

Representative John G. Mathis proposes the following substitute bill:

SCHOOL AND INSTITUTIONAL TRUST

LANDS AMENDMENTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John G. Mathis

Senate Sponsor: _____

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;
- ▶ creates the School and Institutional Trust Lands Impact Fund;
- ▶ designates \$250,000 of the School and Institutional Trust Lands Impact Fund

monies as nonlapsing;

- ▶ 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



- 26 • the Water Research Laboratory at Utah State University;
- 27 ▶ eliminates the contributions of mineral revenue from school and institutional trust
- 28 lands to:
- 29 • the Permanent Community Impact Fund;
- 30 • the Rural Electronic Commerce Communications System Fund;
- 31 • the Rural Development Fund; and
- 32 • the Mineral Lease Account;
- 33 ▶ allows the School and Institutional Trust Lands Board of Trustees to distribute
- 34 funds to political subdivisions of the state affected by the development or use of
- 35 school and institutional trust lands;
- 36 ▶ changes how administrative costs are determined;
- 37 ▶ repeals provisions relating to the Rural Development Fund; and
- 38 ▶ makes technical changes.

39 **Monies Appropriated in this Bill:**

40 None

41 **Other Special Clauses:**

42 This bill takes effect on July 1, 2007.

43 **Utah Code Sections Affected:**

44 AMENDS:

45 **9-4-302**, as last amended by Chapters 10 and 299, Laws of Utah 2000

46 **9-4-303**, as last amended by Chapter 175, Laws of Utah 2001

47 **9-4-307**, as last amended by Chapters 10 and 299, Laws of Utah 2000

48 **9-15-102**, as last amended by Chapter 256, Laws of Utah 2002

49 **11-14-308**, as last amended by Chapter 83, Laws of Utah 2006

50 **53C-3-202**, as last amended by Chapter 292, Laws of Utah 2002

51 **59-21-1**, as last amended by Chapter 299, Laws of Utah 2000

52 **59-21-2**, as last amended by Chapter 148, Laws of Utah 2005

53 **63C-4-103**, as last amended by Chapter 14, Laws of Utah 2006

54 ENACTS:

55 **53C-3-203**, Utah Code Annotated 1953

56 **53C-3-204**, Utah Code Annotated 1953

57 REPEALS:

58 **9-14-101**, as last amended by Chapter 18, Laws of Utah 2004

59 **9-14-102**, as last amended by Chapter 256, Laws of Utah 2002

60 **9-14-103**, as last amended by Chapter 176, Laws of Utah 2002

61 **9-14-104**, as last amended by Chapter 14, Laws of Utah 2006

62 **9-14-105**, as enacted by Chapter 368, Laws of Utah 1999

63 **9-14-106**, as enacted by Chapter 368, Laws of Utah 1999

64
65 *Be it enacted by the Legislature of the state of Utah:*

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

67 **9-4-302. Definitions.**

68 As used in this part:

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

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

71 [~~(3)~~] (1) "Bonus payments" means [~~;(a)~~] that portion of the bonus payments received
72 by the United States government under the Leasing Act paid to the state under Section 35 of
73 the Leasing Act, 30 U.S.C. Sec. 191, together with any interest that had accrued on those
74 payments [~~;-or~~].

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

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

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

79 [~~(4)~~] (2) "Impact board" means the Permanent Community Impact Fund Board created
80 under Section 9-4-304.

81 [~~(5)~~] (3) "Impact fund" means the Permanent Community Impact Fund established by
82 this chapter.

83 [~~(6)~~] (4) "Interlocal Agency" means a legal or administrative entity created by a
84 subdivision or combination of subdivisions under the authority of Title 11, Chapter 13,
85 Interlocal Cooperation Act.

86 [~~(7)~~] (5) "Leasing Act" means the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec.
87 181 et seq.

88 ~~[(8)]~~ (6) "Subdivision" means a county, city, town, county service area, special service
89 district, special improvement district, water conservancy district, water improvement district,
90 sewer improvement district, housing authority, building authority, school district, or public
91 postsecondary institution organized under the laws of this state.

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

93 **9-4-303. Impact fund -- Deposits and contents -- Use of fund monies.**

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

96 (2) The fund consists of:

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

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

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

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

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

104 (3) The state treasurer shall:

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

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

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

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

114 (a) in a manner consistent with:

115 (i) the Leasing Act; and

116 (ii) this part; and

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

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

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

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

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

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

127 Section 3. Section **9-4-307** is amended to read:

128 **9-4-307. Impact fund administered by impact board -- Eligibility for assistance --**
 129 **Review by board -- Administration costs -- Annual report.**

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

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

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

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

135 (b) ~~[(i)]~~ Criteria for awarding loans or grants made from funds described in Subsection
 136 9-4-303(5) shall be consistent with Subsection 9-4-303(5).

