]~~]

119 [~~(i) minerals on acquired lands; or]~~]

120 [~~(ii) acquired mineral interests:]~~]

121 Section 3. Section ~~9-4-307~~ is amended to read:

122 **9-4-307. Impact fund administered by impact board -- Eligibility for assistance --**  
123 **Review by board -- Administration costs -- Annual report.**

124 (1) (a) The impact board shall:

125 (i) administer the impact fund in a manner that will keep a portion of the impact fund  
126 revolving;

127 (ii) determine provisions for repayment of loans; and

128 (iii) establish criteria for determining eligibility for assistance under this part.

129 (b) ~~(i)~~ Criteria for awarding loans or grants made from funds described in Subsection  
130 9-4-303(5) shall be consistent with Subsection 9-4-303(5).

131 ~~[(i) Criteria for awarding loans or grants made from funds described in Subsection~~  
132 ~~9-4-303(6) shall be consistent with Subsections 9-4-303(6) and 9-4-305(1)(a).]~~

133 (c) In order to receive assistance under this part, subdivisions and interlocal agencies  
134 shall submit formal applications containing the information that the impact board requires.

135 (2) In determining eligibility for loans and grants under this part, the impact board shall  
136 consider the following:

137 (a) the subdivision's or interlocal agency's current mineral lease production;

138 (b) the feasibility of the actual development of a resource that may impact the  
139 subdivision or interlocal agency directly or indirectly;

140 (c) current taxes being paid by the subdivision's or interlocal agency's residents;

141 (d) the borrowing capacity of the subdivision or interlocal agency, its ability and  
142 willingness to sell bonds or other securities in the open market, and its current and authorized  
143 indebtedness;

144 (e) all possible additional sources of state and local revenue, including utility user  
145 charges;

146 (f) the availability of federal assistance funds;

147 (g) probable growth of population due to actual or prospective natural resource  
148 development in an area;

149 (h) existing public facilities and services;

150 (i) the extent of the expected direct or indirect impact upon public facilities and  
151 services of the actual or prospective natural resource development in an area; and

152 (j) the extent of industry participation in an impact alleviation plan, either as specified  
153 in Title 63, Chapter 51, Resource Development, or otherwise.

154 (3) The impact board may not fund any education project that could otherwise have  
155 reasonably been funded by a school district through a program of annual budgeting, capital  
156 budgeting, bonded indebtedness, or special assessments.

157 (4) The impact board may restructure all or part of the agency's or subdivision's  
158 liability to repay loans for extenuating circumstances.

159 (5) The impact board shall:

160 (a) review the proposed uses of the impact fund for loans or grants before approving  
161 them and may condition its approval on whatever assurances that the impact board considers to  
162 be necessary to ensure that the proceeds of the loan or grant will be used in accordance with the  
163 Leasing Act and this part; and

164 (b) ensure that each loan specifies the terms for repayment and is evidenced by general  
165 obligation, special assessment, or revenue bonds, notes, or other obligations of the appropriate  
166 subdivision or interlocal agency issued to the impact board under whatever authority for the  
167 issuance of those bonds, notes, or obligations exists at the time of the loan.

168 (6) The impact board shall allocate from the impact fund to the department those funds  
169 that are appropriated by the Legislature for the administration of the impact fund, but this  
170 amount may not exceed 2% of the annual receipts to the impact fund.

171 (7) The department shall make an annual report to the Legislature concerning the  
172 number and type of loans and grants made as well as a list of subdivisions and interlocal  
173 agencies that received this assistance.

174 Section 4. Section **9-15-102** is amended to read:

175 **9-15-102. Rural Electronic Commerce Communications System Fund -- Deposits**  
176 **and contents -- Interest -- Administration.**

177 (1) In order to preserve and promote communications systems, such as broadcast  
178 television, in the rural areas of the state, there is created a restricted special revenue fund  
179 entitled the "Rural Electronic Commerce Communications System Fund."

180 (2) The fund shall consist of:

181 (a) monies deposited to the fund under this chapter; and

182 [~~(b) monies deposited to the fund under Section 53C-3-202; and~~]

183            [~~(c)~~] (b) bond proceeds from the issuance and sale of revenue bonds authorized under  
184 Subsection 9-15-104(2).

