

1                                   **MINERAL LEASE DISTRIBUTION AMENDMENTS**

2   2018 GENERAL SESSION

3   STATE OF UTAH

4                                   **Chief Sponsor: Kevin T. Van Tassell**

5                                   House Sponsor: Scott H. Chew

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7 **LONG TITLE**

8 **General Description:**

9           This bill modifies provisions related to the distribution of mineral lease funds.

10 **Highlighted Provisions:**

11           This bill:

12           ▶ provides that each year the Division of Finance shall distribute an amount of federal  
13 mineral lease money to certain local government entities.

14 **Money Appropriated in this Bill:**

15           None

16 **Other Special Clauses:**

17           This bill provides a special effective date.

18 **Utah Code Sections Affected:**

19 AMENDS:

20           **59-21-1**, as last amended by Laws of Utah 2012, Chapter 212

21           **59-21-2**, as last amended by Laws of Utah 2016, Chapters 183 and 184

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

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

25           **59-21-1. Disposition of federal mineral lease money -- Priority to political**  
26 **subdivisions impacted by mineral development -- Disposition of mineral bonus payments**  
27 **-- Appropriation of money attributable to royalties from extraction of minerals on federal**  
28 **land located within boundaries of Grand Staircase-Escalante National Monument.**

29           (1) Except as provided in Subsections (2) through (4), all money received from the

30 United States under the provisions of the Mineral Lands Leasing Act, 30 U.S.C. Sec. 181 et  
31 seq., shall:

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

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

36 (i) planning;

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

38 (iii) provision of public services.

39 (2) Seventy percent of money received from federal mineral lease bonus payments  
40 shall be deposited into the Permanent Community Impact Fund and shall be used as provided  
41 in Title 35A, Chapter 8, Part 3, Community Impact Alleviation.

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

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

46 (i) the "boundaries of the Grand Staircase-Escalante National Monument" means the  
47 boundaries:

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

49 and

50 (B) modified by:

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

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

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

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

58 Subsections (4)(c) through (g), money received from the United States that is attributable to  
59 royalties from the extraction of minerals on federal land that, on September 18, 1996, was  
60 located within the boundaries of the Grand Staircase-Escalante National Monument.

61 (c) The Legislature shall annually appropriate 40% of the money described in  
62 Subsection (4)(b) to the [~~Department of Transportation~~] Division of Finance to be distributed  
63 by the [~~Department of Transportation~~] Division of Finance to special service districts that are:

64 (i) established by counties under Title 17D, Chapter 1, Special Service District Act;

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

67 (iii) located within the boundaries of the Grand Staircase-Escalante National  
68 Monument.

69 (d) The [~~Department of Transportation~~] Division of Finance shall distribute the money  
70 described in Subsection (4)(c) in amounts proportionate to the amount of federal mineral lease  
71 money generated by the county in which a special service district is located.

72 (e) The Legislature shall annually appropriate 40% of the money described in  
73 Subsection (4)(b) to the State Board of Education to be distributed equally to school districts  
74 that are:

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

77 (ii) located within the boundaries of the Grand Staircase-Escalante National  
78 Monument.

79 (f) The Legislature shall annually appropriate 2.25% of the money described in  
80 Subsection (4)(b) to the Utah Geological Survey to facilitate the development of energy and  
81 mineral resources in counties that are:

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

84 (ii) located within the boundaries of the Grand Staircase-Escalante National  
85 Monument.

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

89 Section 2. Section 59-21-2 is amended to read:

90 **59-21-2. Mineral Bonus Account created -- Contents -- Use of Mineral Bonus**  
91 **Account money -- Mineral Lease Account created -- Contents -- Appropriation of money**  
92 **from Mineral Lease Account.**

93 (1) (a) There is created a restricted account within the General Fund known as the  
94 "Mineral Bonus Account."

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

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

99 (d) The state treasurer shall:

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

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

104 (e) The Division of Finance shall, beginning on July 1, 2017, annually deposit 30% of  
105 mineral lease bonus payments deposited under Subsection (1)(b) from the previous fiscal year  
106 into the Wildland Fire Suppression Fund created in Section 65A-8-204, up to \$2,000,000 but  
107 not to exceed 20% of the amount expended in the previous fiscal year from the Wildland Fire  
108 Suppression Fund.

