

Senator Dennis E. Stowell proposes the following substitute bill:

**LAND EXCHANGE DISTRIBUTION ACCOUNT**

**AMENDMENTS**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Dennis E. Stowell**

House Sponsor: John G. Mathis

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**LONG TITLE**

**General Description:**

This bill modifies provisions relating to the collection and distribution of revenues from federal land exchange parcels.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ provides that 50% of the revenue generated from oil shale leases on federal land exchange parcels, net of amounts paid to the United States pursuant to a reserved interest of the United States in oil shale, shall be deposited in the Land Exchange Distribution Account;
- ▶ modifies the calculation of administrative costs related to the collection and distribution of revenue from federal land exchange parcels;
- ▶ provides that 1% of the monies in the Land Exchange Distribution Account shall be distributed to the Geological Survey for test wells, other hydrologic studies, and air quality monitoring in the West Desert;
- ▶ reduces the amount of money distributed from the Land Exchange Distribution Account to the Permanent Community Impact Fund from 7.5% to 6.5% of the



- 26 account monies;
- 27       ▶ provides a repeal date; and
- 28       ▶ makes technical amendments.

29 **Monies Appropriated in this Bill:**

30       None

31 **Other Special Clauses:**

32       None

33 **Utah Code Sections Affected:**

34 AMENDS:

- 35       **53C-3-201**, as last amended by Laws of Utah 2007, Chapter 303
- 36       **53C-3-202**, as last amended by Laws of Utah 2007, Chapter 303
- 37       **53C-3-203**, as last amended by Laws of Utah 2008, Chapter 216
- 38       **63I-1-253**, as last amended by Laws of Utah 2009, Chapter 299

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

41       Section 1. Section **53C-3-201** is amended to read:

42       **53C-3-201. Definitions.**

43       As used in this part:

- 44       (1) "Acquired lands" means [~~those~~] lands acquired by the administration under the
- 45 agreement.
- 46       (2) "Acquired mineral interests" means mineral interests acquired by the administration
- 47 pursuant to Section 3(F), (K), (L), or (M) of the agreement.
- 48       (3) "Agreement" means the Agreement to Exchange Utah School Trust Lands Between
- 49 the State of Utah and the United States of America, signed May 8, 1998, as ratified by the Utah
- 50 School and Lands Exchange Act of 1998, Pub. L. No. 105-335.
- 51       (4) "Exchange" means [~~any~~] a land or mineral interest exchange by the administration
- 52 and the United States of America after March 1, 2007 that is directed by Congressional action.
- 53       (5) "Exchanged lands" means [~~those~~] lands;
- 54       (a) acquired by the administration through an exchange[-]; and
- 55       (b) reduced in value to take into account the presence of minerals subject to leasing
- 56 under the Mineral Leasing Act, 30 U.S.C. Sec. 181 et seq.

57 (6) "Exchanged mineral interests" means mineral interests;  
 58 (a) acquired by the administration through an exchange[-]; and  
 59 (b) reduced in value to take into account the presence of minerals subject to leasing  
 60 under the Mineral Leasing Act, 30 U.S.C. Sec. 181 et seq.

61 (7) "Identified tracts" means the tracts identified in Section 3(F), (G), (J), (K), (L), and  
 62 (M) of the agreement, generally referred to as the Cottonwood Tract, Westridge Coal Tract,  
 63 Ferron Field, Mill Fork Tract, Dugout Canyon Tract, Muddy Tract, and North Horn Coal Tract.

64 (8) "Subject mineral" means [~~any~~] a mineral that is covered by the Mineral [~~Lands~~]  
 65 Leasing Act, 30 U.S.C. Sec.181 et seq. [~~as amended through May 3, 1999.~~]

66 Section 2. Section **53C-3-202** is amended to read:

67 **53C-3-202. Collection and distribution of revenues from federal land exchange**  
 68 **parcels.**

69 (1) The director shall collect all bonus payments, rentals, and royalties from the lease  
 70 of:

- 71 (a) minerals on acquired lands;
- 72 (b) acquired mineral interests;
- 73 (c) minerals on exchanged lands; and
- 74 (d) exchanged mineral interests.

75 (2) [~~The~~] No later than the last day of the second month following each calendar  
 76 quarter, the director shall:

77 (a) [~~no later than the last day of the second month following each calendar quarter,~~]  
 78 distribute all bonus payments received during the calendar quarter from the lease of coal, oil  
 79 and gas, and coalbed methane on the identified tracts as follows:

- 80 (i) 50% to the United States; and
- 81 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203;

82 (b) [~~no later than the last day of the second month following each calendar quarter,~~]  
 83 distribute all rentals and royalties received during the calendar quarter from the lease of subject  
 84 minerals on the acquired lands and the lease of acquired mineral interests as follows:

- 85 (i) 50% to the Land Grant Management Fund created by Section 53C-3-101; and
- 86 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203;

87 [~~and~~]

88 (c) ~~[no later than the last day of the second month following each calendar quarter,]~~  
89 deposit ~~[the state's share]~~ 50% of the mineral bonus, rental, and royalty revenue generated from  
90 the lease of subject minerals, other than oil shale, on exchanged lands or from the lease of  
91 exchanged mineral interests, other than interests in oil shale, in the Land Exchange Distribution  
92 Account created in Section 53C-3-203[-]; and

93 (d) deposit 50% of the mineral bonus, rental, and royalty revenue generated from the  
94 lease of oil shale on exchanged lands or the lease of exchanged mineral interests that are  
95 interests in oil shale, net of amounts paid to the United States pursuant to a reserved interest of  
96 the United States in oil shale, in the Land Exchange Distribution Account created in Section  
97 53C-3-203.