185            (3) The fund shall earn interest, which shall be deposited in the fund.

186            (4) Any unallocated balance in the fund at the end of a fiscal year shall be nonlapsing.

187            (5) The division may use fund monies for administration of the fund, but not to exceed  
188 2% of the annual receipts to the fund.

189            Section 5. Section **11-14-308** is amended to read:

190            **11-14-308. Special service district bonds secured by federal mineral lease**  
191 **payments -- Use of bond proceeds -- Bond resolution -- Nonimpairment of appropriation**  
192 **formula -- Issuance of bonds.**

193            (1) Special service districts may:

194            (a) issue bonds payable, in whole or in part, from federal mineral lease payments which  
195 are to be deposited into the Mineral Lease Account under Section 59-21-1 and distributed to  
196 special service districts under Subsection 59-21-2[~~(3)~~](2)(h); or

197            (b) pledge all or any part of the mineral lease payments referred to in Subsection (1)(a)  
198 as an additional source of payment for their general obligation bonds.

199            (2) The proceeds of these bonds may be used:

200            (a) to construct, repair, and maintain streets and roads;

201            (b) to fund any reserves and costs incidental to the issuance of the bonds and pay any  
202 associated administrative costs; and

203            (c) for capital projects of the special service district.

204            (3) (a) The special service district board shall enact a resolution authorizing the  
205 issuance of bonds which, until the bonds have been paid in full:

206            (i) shall be irrevocable; and

207            (ii) may not be amended in any manner that would:

208            (A) impair the rights of the bond holders; or

209            (B) jeopardize the timely payment of principal or interest when due.

210            (b) Notwithstanding any other provision of this chapter, the resolution may contain  
211 covenants with the bond holder regarding:

212            (i) mineral lease payments, or their disposition;

213            (ii) the issuance of future bonds; or

214 (iii) other pertinent matters considered necessary by the governing body to:

215 (A) assure the marketability of the bonds; or

216 (B) insure the enforcement, collection, and proper application of mineral lease  
217 payments.

218 (4) (a) Except as provided in Subsection (4)(b), the state may not alter, impair, or limit  
219 the statutory appropriation formula provided in Subsection 59-21-2[(3)](2)(h), in a manner that  
220 reduces the amounts to be distributed to the special service district until the bonds and the  
221 interest on the bonds are fully met and discharged. Each special service district may include  
222 this pledge and undertaking of the state in these bonds.

223 (b) Nothing in this section:

224 (i) may preclude the alteration, impairment, or limitation of these bonds if adequate  
225 provision is made by law for the protection of the bond holders; or

226 (ii) shall be construed:

227 (A) as a pledge guaranteeing the actual dollar amount ultimately received by individual  
228 special service districts;

229 (B) to require the Department of Transportation to allocate the mineral lease payments  
230 in a manner contrary to the general allocation method described in Subsection  
231 59-21-2[(3)](2)(h); or

232 (C) to limit the Department of Transportation in making rules or procedures allocating  
233 mineral lease payments pursuant to Subsection 59-21-2[(3)](2)(h).

234 (5) (a) The average annual installments of principal and interest on bonds to which  
235 mineral lease payments have been pledged as the sole source of payment may not at any one  
236 time exceed:

237 (i) 80% of the total mineral lease payments received by the issuing entity during the  
238 fiscal year of the issuing entity immediately preceding the fiscal year in which the resolution  
239 authorizing the issuance of bonds is adopted; or

240 (ii) if the bonds are issued during the first fiscal year the issuing entity is eligible to  
241 receive funds, 60% of the amount estimated by the Department of Transportation to be  
242 appropriated to the issuing entity in that fiscal year.

243 (b) The Department of Transportation shall not be liable for any loss or damage  
244 resulting from reliance on the estimates.



245 (6) The final maturity date of the bonds may not exceed 15 years from the date of their  
246 issuance.

247 (7) Bonds may not be issued under this section after December 31, 2010.

248 (8) Bonds which are payable solely from a special fund into which mineral lease  
249 payments are deposited constitute a borrowing based solely upon the credit of the mineral lease  
250 payments received or to be received by the special service district and do not constitute an  
251 indebtedness or pledge of the general credit of the special service district or the state.

