

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

6

LONG TITLE

7 **Committee Note:**

8 The Transportation Interim Committee recommended this bill.

9 **General Description:**

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

11 **Highlighted Provisions:**

12 This bill:

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

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 This bill provides a special effective date.

19 **Utah Code Sections Affected:**

20 AMENDS:

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

22 **59-21-2**, as last amended by Laws of Utah 2016, Chapters 183 and 184

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**



28 **subdivisions impacted by mineral development -- Disposition of mineral bonus payments**
29 **-- Appropriation of money attributable to royalties from extraction of minerals on federal**
30 **land located within boundaries of Grand Staircase-Escalante National Monument.**

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

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

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

38 (i) planning;

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

40 (iii) provision of public services.

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

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

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

48 (i) the "boundaries of the Grand Staircase-Escalante National Monument" means the
49 boundaries:

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

51 and

52 (B) modified by:

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

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

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

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

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

- 66 (i) established by counties under Title 17D, Chapter 1, Special Service District Act;
- 67 (ii) socially or economically impacted by the development of minerals under the
68 Mineral Lands Leasing Act; and
- 69 (iii) located within the boundaries of the Grand Staircase-Escalante National
70 Monument.

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

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

- 77 (i) socially or economically impacted by the development of minerals under the
78 Mineral Lands Leasing Act; and
- 79 (ii) located within the boundaries of the Grand Staircase-Escalante National
80 Monument.

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

- 84 (i) socially or economically impacted by the development of minerals under the
85 Mineral Lands Leasing Act; and
- 86 (ii) located within the boundaries of the Grand Staircase-Escalante National
87 Monument.

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

90 X, Section 5.

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

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

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

97 (b) The Mineral Bonus Account consists of federal mineral lease bonus payments
98 deposited pursuant to Subsection [59-21-1\(3\)](#).

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

101 (d) The state treasurer shall:

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

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

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

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

113 (b) The Mineral Lease Account consists of federal mineral lease money deposited
114 pursuant to Subsection [59-21-1\(1\)](#).

115 (c) The Legislature shall make appropriations from the Mineral Lease Account as
116 provided in Subsection [59-21-1\(1\)](#) and this Subsection (2).

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

120 (ii) For fiscal year 2016-17 only and from the amount required to be deposited under

121 Subsection (2)(d)(i), the Legislature shall appropriate \$26,000,000 of the deposits made to the
122 Mineral Lease Account to the Impacted Communities Transportation Development Restricted
123 Account established by Section 72-2-128.

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

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

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

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

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

143 (A) counties;

144 (B) special service districts established:

145 (I) by counties;

146 (II) under Title 17D, Chapter 1, Special Service District Act; and

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

148 (C) special service districts established:

149 (I) by counties;

150 (II) under Title 17D, Chapter 1, Special Service District Act; and

151 (III) for other purposes authorized by statute.

152 (ii) The [~~Department of Transportation~~] Division of Finance shall allocate the funds
153 specified in Subsection (2)(h)(i):

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

156 (B) to a county or special service district established by a county under Title 17D,
157 Chapter 1, Special Service District Act, as determined by the county legislative body.

158 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the
159 Mineral Lease Account to the Department of Workforce Services to be distributed to:

160 (A) special service districts established:

161 (I) by counties;

162 (II) under Title 17D, Chapter 1, Special Service District Act; and

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

164 (B) special service districts established:

165 (I) by counties;

166 (II) under Title 17D, Chapter 1, Special Service District Act; and

167 (III) for other purposes authorized by statute.

168 (ii) The Department of Workforce Services may distribute the amounts described in
169 Subsection (2)(i)(i) only to special service districts established under Title 17D, Chapter 1,
170 Special Service District Act, by counties:

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

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

173 (C) that are significantly socially or economically impacted as provided in Subsection
174 (2)(i)(iii) by the development of minerals under the Mineral Lands Leasing Act, 30 U.S.C. Sec.
175 181 et seq.

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

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

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

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

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

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

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

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

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

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

199 (B) shall distribute the appropriations under Subsection (2)(i)(i) to special service
200 districts established by counties under Title 17D, Chapter 1, Special Service District Act, that
201 meet the requirements of Subsections (2)(i)(ii) and (iii); and

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

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

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

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

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

213 (B) to each county in which school or institutional trust lands are transferred to the

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

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

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

228 (I) \$1,000; and

229 (II) the number of residences described in Subsection (2)(j)(iv) that are located within
230 the county.

231 (ii) A county receiving money under Subsection (2)(j)(i) may, as determined by the
232 county legislative body, distribute the money or a portion of the money to:

233 (A) special service districts established by the county under Title 17D, Chapter 1,
234 Special Service District Act;

235 (B) school districts; or

236 (C) public institutions of higher education.

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

241 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance
242 shall increase or decrease the amount described in Subsection (2)(j)(i)(D)(I) by the average
243 annual change in the Consumer Price Index for all urban consumers published by the
244 Department of Labor.

245 (iv) Residences for purposes of Subsection (2)(j)(i)(D)(II) are residences that are:

246 (A) owned by:

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

248 (II) the Division of Wildlife Resources;

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

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

251 (II) the Division of Wildlife Resources; and

252 (C) are not subject to taxation under:

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

254 (II) Chapter 4, Privilege Tax.

255 (k) The Legislature shall annually appropriate to the Permanent Community Impact

256 Fund all deposits remaining in the Mineral Lease Account after making the appropriations

257 provided for in Subsections (2)(d) through (j).

258 (3) (a) Each agency, board, institution of higher education, and political subdivision

259 receiving money under this chapter shall provide the Legislature, through the Office of the

260 Legislative Fiscal Analyst, with a complete accounting of the use of that money on an annual

261 basis.

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

263 (i) include actual expenditures for the prior fiscal year, budgeted expenditures for the

264 current fiscal year, and planned expenditures for the following fiscal year; and

265 (ii) be reviewed by the Business, Economic Development, and Labor Appropriations

266 Subcommittee as part of its normal budgetary process under Title 63J, Chapter 1, Budgetary

267 Procedures Act.

268 Section 3. **Effective date.**

269 This bill takes effect on July 1, 2018.