137 ~~[(ii) Criteria for awarding loans or grants made from funds described in Subsection~~
 138 ~~9-4-303(6) shall be consistent with Subsections 9-4-303(6) and 9-4-305(1)(a):]~~

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

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

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

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

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

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

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

152 (f) the availability of federal assistance funds;

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

155 (h) existing public facilities and services;

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

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

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

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

165 (5) The impact board shall:

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

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

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

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

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

181 **9-15-102. Rural Electronic Commerce Communications System Fund -- Deposits**
182 **and contents -- Interest -- Administration.**

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

186 (2) The fund shall consist of:

187 (a) monies deposited to the fund under this chapter; and
188 [~~(b) monies deposited to the fund under Section 53C-3-202; and~~]

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

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

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

193 (5) The division may use fund monies for administration of the fund, but not to exceed
194 2% of the annual receipts to the fund.

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

196 **11-14-308. Special service district bonds secured by federal mineral lease**
197 **payments -- Use of bond proceeds -- Bond resolution -- Nonimpairment of appropriation**
198 **formula -- Issuance of bonds.**

199 (1) Special service districts may:

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

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

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

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

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

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

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

- 212 (i) shall be irrevocable; and
- 213 (ii) may not be amended in any manner that would:
- 214 (A) impair the rights of the bond holders; or
- 215 (B) jeopardize the timely payment of principal or interest when due.
- 216 (b) Notwithstanding any other provision of this chapter, the resolution may contain
- 217 covenants with the bond holder regarding:
- 218 (i) mineral lease payments, or their disposition;
- 219 (ii) the issuance of future bonds; or
- 220 (iii) other pertinent matters considered necessary by the governing body to:
- 221 (A) assure the marketability of the bonds; or
- 222 (B) insure the enforcement, collection, and proper application of mineral lease
- 223 payments.
- 224 (4) (a) Except as provided in Subsection (4)(b), the state may not alter, impair, or limit
- 225 the statutory appropriation formula provided in Subsection 59-21-2[~~(3)~~](2)(h), in a manner that
- 226 reduces the amounts to be distributed to the special service district until the bonds and the
- 227 interest on the bonds are fully met and discharged. Each special service district may include
- 228 this pledge and undertaking of the state in these bonds.
- 229 (b) Nothing in this section:
- 230 (i) may preclude the alteration, impairment, or limitation of these bonds if adequate
- 231 provision is made by law for the protection of the bond holders; or
- 232 (ii) shall be construed:
- 233 (A) as a pledge guaranteeing the actual dollar amount ultimately received by individual
- 234 special service districts;
- 235 (B) to require the Department of Transportation to allocate the mineral lease payments
- 236 in a manner contrary to the general allocation method described in Subsection
- 237 59-21-2[~~(3)~~](2)(h); or
- 238 (C) to limit the Department of Transportation in making rules or procedures allocating
- 239 mineral lease payments pursuant to Subsection 59-21-2[~~(3)~~](2)(h).
- 240 (5) (a) The average annual installments of principal and interest on bonds to which
- 241 mineral lease payments have been pledged as the sole source of payment may not at any one
- 242 time exceed:

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

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

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

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

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

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

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

259 **53C-3-202. Collection and distribution of revenues from federal land exchange**
260 **parcels.**

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

- 263 (a) minerals on acquired lands; and
- 264 (b) acquired mineral interests.

265 (2) The director shall:

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

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

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

272 ~~[(iii) 20% to the Constitutional Defense Restricted Account created in Section~~
273 ~~63C-4-103;]~~

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

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

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

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

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

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

284 ~~[(iii) 4.5% to the Constitutional Defense Restricted Account created by Section~~
285 ~~63C-4-103;]~~

286 ~~[(iv) 3.0% to the Rural Electronic Commerce Communications System Fund created by~~
287 ~~Section 9-15-102; and]~~

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

289 ~~[(3) Notwithstanding Subsections (2)(a), (2)(b), and (4), if the distribution required by~~
290 ~~Subsection (2)(a)(iii), (2)(b)(iii), or (4) would cause the balance of the Constitutional Defense~~
291 ~~Restricted Account to exceed \$2,000,000, the director shall distribute to the Permanent~~
292 ~~Community Impact Fund an amount equal to the difference between:]~~

293 ~~[(a) what the total balance of the Constitutional Defense Restricted Account would be~~
294 ~~if, but for this Subsection (3), a distribution described in Subsection (2)(a)(iii), (2)(b)(iii), or (4)~~
295 ~~was made; and]~~