252 Section 6. Section **53C-3-202** is amended to read:

253 **53C-3-202. Collection and distribution of revenues from federal land exchange**  
254 **parcels.**

255 (1) The director is responsible for the collection of all bonus payments, rentals, and  
256 royalties from the lease of:

- 257 (a) minerals on acquired lands; and  
258 (b) acquired mineral interests.

259 (2) The director shall:

260 (a) ~~[except as provided in Subsections (3) and (4),]~~ no later than the last day of the  
261 second month following each calendar quarter, distribute all bonus payments received during  
262 the calendar quarter from the lease of coal, oil and gas, and coalbed methane on the identified  
263 tracts as follows:

264 (i) 50% to the United States; and

265 ~~[(ii) 12.16% to the Permanent Community Impact Fund created in Section 9-4-303;]~~

266 ~~[(iii) 20% to the Constitutional Defense Restricted Account created in Section~~  
267 ~~63C-4-103;]~~

268 ~~[(iv) 15% to the Rural Electronic Commerce Communications System Fund created by~~  
269 ~~Section 9-15-102; and]~~

270 ~~[(v) 2.84% to the Rural Development Fund created under Section 9-14-102; and]~~

271 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203; and

272 (b) ~~[except as provided in Subsections (3) and (4),]~~ no later than the last day of the  
273 second month following each calendar quarter, distribute all rentals and royalties received  
274 during the calendar quarter from the lease of subject minerals on the acquired lands and the  
275 lease of acquired mineral interests as follows:

276 (i) 50% to the Land Grant Management Fund created by Section 53C-3-101; and

277 [~~(ii) 39.5% to the Mineral Lease Account created by Subsection 59-21-2(3);~~]

278 [~~(iii) 4.5% to the Constitutional Defense Restricted Account created by Section~~

279 ~~63C-4-103;~~]

280 [~~(iv) 3.0% to the Rural Electronic Commerce Communications System Fund created by~~

281 ~~Section 9-15-102; and]~~

282 [~~(v) 3.0% to the Rural Development Fund created by Section 9-14-102.]~~

283 [~~(3) Notwithstanding Subsections (2)(a), (2)(b), and (4), if the distribution required by~~

284 ~~Subsection (2)(a)(iii), (2)(b)(iii), or (4) would cause the balance of the Constitutional Defense~~

285 ~~Restricted Account to exceed \$2,000,000, the director shall distribute to the Permanent~~

286 ~~Community Impact Fund an amount equal to the difference between:]~~

287 [~~(a) what the total balance of the Constitutional Defense Restricted Account would be~~

288 ~~if, but for this Subsection (3), a distribution described in Subsection (2)(a)(iii), (2)(b)(iii), or (4)~~

289 ~~was made; and]~~

290 [~~(b) \$2,000,000.]~~

291 [~~(4) Notwithstanding Subsections (2)(a) and (b), and except as provided in Subsection~~

292 ~~(3), for each fiscal year the director shall deposit:]~~

293 [~~(a) the first \$750,000 of distributions required by Subsections (2)(a)(iv) and (2)(b)(iv)~~

294 ~~into the Rural Electronic Commerce Communications System Fund; and]~~

295 [~~(b) any amounts exceeding the \$750,000 described in Subsection (4)(a) that would be~~

296 ~~distributed into the Rural Electronic Commerce Communications System Fund but for this~~

297 ~~Subsection (4) into the Constitutional Defense Restricted Account.]~~

298 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203.

299 [~~(5)~~] (3) (a) The director may retain up to 3% of the monies collected under Subsection

300 (1) to pay for administrative costs incurred under Subsection (1).

301 (b) The administrative costs may be deducted prior to the distributions made under

302 Subsections (2)(a) and (b).

303 (c) The director shall keep the administrative cost deductions in separate accounts.

304 (d) (i) For purposes of this section, administrative costs[~~:(A)~~] include:

305 [~~(F)~~] (A) direct costs incurred by the administration; and

306 [~~(H)~~] (B) out-of-pocket expenditures incurred by the administration that are directly

307 attributable to leasing or management of the acquired lands for subject minerals or acquired  
 308 mineral interests[; and].