109 (2) (a) There is created a restricted account within the General Fund known as the  
110 "Mineral Lease Account."

111 (b) The Mineral Lease Account consists of federal mineral lease money deposited  
112 pursuant to Subsection 59-21-1(1).

113 (c) The Legislature shall make appropriations from the Mineral Lease Account as

114 provided in Subsection 59-21-1(1) and this Subsection (2).

115 (d) (i) Except as provided in Subsections (2)(d)(ii) and (iii), the Legislature shall  
116 annually appropriate 32.5% of all deposits made to the Mineral Lease Account to the  
117 Permanent Community Impact Fund established by Section 35A-8-303.

118 (ii) For fiscal year 2016-17 only and from the amount required to be deposited under  
119 Subsection (2)(d)(i), the Legislature shall appropriate \$26,000,000 of the deposits made to the  
120 Mineral Lease Account to the Impacted Communities Transportation Development Restricted  
121 Account established by Section 72-2-128.

122 (iii) For fiscal year 2017-18 only and from the amount required to be deposited under  
123 Subsection (2)(d)(i), the Legislature shall appropriate \$27,000,000 of the deposits made to the  
124 Mineral Lease Account to the Impacted Communities Transportation Development Restricted  
125 Account established by Section 72-2-128.

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

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

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

138 (h) (i) The Legislature shall annually appropriate to the [~~Department of Transportation~~]  
139 Division of Finance 40% of all deposits made to the Mineral Lease Account to be distributed as  
140 provided in Subsection (2)(h)(ii) to:

141 (A) counties;

- 142 (B) special service districts established:
- 143 (I) by counties;
- 144 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 145 (III) for the purpose of constructing, repairing, or maintaining roads; or
- 146 (C) special service districts established:
- 147 (I) by counties;
- 148 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 149 (III) for other purposes authorized by statute.
- 150 (ii) The [~~Department of Transportation~~] Division of Finance shall allocate the funds
- 151 specified in Subsection (2)(h)(i):
- 152 (A) in amounts proportionate to the amount of mineral lease money generated by each
- 153 county; and
- 154 (B) to a county or special service district established by a county under Title 17D,
- 155 Chapter 1, Special Service District Act, as determined by the county legislative body.
- 156 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the
- 157 Mineral Lease Account to the Department of Workforce Services to be distributed to:
- 158 (A) special service districts established:
- 159 (I) by counties;
- 160 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 161 (III) for the purpose of constructing, repairing, or maintaining roads; or
- 162 (B) special service districts established:
- 163 (I) by counties;
- 164 (II) under Title 17D, Chapter 1, Special Service District Act; and
- 165 (III) for other purposes authorized by statute.
- 166 (ii) The Department of Workforce Services may distribute the amounts described in
- 167 Subsection (2)(i)(i) only to special service districts established under Title 17D, Chapter 1,
- 168 Special Service District Act, by counties:
- 169 (A) of the third, fourth, fifth, or sixth class;

170 (B) in which 4.5% or less of the mineral lease money within the state is generated; and

171 (C) that are significantly socially or economically impacted as provided in Subsection  
172 (2)(i)(iii) by the development of minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec.  
173 181 et seq.

174 (iii) The significant social or economic impact required under Subsection (2)(i)(ii)(C)  
175 shall be as a result of:

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

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

180 (C) a combination of Subsections (2)(i)(iii)(A) and (B).

181 (iv) For purposes of distributing the appropriations under this Subsection (2)(i) to  
182 special service districts established by counties under Title 17D, Chapter 1, Special Service  
183 District Act, the Department of Workforce Services shall:

184 (A) (I) allocate 50% of the appropriations equally among the counties meeting the  
185 requirements of Subsections (2)(i)(ii) and (iii); and

186 (II) allocate 50% of the appropriations based on the ratio that the population of each  
187 county meeting the requirements of Subsections (2)(i)(ii) and (iii) bears to the total population  
188 of all of the counties meeting the requirements of Subsections (2)(i)(ii) and (iii); and

189 (B) after making the allocations described in Subsection (2)(i)(iv)(A), distribute the  
190 allocated revenues to special service districts established by the counties under Title 17D,  
191 Chapter 1, Special Service District Act, as determined by the executive director of the  
192 Department of Workforce Services after consulting with the county legislative bodies of the  
193 counties meeting the requirements of Subsections (2)(i)(ii) and (iii).