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

297 ~~[(4) Notwithstanding Subsections (2)(a) and (b), and except as provided in Subsection~~
298 ~~(3), for each fiscal year the director shall deposit:]~~

299 ~~[(a) the first \$750,000 of distributions required by Subsections (2)(a)(iv) and (2)(b)(iv)~~
300 ~~into the Rural Electronic Commerce Communications System Fund; and]~~

301 ~~[(b) any amounts exceeding the \$750,000 described in Subsection (4)(a) that would be~~
302 ~~distributed into the Rural Electronic Commerce Communications System Fund but for this~~
303 ~~Subsection (4) into the Constitutional Defense Restricted Account.]~~

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

305 ~~[(5)]~~ (3) (a) The director may retain up to 3% of the monies collected under Subsection
306 (1) to pay for administrative costs incurred under Subsection (1).

307 (b) The administrative costs may be deducted prior to the distributions made under
308 Subsections (2)(a) and (b).

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

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

311 ~~[(H)]~~ (A) direct costs incurred by the administration; and

312 ~~[(H)]~~ (B) out-of-pocket expenditures incurred by the administration that are directly
313 attributable to leasing or management of the acquired lands for subject minerals or acquired
314 mineral interests~~[-and]~~.

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

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

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

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

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

324 **53C-3-203. Land Exchange Distribution Account -- School and Institutional Trust**

325 **Land Impact Fund.**

326 (1) As used in this section:

327 (a) "Account" means the Land Exchange Distribution Account created in Subsection
328 (2)(a).

329 (b) "Fund" means the School and Institutional Trust Lands Impact Fund created in
330 Subsection (4)(a).

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

333 (b) The account shall consist of all revenue deposited in the account as required by
334 Subsections 53C-3-202(2)(a)(ii) and (2)(b)(ii).

335 (3) For fiscal years beginning on or after fiscal year 2007-08, the Legislature shall

336 annually appropriate from the account:

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

340 (b) 25% of all deposits made to the account to counties in amounts proportionate to the
341 total surface and mineral acreage within each county that was conveyed to the United States
342 under the agreement, to be used to mitigate the loss of mineral development opportunities
343 resulting from the land exchange;

344 (c) 1.68% of all deposits made to the account to the State Board of Education, to be
345 used for education research and experimentation in the use of staff and facilities designed to
346 improve the quality of education in Utah;

347 (d) 1.66% of all deposits made to the account to the Geological Survey, to be used for
348 natural resources development in the state;

349 (e) 1.66% of all deposits made to the account to the Water Research Laboratory at Utah
350 State University, to be used for water development in the state;

351 (f) 7.5% of all deposits made to the account to the Constitutional Defense Restricted
352 Account created in Section 63C-4-103; and

353 (g) 7.5% of all deposits made to the account to the fund created in Subsection (4).

354 (4) (a) There is created a restricted special revenue fund known as the School and
355 Institutional Trust Lands Impact Fund.

356 (b) The fund shall consist of all revenue deposited in the fund as required by
357 Subsection (2)(g).

358 (c) The board shall:

359 (i) make grants from the fund to political subdivisions of the state to mitigate the
360 impacts resulting from the development or use of school and institutional trust lands;

361 (ii) make rules establishing the eligibility criteria, standards, prioritization process, and
362 procedures the board will use to make the grants; and

363 (iii) report the grant amounts, recipients, and purposes annually to the Natural
364 Resources Appropriations Subcommittee.

365 (d) (i) The Division of Finance shall transfer any monies in the fund that exceed
366 \$250,000 at the end of a fiscal year as follows:

367 (A) 59% to counties in amounts proportionate to the amounts of mineral revenue
368 generated from the acquired land located in each county, to be used for the purposes listed in
369 Subsection (3)(a);

370 (B) 27% to counties in amounts proportionate to the total surface and mineral acreage
371 within each county that was conveyed to the United States under the agreement, to be used for
372 the purposes listed in Subsection (3)(b);

373 (C) 2% to the State Board of Education, to be used for the purposes listed in
374 Subsection (3)(c);

375 (D) 2% to the Geological Survey, to be used for the purposes listed in Subsection
376 (3)(d);

377 (E) 2% to the Water Research Laboratory at Utah State University, to be used for the
378 purposes listed in Subsection (3)(e); and

379 (F) 8% to the Constitutional Defense Restricted Account created in Section 63C-4-103.
380 (ii) Any unallocated balance in the fund less than \$250,000 at the end of a fiscal year is
381 nonlapsing.