309 [~~(B)~~ shall be determined in a manner similar to that used by the federal government  
 310 pursuant to ~~30 U.S.C. Sec. 191(b).~~]

311 (ii) If the administration includes out-of-pocket expenditures under Subsection [~~(5)~~]  
 312 ~~(3)(d)(i)~~ in determining its costs, those expenditures may not be included in its general  
 313 calculation of direct costs.

314 (e) (i) At the end of each fiscal year, the director shall reconcile the amount actually  
 315 spent under Subsection [~~(5)~~] ~~(3)(d)~~ with the amount retained under Subsection [~~(5)~~] ~~(3)(a)~~.

316 (ii) The monies retained under Subsection [~~(5)~~] ~~(3)(a)~~ are nonlapsing.

317 Section 7. Section **53C-3-203** is enacted to read:

318 **53C-3-203. Land Exchange Distribution Account -- School and Institutional Trust**

319 **Land Impact Fund.**

320 (1) As used in this section, "account" means the Land Exchange Distribution Account  
 321 created in Subsection (2)(a).

322 (2) (a) There is created within the General Fund a restricted account known as the Land  
 323 Exchange Distribution Account.

324 (b) The account shall consist of:

325 (i) all revenue deposited in the account as required by Subsections 53C-3-202(2)(a)(ii)  
 326 and (2)(b)(ii); and

327 (ii) interest on account monies.

328 (3) For fiscal years beginning on or after fiscal year 2007-08, the Legislature shall  
 329 annually appropriate from the account:

330 (a) 55% of all deposits made to the account to counties in amounts proportionate to the  
 331 amounts of mineral revenue generated from the acquired land located in each county, to be  
 332 used to mitigate the impacts caused by mineral development;

333 (b) 25% of all deposits made to the account to counties in amounts proportionate to the  
 334 total surface and mineral acreage within each county that was conveyed to the United States  
 335 under the agreement, to be used to mitigate the impacts caused by mineral development;

336 (c) 7.5% of all deposits made to the account to the State Board of Education, to be used  
 337 for education research and experimentation in the use of staff and facilities designed to

338 improve the quality of education in Utah;

339 (d) 2.5% of all deposits made to the account to the Geological Survey, to be used for  
340 natural resources development in the state;

341 (e) 2.5% of all deposits made to the account to the Water Research Laboratory at Utah  
342 State University, to be used for water development in the state; and

343 (f) 7.5% of all deposits made to the account to the Constitutional Defense Restricted  
344 Account created in Section 63C-4-103.

345 Section 8. Section **53C-3-204** is enacted to read:

346 **53C-3-204. Collection and distribution of revenue from future state-federal land**  
347 **exchanges.**

348 (1) If the administration is obligated to share mineral bonus, rental, or royalty revenue  
349 with the state by federal law in future land exchanges between the United States and the  
350 administration, the director shall collect the state's share of the mineral bonus, rental, and  
351 royalty revenue and deposit it into the Land Exchange Distribution Account created in Section  
352 53C-3-203.

353 (2) The director shall distribute the state's share of the revenues generated from future  
354 land exchanges from the Land Exchange Distribution Account proportionately in accordance  
355 with Subsection 53C-3-203(3), except that the total surface and mineral acreage conveyed to  
356 the United States for purposes of Subsection 53C-3-203(3)(b) shall be determined separately  
357 with respect to each future exchange.

358 (3) (a) The director may retain up to 1.5% of the monies collected under Subsection (1)  
359 to pay for administrative costs incurred in the leasing or management of lands producing  
360 monies under Subsection (1).

361 (b) The administrative costs may be deducted prior to the deposit made under  
362 Subsection (1).

363 (c) The director shall keep the administrative cost deductions in separate accounts.

364 (d) The monies retained under this Subsection (3) are nonlapsing.