98 (3) (a) ~~[The]~~ Except as provided in Subsection (3)(c), the director may retain up to 3%  
99 of the monies collected under Subsection (1) to pay for administrative costs incurred under  
100 ~~[Subsection]~~ Subsections (1) and (2).

101 (b) ~~[The]~~ Except as provided in Subsection (3)(c), the director may deduct  
102 administrative costs before [the] distributions are made under [Subsections (2)(a) and (b)]  
103 Subsection (2).

104 (c) The director may not deduct administrative costs from the portion of collections  
105 derived from minerals on exchanged lands or exchanged mineral interests that is equal to the  
106 United States' reserved interest in oil shale.

107 ~~[(e)]~~ (d) The director shall keep the administrative cost deductions in separate  
108 accounts.

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

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

111 ~~[(B) out-of-pocket expenditures incurred by the administration that are directly~~  
112 ~~attributable to leasing or management of the acquired lands for subject minerals or acquired~~  
113 ~~mineral interests.]~~

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

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

119            [(ii)] (e) The monies retained under Subsection (3)(a) are nonlapsing.

120            (f) The director shall distribute in accordance with Subsection (2) the unused balance  
121 of the monies retained under Subsection (3)(a) that exceeds \$2,000,000 at the end of a fiscal  
122 year.

123            Section 3. Section **53C-3-203** is amended to read:

124            **53C-3-203. Land Exchange Distribution Account.**

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

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

129            (b) The account shall consist of [aH] revenue deposited in the account as required by  
130 [~~Subsections 53C-3-202(2)(a)(ii) and (2)(b)(ii)~~] Section 53C-3-202.

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

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

135            (4) [~~For fiscal years beginning on or after fiscal year 2007-08, because the revenue is~~  
136 ~~not derived from taxes, the~~] The Legislature shall annually appropriate from the account:

137            (a) 55% of all deposits made to the account to counties in amounts proportionate to the  
138 amounts of mineral revenue generated from the acquired land, exchanged land, acquired  
139 mineral interests, or exchanged mineral interests located in each county, to be used to mitigate  
140 the impacts caused by mineral development;

141            (b) 25% of all deposits made to the account to counties in amounts proportionate to the  
142 total surface and mineral acreage within each county that was conveyed to the United States  
143 under the agreement or an exchange, to be used to mitigate the loss of mineral development  
144 opportunities resulting from the agreement or exchange;

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

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

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

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

154 (5) [~~For fiscal years 2007-08 and 2008-09~~] Beginning with fiscal year 2009-10, the  
155 Legislature shall annually appropriate from the account [~~7.5%~~] 1% of all deposits made to the  
156 account to the Geological Survey, to be used for test wells [~~and~~], other hydrologic studies, and  
157 air quality monitoring in the West Desert.

158 (6) [~~For fiscal years beginning on or after~~] Beginning with fiscal year 2009-10, the  
159 Legislature shall annually appropriate from the account [~~7.5%~~] 6.5% of all deposits made to the  
160 account to the Permanent Community Impact Fund created in Section 9-4-303, to be used for  
161 grants to political subdivisions of the state to mitigate the impacts resulting from the  
162 development or use of school and institutional trust lands.

163 Section 4. Section **63I-1-253** is amended to read:

164 **63I-1-253. Repeal dates, Titles 53, 53A, and 53B.**

165 The following provisions are repealed on the following dates:

166 (1) Section 53-3-232, Conditional licenses, is repealed July 1, 2015.

167 (2) Title 53A, Chapter 1a, Part 6, Public Education Job Enhancement Program is  
168 repealed July 1, 2010.

169 (3) Title 53A, Chapter 1a, Part 9, Voluntary Extended-day Kindergarten Program, is  
170 repealed July 1, 2011.

171 (4) The State Instructional Materials Commission, created in Section 53A-14-101, is  
172 repealed July 1, 2011.

173 (5) Section 53A-17a-163, Performance-based Compensation Pilot Program is repealed  
174 July 1, 2011.

175 (6) Subsection 53C-3-203(5), which provides for the distribution of monies from the  
176 Land Exchange Distribution Account to the Geological Survey for test wells, other hydrologic  
177 studies, and air quality monitoring in the West Desert, is repealed July 1, 2020.