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

383 **53C-3-204. Collection and distribution of revenue from future state-federal land**
384 **exchanges.**

385 (1) If the administration is obligated to share mineral bonus, rental, or royalty revenue
386 with the state by federal law in future land exchanges between the United States and the
387 administration, the director shall collect the state's share of the mineral bonus, rental, and
388 royalty revenue and deposit it into the Land Exchange Distribution Account created in Section
389 53C-3-203.

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

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

398 **(b) The administrative costs may be deducted prior to the deposit made under**
399 **Subsection (1).**

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

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

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

403 **59-21-1. Disposition of federal mineral lease monies -- Priority to political**
404 **subdivisions impacted by mineral development -- Disposition of mineral bonus payments**
405 **-- Appropriation of monies attributable to royalties from extraction of minerals on**
406 **federal land located within boundaries of Grand Staircase-Escalante National**
407 **Monument.**

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

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

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

415 (i) planning;

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

417 (iii) provision of public services.

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

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

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

425 (i) the "boundaries of the Grand Staircase-Escalante National Monument" means the
426 boundaries:

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

428 and

429 (B) modified by:

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

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

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

436 (b) Beginning on July 1, 1999, the Legislature shall appropriate, as provided in
437 Subsections (4)(c) through (g), monies received from the United States that are attributable to
438 royalties from the extraction of minerals on federal land that, on September 18, 1996, was
439 located within the boundaries of the Grand Staircase-Escalante National Monument.

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

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

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

447 (iii) located within the boundaries of the Grand Staircase-Escalante National
448 Monument.

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

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

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

457 (ii) located within the boundaries of the Grand Staircase-Escalante National
458 Monument.

459 (f) The Legislature shall annually appropriate 2.25% of the monies described in

460 Subsection (4)(b) to the Utah Geological Survey to facilitate the development of energy and
461 mineral resources in counties that are:

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

464 (ii) located within the boundaries of the Grand Staircase-Escalante National
465 Monument.

466 (g) Seventeen and three-fourths percent of the monies described in Subsection (4)(b)
467 shall be deposited annually into the State School Fund established by Utah Constitution Article
468 X, Section 5.

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

470 **59-21-2. Definitions -- Mineral Bonus Account created -- Contents -- Use of**
471 **Mineral Bonus Account money -- Mineral Lease Account created -- Contents --**
472 **Appropriation of monies from Mineral Lease Account.**

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

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

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

476 [~~(2)~~] (1) (a) The Mineral Bonus Account is created within the General Fund.

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

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

481 (d) The state treasurer shall:

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

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

486 [~~(3)~~] (2) (a) The Mineral Lease Account is created within the General Fund.

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

489 [~~(ii) rentals and royalties from the lease of the following deposited pursuant to Section~~
490 ~~53C-3-202.~~]

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

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

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

495 (d) The Legislature shall annually appropriate 32.5% of all deposits made to the
496 Mineral Lease Account to the Permanent Community Impact Fund established by Section
497 9-4-303.

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

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

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

510 (h) (i) The Legislature shall annually appropriate to the Department of Transportation
511 40% of all deposits made to the Mineral Lease Account to be distributed as provided in
512 Subsection ~~[(3)]~~ (2)(h)(ii) to:

513 (A) counties;

514 (B) special service districts established:

515 (I) by counties;

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

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

518 (C) special service districts established:

519 (I) by counties;

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

521 (III) for other purposes authorized by statute.

522 (ii) The Department of Transportation shall allocate the funds specified in Subsection
523 [~~(3)~~] (2)(h)(i):

524 (A) in amounts proportionate to the amount of mineral lease money generated by each
525 county; and

526 (B) to a county or special service district established by a county under Title 17A,
527 Chapter 2, Part 13, Utah Special Service District Act, as determined by the county legislative
528 body.

529 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the
530 Mineral Lease Account to the Department of Community and Culture to be distributed to:

531 (A) special service districts established:

532 (I) by counties;

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

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

535 (B) special service districts established:

536 (I) by counties;

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

538 (III) for other purposes authorized by statute.