365 Section 9. Section **59-21-1** is amended to read:

366 **59-21-1. Disposition of federal mineral lease monies -- Priority to political**  
367 **subdivisions impacted by mineral development -- Disposition of mineral bonus payments**  
368 **-- Appropriation of monies attributable to royalties from extraction of minerals on**

369 **federal land located within boundaries of Grand Staircase-Escalante National**  
370 **Monument.**

371 (1) Except as provided in Subsections (2) through (4), all monies received from the  
372 United States under the provisions of the Mineral Lands Leasing Act, 30 U.S.C. Sec. 181 et  
373 seq., shall:

374 (a) be deposited in the Mineral Lease Account of the General Fund; and

375 (b) be appropriated by the Legislature giving priority to those subdivisions of the state  
376 socially or economically impacted by development of minerals leased under the Mineral Lands  
377 Leasing Act, for:

378 (i) planning;

379 (ii) construction and maintenance of public facilities; and

380 (iii) provision of public services.

381 (2) Seventy percent of money received from federal mineral lease bonus payments  
382 shall be deposited into the Permanent Community Impact Fund and shall be used as provided  
383 in Title 9, Chapter 4, Part 3, Community Impact Alleviation.

384 (3) Thirty percent of money received from federal mineral lease bonus payments shall  
385 be deposited in the Mineral Bonus Account created by Subsection 59-21-2~~(2)~~(1) and  
386 appropriated as provided in that subsection.

387 (4) (a) For purposes of this Subsection (4):

388 (i) the "boundaries of the Grand Staircase-Escalante National Monument" means the  
389 boundaries:

390 (A) established by Presidential Proclamation No. 6920, 61 Fed. Reg. 50,223 (1996);  
391 and

392 (B) modified by:

393 (I) Pub. L. No. 105-335, 112 Stat. 3139; and

394 (II) Pub. L. No. 105-355, 112 Stat. 3247; and

395 (ii) a special service district, school district, or federal land is considered to be located  
396 within the boundaries of the Grand Staircase-Escalante National Monument if a portion of the  
397 special service district, school district, or federal land is located within the boundaries  
398 described in Subsection (4)(a)(i).

399 (b) Beginning on July 1, 1999, the Legislature shall appropriate, as provided in

400 Subsections (4)(c) through (g), monies received from the United States that are attributable to  
401 royalties from the extraction of minerals on federal land that, on September 18, 1996, was  
402 located within the boundaries of the Grand Staircase-Escalante National Monument.

403 (c) The Legislature shall annually appropriate 40% of the monies described in  
404 Subsection (4)(b) to the Department of Transportation to be distributed by the Department of  
405 Transportation to special service districts that are:

406 (i) established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service  
407 District Act;

408 (ii) socially or economically impacted by the development of minerals under the  
409 Mineral Lands Leasing Act; and

410 (iii) located within the boundaries of the Grand Staircase-Escalante National  
411 Monument.

412 (d) The Department of Transportation shall distribute the money described in  
413 Subsection (4)(c) in amounts proportionate to the amount of federal mineral lease money  
414 generated by the county in which a special service district is located.

415 (e) The Legislature shall annually appropriate 40% of the monies described in  
416 Subsection (4)(b) to the State Board of Education to be distributed equally to school districts  
417 that are:

418 (i) socially or economically impacted by the development of minerals under the  
419 Mineral Lands Leasing Act; and

420 (ii) located within the boundaries of the Grand Staircase-Escalante National  
421 Monument.

422 (f) The Legislature shall annually appropriate 2.25% of the monies described in  
423 Subsection (4)(b) to the Utah Geological Survey to facilitate the development of energy and  
424 mineral resources in counties that are:

425 (i) socially or economically impacted by the development of minerals under the  
426 Mineral Lands Leasing Act; and

427 (ii) located within the boundaries of the Grand Staircase-Escalante National  
428 Monument.

429 (g) Seventeen and three-fourths percent of the monies described in Subsection (4)(b)  
430 shall be deposited annually into the State School Fund established by Utah Constitution Article

431 X, Section 5.

432 Section 10. Section **59-21-2** is amended to read:

433 **59-21-2. Definitions -- Mineral Bonus Account created -- Contents -- Use of**  
434 **Mineral Bonus Account money -- Mineral Lease Account created -- Contents --**  
435 **Appropriation of monies from Mineral Lease Account.**

436 [~~(1) As used in this section:~~]

437 [~~(a) "Acquired lands" is as defined in Section 53C-3-201.~~]

438 [~~(b) "Acquired mineral interests" is as defined in Section 53C-3-201.~~]

439 [~~(2)~~] (1) (a) The Mineral Bonus Account is created within the General Fund.