194 (v) The executive director of the Department of Workforce Services:

195 (A) shall determine whether a county meets the requirements of Subsections (2)(i)(ii)  
196 and (iii);

197 (B) shall distribute the appropriations under Subsection (2)(i)(i) to special service

198 districts established by counties under Title 17D, Chapter 1, Special Service District Act, that  
199 meet the requirements of Subsections (2)(i)(ii) and (iii); and

200 (C) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
201 may make rules:

202 (I) providing a procedure for making the distributions under this Subsection (2)(i) to  
203 special service districts; and

204 (II) defining the term "population" for purposes of Subsection (2)(i)(iv).

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

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

211 (B) to each county in which school or institutional trust lands are transferred to the  
212 federal government after December 31, 1992, an amount equal to the number of transferred  
213 acres in the county multiplied by a payment per acre equal to the difference between 52 cents  
214 per acre and the per acre payment made to that county in the most recent payment under the  
215 federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal  
216 payment was equal to or exceeded the 52 cents per acre, in which case a payment under this  
217 Subsection (2)(j)(i)(B) may not be made for the transferred lands;

218 (C) to each county in which federal lands, which are entitlement lands under the federal  
219 in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to  
220 the number of transferred acres in the county multiplied by a payment per acre equal to the  
221 difference between the most recent per acre payment made under the federal payment in lieu of  
222 taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52  
223 cents per acre, in which case a payment under this Subsection (2)(j)(i)(C) may not be made for  
224 the transferred land; and

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



226 (I) \$1,000; and  
227 (II) the number of residences described in Subsection (2)(j)(iv) that are located within  
228 the county.  
229 (ii) A county receiving money under Subsection (2)(j)(i) may, as determined by the  
230 county legislative body, distribute the money or a portion of the money to:  
231 (A) special service districts established by the county under Title 17D, Chapter 1,  
232 Special Service District Act;  
233 (B) school districts; or  
234 (C) public institutions of higher education.  
235 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the  
236 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections  
237 (2)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all urban  
238 consumers published by the Department of Labor.  
239 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance  
240 shall increase or decrease the amount described in Subsection (2)(j)(i)(D)(I) by the average  
241 annual change in the Consumer Price Index for all urban consumers published by the  
242 Department of Labor.  
243 (iv) Residences for purposes of Subsection (2)(j)(i)(D)(II) are residences that are:  
244 (A) owned by:  
245 (I) the Division of Parks and Recreation; or  
246 (II) the Division of Wildlife Resources;  
247 (B) located on lands that are owned by:  
248 (I) the Division of Parks and Recreation; or  
249 (II) the Division of Wildlife Resources; and  
250 (C) are not subject to taxation under:  
251 (I) Chapter 2, Property Tax Act; or  
252 (II) Chapter 4, Privilege Tax.  
253 (k) The Legislature shall annually appropriate to the Permanent Community Impact

254 Fund all deposits remaining in the Mineral Lease Account after making the appropriations  
255 provided for in Subsections (2)(d) through (j).

256 (3) (a) Each agency, board, institution of higher education, and political subdivision  
257 receiving money under this chapter shall provide the Legislature, through the Office of the  
258 Legislative Fiscal Analyst, with a complete accounting of the use of that money on an annual  
259 basis.

260 (b) The accounting required under Subsection (3)(a) shall:

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

263 (ii) be reviewed by the Business, Economic Development, and Labor Appropriations  
264 Subcommittee as part of its normal budgetary process under Title 63J, Chapter 1, Budgetary  
265 Procedures Act.

266 Section 3. **Effective date.**

267 This bill takes effect on July 1, 2018.