

Representative John Dougall proposes the following substitute bill:

SEVERANCE TAX AMENDMENTS

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John L. Valentine

House Sponsor: John Dougall

LONG TITLE

General Description:

This bill provides for the disposition of certain revenues from severance taxes.

Highlighted Provisions:

This bill:

- ▶ amends the provisions relating to the deposition of certain severance tax revenues into the permanent state trust fund;
- ▶ increases the amount of revenue to be deposited into the permanent state trust fund over a six-year period beginning with fiscal 2011-12;
- ▶ defines terms; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2009.

Utah Code Sections Affected:

AMENDS:

51-9-302, as renumbered and amended by Laws of Utah 2008, Chapter 382

51-9-304, as last amended by Laws of Utah 2008, Chapters 141, 216 and renumbered



26 and amended by Laws of Utah 2008, Chapter 382
27 **51-9-305**, as enacted by Laws of Utah 2008, Chapter 141



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

30 Section 1. Section **51-9-302** is amended to read:

31 **51-9-302. Definitions.**

32 As used in this part:

33 (1) "Infrastructure and Economic Diversification Investment Account" means the
34 Infrastructure and Economic Diversification Investment Account created in Section 51-9-303.

35 (2) "Mining base amount" means:

36 (a) \$27,600,000 for fiscal years 2008-09, 2009-10, and 2010-11;

37 (b) \$22,600,000 for fiscal year 2011-12;

38 (c) \$17,600,000 for fiscal year 2012-13;

39 (d) \$12,600,000 for fiscal year 2013-14;

40 (e) \$7,600,000 for fiscal year 2014-15; and

41 (f) \$2,600,000 for fiscal year 2015-16.

42 (3) "Oil and gas base amount" means:

43 (a) \$71,000,000 for fiscal years 2008-09, 2009-10, and 2010-11;

44 (b) \$56,000,000 for fiscal year 2011-12;

45 (c) \$41,000,000 for fiscal year 2012-13;

46 (d) \$26,000,000 for fiscal year 2013-14; and

47 (e) \$11,000,000 for fiscal year 2014-15.

48 [~~(2)~~] (4) "Permanent state trust fund" means the permanent state trust fund created
49 under Utah Constitution Article XXII, Section 4.

50 [~~(3)~~] (5) "Severance Tax Holding Account" means the Severance Tax Holding Account
51 created in Section 51-9-304.

52 Section 2. Section **51-9-304** is amended to read:

53 **51-9-304. Creation of Severance Tax Holding Account -- Distribution of funds in**
54 **the account.**

55 (1) (a) There is created a restricted account within the General Fund known as the
56 "Severance Tax Holding Account."

57 (b) The Severance Tax Holding Account shall consist of:

58 (i) appropriations from the Legislature;

59 (ii) grants from private foundations; and

60 (iii) all monies credited to the Severance Tax Holding Account under Section

61 51-9-305.

62 (2) (a) The state treasurer shall invest monies in the account according to Title 51,
63 Chapter 7, State Money Management Act.

64 (b) The Division of Finance shall deposit interest or other earnings derived from
65 investment of account monies into the General Fund.

66 (3) [~~If authorized by law the~~] The Division of Finance shall deposit all of the monies in
67 the Severance Tax Holding Account as of June 30, 2009, into the permanent state trust fund.

68 Section 3. Section **51-9-305** is amended to read:

69 **51-9-305. Crediting of certain severance tax revenues to the permanent state**
70 **trust fund.**

71 (1) (a) After making the distributions of oil and gas severance tax revenues as required
72 under Sections 59-5-116 and 59-5-119, the Division of Finance shall make the distributions
73 required under Subsections (2) through (5).

74 (b) For purposes of this section, revenue collected from severance taxes on oil and gas
75 imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining, does not include
76 revenue that is distributed under Section 59-5-116 or 59-5-119.

77 (2) [~~Beginning~~] (a) For fiscal years beginning with fiscal year 2008-09[~~, if authorized~~
78 ~~by law~~] and ending with fiscal year 2014-15, the Division of Finance shall credit to the
79 permanent state trust fund all revenue collected in a fiscal year from severance taxes on oil and
80 gas imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining, that exceed
81 [\$71,000,000:] the oil and gas base amount.

82 (b) For fiscal years beginning on or after fiscal year 2015-16, the Division of Finance
83 shall credit all revenue collected in a fiscal year from severance taxes on oil and gas imposed
84 under Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining to the permanent state trust
85 fund.

86 (3) [~~Beginning~~] (a) For fiscal years beginning with fiscal year 2008-09[~~, if authorized~~
87 ~~by law~~] and ending with fiscal year 2015-16, the Division of Finance shall credit to the

88 permanent state trust fund all revenue collected in a fiscal year from severance taxes on mining
89 imposed under Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining, that exceed
90 [~~\$27,600,000.~~] the mining base amount.

91 (b) For fiscal years beginning on or after fiscal year 2016-17, the Division of Finance
92 shall credit all revenue collected in a fiscal year from severance taxes on mining imposed under
93 Title 59, Chapter 5, Severance Tax on Oil, Gas, and Mining to the permanent state trust fund.

94 (4) The state treasurer shall invest and separately account for the earnings on funds that
95 are deposited into the permanent state trust fund under this section.

96 (5) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and
97 dividends earned annually on revenue from severance taxes that are deposited into the
98 permanent state trust fund shall be deposited in the General Fund.

99 (b) Interest and dividends earned on revenue from severance taxes that are deposited in
100 the General Fund pursuant to Subsection (5)(a) shall be credited to the Infrastructure and
101 Economic Diversification Investment Account created in Section 51-9-303.

102 Section 4. **Effective date.**

103 This bill takes effect on July 1, 2009.