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

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

444 (d) The state treasurer shall:

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

447 (ii) deposit all interest or other earnings derived from the account into the Mineral  
448 Bonus Account.

449 [~~(3)~~] (2) (a) The Mineral Lease Account is created within the General Fund.

450 (b) The Mineral Lease Account consists of [~~(i)~~] federal mineral lease money deposited  
451 pursuant to Subsection 59-21-1(1) [~~; and~~].

452 [~~(ii) rentals and royalties from the lease of the following deposited pursuant to Section~~  
453 ~~53C-3-202:~~]

454 [~~(A) minerals on acquired lands; or~~]

455 [~~(B) acquired mineral interests.~~]

456 (c) The Legislature shall make appropriations from the Mineral Lease Account as  
457 provided in Subsection 59-21-1(1) and this Subsection [~~(3)~~] (2).

458 (d) The Legislature shall annually appropriate 32.5% of all deposits made to the  
459 Mineral Lease Account to the Permanent Community Impact Fund established by Section  
460 9-4-303.

461 (e) The Legislature shall annually appropriate 2.25% of all deposits made to the

462 Mineral Lease Account to the State Board of Education, to be used for education research and  
463 experimentation in the use of staff and facilities designed to improve the quality of education in  
464 Utah.

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

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

473 (h) (i) The Legislature shall annually appropriate to the Department of Transportation  
474 40% of all deposits made to the Mineral Lease Account to be distributed as provided in  
475 Subsection [~~(3)~~] (2)(h)(ii) to:

- 476 (A) counties;
- 477 (B) special service districts established:
  - 478 (I) by counties;
  - 479 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
  - 480 (III) for the purpose of constructing, repairing, or maintaining roads; or
- 481 (C) special service districts established:
  - 482 (I) by counties;
  - 483 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
  - 484 (III) for other purposes authorized by statute.

485 (ii) The Department of Transportation shall allocate the funds specified in Subsection  
486 [~~(3)~~] (2)(h)(i):

- 487 (A) in amounts proportionate to the amount of mineral lease money generated by each  
488 county; and
- 489 (B) to a county or special service district established by a county under Title 17A,  
490 Chapter 2, Part 13, Utah Special Service District Act, as determined by the county legislative  
491 body.

492 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the



493 Mineral Lease Account to the Department of Community and Culture to be distributed to:

494 (A) special service districts established:

495 (I) by counties;

496 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

497 (III) for the purpose of constructing, repairing, or maintaining roads; or

498 (B) special service districts established:

499 (I) by counties;

500 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

501 (III) for other purposes authorized by statute.

502 (ii) The Department of Community and Culture may distribute the amounts described

503 in Subsection ~~[(3)]~~ (2)(i)(i) only to special service districts established under Title 17A,

504 Chapter 2, Part 13, Utah Special Service District Act, by counties:

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

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

507 and

508 (C) that are significantly socially or economically impacted as provided in Subsection

509 (3)(i)(iii) by the development of ~~[:(H)]~~ minerals under the Mineral Lands Leasing Act, 30

510 U.S.C. Sec. 181 et seq. ~~[:]~~

511 ~~[(H) minerals on acquired lands, or]~~

512 ~~[(H) acquired mineral interests.]~~

513 (iii) The significant social or economic impact required under Subsection ~~[(3)]~~

514 (2)(i)(ii)(C) shall be as a result of:

515 (A) the transportation within the county of hydrocarbons, including solid hydrocarbons

516 as defined in Section 59-5-101;

517 (B) the employment of persons residing within the county in hydrocarbon extraction,

518 including the extraction of solid hydrocarbons as defined in Section 59-5-101; or

519 (C) a combination of Subsections ~~[(3)]~~ (2)(i)(iii)(A) and (B).