539 (ii) The Department of Community and Culture may distribute the amounts described
540 in Subsection [~~(3)~~] (2)(i)(i) only to special service districts established under Title 17A,
541 Chapter 2, Part 13, Utah Special Service District Act, by counties:

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

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

544 and

545 (C) that are significantly socially or economically impacted as provided in Subsection
546 (3)(i)(iii) by the development of[~~-(H)~~] minerals under the Mineral Lands Leasing Act, 30
547 U.S.C. Sec. 181 et seq.[;]

548 [~~(H)~~ minerals on acquired lands; or]

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

550 (iii) The significant social or economic impact required under Subsection [~~(3)~~]
551 (2)(i)(ii)(C) shall be as a result of:

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

553 as defined in Section 59-5-101;

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

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

557 (iv) For purposes of distributing the appropriations under this Subsection [~~(3)~~] (2)(i) to
558 special service districts established by counties under Title 17A, Chapter 2, Part 13, Utah
559 Special Service District Act, the Department of Community and Culture shall:

560 (A) (I) allocate 50% of the appropriations equally among the counties meeting the
561 requirements of Subsections [~~(3)~~] (2)(i)(ii) and (iii); and

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

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

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

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

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

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

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

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

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

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

588 (B) to each county in which school or institutional trust lands are transferred to the
589 federal government after December 31, 1992, an amount equal to the number of transferred
590 acres in the county multiplied by a payment per acre equal to the difference between 52 cents
591 per acre and the per acre payment made to that county in the most recent payment under the
592 federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal
593 payment was equal to or exceeded the 52 cents per acre, in which case a payment under this
594 Subsection [~~(3)~~] (2)(j)(i)(B) may not be made for the transferred lands;

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

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

603 (I) \$1,000; and

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

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

608 (A) special service districts established by the county under Title 17A, Chapter 2, Part
609 13, Utah Special Service District Act;

610 (B) school districts; or

611 (C) public institutions of higher education.

612 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the
613 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections
614 [~~(3)~~] (2)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all

615 urban consumers published by the Department of Labor.

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

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

621 (A) owned by:

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

623 (II) the Division of Wildlife Resources;

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

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

626 (II) the Division of Wildlife Resources; and

627 (C) are not subject to taxation under:

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

629 (II) Chapter 4, Privilege Tax.

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

633 [~~4~~] (3) (a) Each agency, board, institution of higher education, and political
634 subdivision receiving money under this chapter shall provide the Legislature, through the
635 Office of the Legislative Fiscal Analyst, with a complete accounting of the use of that money
636 on an annual basis.

637 (b) The accounting required under Subsection [~~4~~] (3)(a) shall:

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

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

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

644 **63C-4-103. Creation of Constitutional Defense Restricted Account -- Sources of**
645 **funds -- Uses of funds -- Reports.**

- 646 (1) There is created a restricted account within the General Fund known as the
647 Constitutional Defense Restricted Account.
- 648 (2) The account consists of monies from the following revenue sources:
649 (a) monies deposited to the account as required by Section [~~53C-3-202~~] 53C-3-203;
650 (b) voluntary contributions;
651 (c) monies received by the Constitutional Defense Council from other state agencies;
652 and
653 (d) appropriations made by the Legislature.
- 654 (3) Funds in the account shall be nonlapsing.
655 (4) The account balance may not exceed \$2,000,000.
656 (5) The Legislature may annually appropriate monies from the Constitutional Defense
657 Restricted Account to one or more of the following:
658 (a) the Constitutional Defense Council to carry out its duties in Section 63C-4-102;
659 (b) the Public Lands Policy Coordinating Office to carry out its duties in Section
660 63-38d-603;
661 (c) the Public Lands Policy Coordinating Council to carry out its duties in Section
662 63-38d-605[?];
663 (d) the Office of the Governor, to be used only for the purpose of asserting, defending,
664 or litigating state and local government rights under R.S. 2477, in accordance with a plan
665 developed and approved as provided in Section 63C-4-104;
666 (e) a county or association of counties to assist counties, consistent with the purposes
667 of the council, in pursuing issues affecting the counties; or
668 (f) the Office of the Attorney General, to be used only for public lands counsel and
669 assistance and litigation to the state or local governments including asserting, defending, or
670 litigating state and local government rights under R.S. 2477 in accordance with a plan
671 developed and approved as provided in Section 63C-4-104.
- 672 (6) (a) The Constitutional Defense Council shall require that any entity that receives
673 monies from the Constitutional Defense Restricted Account provide financial reports and
674 litigation reports to the Council.
- 675 (b) Nothing in this Subsection (6) prohibits the council from closing a meeting under
676 Title 52, Chapter 4, Open and Public Meetings Act, or prohibits the council from complying

677 with Title 63, Chapter 2, Government Records Access and Management Act.

678 Section 12. **Repealer.**

679 This bill repeals:

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

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

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

685 Section **9-14-104, Board duties and powers.**

686 Section **9-14-105, Eligibility for assistance -- Application -- Review by board.**

687 Section **9-14-106, Division to distribute grant money -- Annual report.**

688 Section 13. **Effective date.**

689 This bill takes effect on July 1, 2007.