520 (iv) For purposes of distributing the appropriations under this Subsection ~~[(3)]~~ (2)(i) to

521 special service districts established by counties under Title 17A, Chapter 2, Part 13, Utah

522 Special Service District Act, the Department of Community and Culture shall:

523 (A) (I) allocate 50% of the appropriations equally among the counties meeting the

524 requirements of Subsections [~~(3)~~] (2)(i)(ii) and (iii); and

525 (II) allocate 50% of the appropriations based on the ratio that the population of each  
526 county meeting the requirements of Subsections [~~(3)~~] (2)(i)(ii) and (iii) bears to the total  
527 population of all of the counties meeting the requirements of Subsections [~~(3)~~] (2)(i)(ii) and  
528 (iii); and

529 (B) after making the allocations described in Subsection [~~(3)~~] (2)(i)(iv)(A), distribute  
530 the allocated revenues to special service districts established by the counties under Title 17A,  
531 Chapter 2, Part 13, Utah Special Service District Act, as determined by the executive director  
532 of the Department of Community and Culture after consulting with the county legislative  
533 bodies of the counties meeting the requirements of Subsections [~~(3)~~] (2)(i)(ii) and (iii).

534 (v) The executive director of the Department of Community and Culture:

535 (A) shall determine whether a county meets the requirements of Subsections [~~(3)~~]  
536 (2)(i)(ii) and (iii);

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

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

542 (I) providing a procedure for making the distributions under this Subsection [~~(3)~~] (2)(i)  
543 to special service districts; and

544 (II) defining the term "population" for purposes of Subsection [~~(3)~~] (2)(i)(iv).

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

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

551 (B) to each county in which school or institutional trust lands are transferred to the  
552 federal government after December 31, 1992, an amount equal to the number of transferred  
553 acres in the county multiplied by a payment per acre equal to the difference between 52 cents  
554 per acre and the per acre payment made to that county in the most recent payment under the

555 federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal  
556 payment was equal to or exceeded the 52 cents per acre, in which case a payment under this  
557 Subsection [~~(3)~~] (2)(j)(i)(B) may not be made for the transferred lands;

558 (C) to each county in which federal lands, which are entitlement lands under the federal  
559 in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to  
560 the number of transferred acres in the county multiplied by a payment per acre equal to the  
561 difference between the most recent per acre payment made under the federal payment in lieu of  
562 taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52  
563 cents per acre, in which case a payment under this Subsection [~~(3)~~] (2)(j)(i)(C) may not be  
564 made for the transferred land; and

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

566 (I) \$1,000; and

567 (II) the number of residences described in Subsection [~~(3)~~] (2)(j)(iv) that are located  
568 within the county.

569 (ii) A county receiving money under Subsection [~~(3)~~] (2)(j)(i) may, as determined by  
570 the county legislative body, distribute the money or a portion of the money to:

571 (A) special service districts established by the county under Title 17A, Chapter 2, Part  
572 13, Utah Special Service District Act;

573 (B) school districts; or

574 (C) public institutions of higher education.

575 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the  
576 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections  
577 [~~(3)~~] (2)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all  
578 urban consumers published by the Department of Labor.

579 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance  
580 shall increase or decrease the amount described in Subsection [~~(3)~~] (2)(j)(i)(D)(I) by the  
581 average annual change in the Consumer Price Index for all urban consumers published by the  
582 Department of Labor.

583 (iv) Residences for purposes of Subsection [~~(3)~~] (2)(j)(i)(D)(II) are residences that are:

584 (A) owned by:

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

- 586 (II) the Division of Wildlife Resources;
- 587 (B) located on lands that are owned by:
- 588 (I) the Division of Parks and Recreation; or
- 589 (II) the Division of Wildlife Resources; and
- 590 (C) are not subject to taxation under:
- 591 (I) Chapter 2, Property Tax Act; or
- 592 (II) Chapter 4, Privilege Tax.

593 (k) The Legislature shall annually appropriate to the Permanent Community Impact  
 594 Fund all deposits remaining in the Mineral Lease Account after making the appropriations  
 595 provided for in Subsections [~~3~~] 2(d) through (j).

596 [~~4~~] 3 (a) Each agency, board, institution of higher education, and political  
 597 subdivision receiving money under this chapter shall provide the Legislature, through the  
 598 Office of the Legislative Fiscal Analyst, with a complete accounting of the use of that money  
 599 on an annual basis.

- 600 (b) The accounting required under Subsection [~~4~~] 3(a) shall:
- 601 (i) include actual expenditures for the prior fiscal year, budgeted expenditures for the  
 602 current fiscal year, and planned expenditures for the following fiscal year; and
- 603 (ii) be reviewed by the Economic Development and Human Resources Appropriation  
 604 Subcommittee as part of its normal budgetary process under Title 63, Chapter 38, Budgetary  
 605 Procedures Act.

606 Section 11. Section **63C-4-103** is amended to read:

607 **63C-4-103. Creation of Constitutional Defense Restricted Account -- Sources of**  
 608 **funds -- Uses of funds -- Reports.**

- 609 (1) There is created a restricted account within the General Fund known as the  
 610 Constitutional Defense Restricted Account.
- 611 (2) The account consists of monies from the following revenue sources:
- 612 (a) monies deposited to the account as required by Section [~~53C-3-202~~] 53C-3-203;
- 613 (b) voluntary contributions;
- 614 (c) monies received by the Constitutional Defense Council from other state agencies;
- 615 and
- 616 (d) appropriations made by the Legislature.

- 617 (3) Funds in the account shall be nonlapsing.
- 618 (4) The account balance may not exceed \$2,000,000.
- 619 (5) The Legislature may annually appropriate monies from the Constitutional Defense  
620 Restricted Account to one or more of the following:
- 621 (a) the Constitutional Defense Council to carry out its duties in Section 63C-4-102;
- 622 (b) the Public Lands Policy Coordinating Office to carry out its duties in Section  
623 63-38d-603;
- 624 (c) the Public Lands Policy Coordinating Council to carry out its duties in Section  
625 63-38d-605[-];
- 626 (d) the Office of the Governor, to be used only for the purpose of asserting, defending,  
627 or litigating state and local government rights under R.S. 2477, in accordance with a plan  
628 developed and approved as provided in Section 63C-4-104;
- 629 (e) a county or association of counties to assist counties, consistent with the purposes  
630 of the council, in pursuing issues affecting the counties; or
- 631 (f) the Office of the Attorney General, to be used only for public lands counsel and  
632 assistance and litigation to the state or local governments including asserting, defending, or  
633 litigating state and local government rights under R.S. 2477 in accordance with a plan  
634 developed and approved as provided in Section 63C-4-104.
- 635 (6) (a) The Constitutional Defense Council shall require that any entity that receives  
636 monies from the Constitutional Defense Restricted Account provide financial reports and  
637 litigation reports to the Council.
- 638 (b) Nothing in this Subsection (6) prohibits the council from closing a meeting under  
639 Title 52, Chapter 4, Open and Public Meetings Act, or prohibits the council from complying  
640 with Title 63, Chapter 2, Government Records Access and Management Act.

641 Section 12. **Repealer.**

642 This bill repeals:

643 Section **9-14-101, Definitions.**

644 Section **9-14-102, Rural Development Fund -- Deposits and contents -- Interest --**  
645 **Administration.**

646 Section **9-14-103, Rural Development Fund Board -- Members -- Terms -- Chair --**  
647 **Quorum -- Expenses.**

- 648           Section **9-14-104, Board duties and powers.**
- 649           Section **9-14-105, Eligibility for assistance -- Application -- Review by board.**
- 650           Section **9-14-106, Division to distribute grant money -- Annual report.**

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**Legislative Review Note**  
as of **1-18-07 5:47 PM**

**Office of Legislative Research and General Counsel**

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**H.B. 134 - School and Institutional Trust Lands Amendments**

**Fiscal Note**

2007 General Session

State of Utah

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**State Impact**

Enactment of this bill would reduce revenues to the Mineral Lease Account, the Constitutional Defense Restricted Account, the Rural Electronic Commerce Fund, the Permanent Community Impact Fund, and the Rural Development Fund. There would be a corresponding increase in the Land Exchange Distribution Account, a new General Fund restricted account created by this bill. In the aggregate the bill is revenue neutral.

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

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*1/24/2007, 2:08:18 PM, Lead Analyst: Wilko, A.*

**Office of the Legislative Fiscal Analyst**