

SCHOOL LAND TRUST PROGRAM AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jefferson Moss

Senate Sponsor: Ann Millner

LONG TITLE

General Description:

This bill modifies the percentage of revenue from trust lands that is distributed from the Land Grant Management Fund.

Highlighted Provisions:

This bill:

► modifies the percentage of revenue from trust lands that is distributed from the Land Grant Management Fund.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53C-3-102, as last amended by Laws of Utah 2021, Chapter 336

53F-2-404, as last amended by Laws of Utah 2020, Chapter 408

53F-9-201, as last amended by Laws of Utah 2022, Chapter 456

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

Section 1. Section **53C-3-102** is amended to read:

53C-3-102. Deposit and allocation of money received.



28 (1) (a) The director shall pay to the School and Institutional Trust Fund Office, created
29 in Section 53D-1-201, all money received, accompanied by a statement showing the respective
30 sources of this money.

31 (b) The administration and the School and Institutional Trust Fund Office shall enter
32 into a memorandum of understanding detailing:

33 (i) the classification of sources of money; and

34 (ii) other relevant information, as determined by the administration and the School and
35 Institutional Trust Fund Office.

36 (2) All money received from the sale of lands granted by Section 6 of the Utah
37 Enabling Act for the support of the common schools, all money received from the sale of lands
38 selected in lieu of those lands, all money received from the United States under Section 9 of the
39 Utah Enabling Act, all money received from the sale of lands or other securities acquired by the
40 state from the investment of those funds, all sums paid for fees, all forfeitures, and all penalties
41 paid in connection with these sales shall be deposited in the Permanent State School Fund.

42 (3) All money received from the sale and all net proceeds from other contractual
43 arrangements of institutional trust lands granted to the state by the United States under Section
44 7, 8, or 12 of the Utah Enabling Act shall be deposited into the respective permanent funds
45 established for the benefit of those institutions under the Utah Enabling Act and the Utah
46 Constitution.

47 (4) (a) All lands acquired by the state through foreclosure of mortgages securing school
48 or institutional trust funds or through deeds from mortgagors or owners of those lands shall
49 become a part of the respective school or institutional trust lands.

50 (b) All money received from these lands shall be treated as money received from
51 school or institutional trust lands.

52 (5) All money received from the sale of lands acquired by the state through foreclosure
53 of mortgages securing trust funds or through deeds from mortgagors or owners of such lands,
54 whether a profit is realized or a loss sustained on the principal invested, shall be regarded as
55 principal and shall go into the principal or permanent fund from which it was originally taken
56 in reimbursement of that fund, with profits being used to offset losses.

57 (6) (a) All money received by the director as a first or down payment on applications to
58 purchase, permit, or lease trust lands or minerals shall be paid to the state treasurer and held in

59 suspense pending final action on those applications.

60 (b) After final action the payments received under Subsection (6)(a) shall either be
61 credited to the appropriate fund or account, or refunded to the applicant in accordance with the
62 action taken.

63 (7) Distributions to the respective institutions from the associated permanent funds
64 created from lands granted in Sections 8 and 12 of the Utah Enabling Act shall consist of [4%]
65 5% of the average market value of each institutional permanent fund over the past 20
66 consecutive quarters.

67 Section 2. Section **53F-2-404** is amended to read:

68 **53F-2-404. School LAND Trust Program distribution of funds.**

69 (1) (a) By appropriation the Legislature shall fund the School LAND Trust Program,
70 established in Section **53G-7-1206**, on or before July 31 of each fiscal year:

71 (i) from the Trust Distribution Account, created in Section **53F-9-201**; and

72 (ii) except as provided in Subsection (1)(b), in the total amount of the quarterly
73 deposits made to the Trust Distribution Account for the School LAND Trust Program during
74 the prior fiscal year.

75 [~~(b)~~ The amount described in Subsection (1)(a)(ii) may not exceed an amount equal to
76 3% of the funds provided for the Minimum School Program, in accordance with this chapter,
77 each fiscal year.]

78 [~~(c)~~ (b) Independently from the appropriation for the School LAND Trust Program
79 described in Subsection (1)(a), the Legislature shall make an annual appropriation to the state
80 board from the Trust Distribution Account, created in Section **53F-9-201**, for the
81 administration of the School LAND Trust Program.

82 [~~(d)~~ (c) Any unused balance remaining from an amount appropriated under Subsection
83 (1)(c) shall be deposited into the Trust Distribution Account.

84 (2) (a) The state board shall allocate the money referred to in Subsection (1)(a)
85 annually as follows:

86 (i) the Utah Schools for the Deaf and the Blind shall receive funding equal to the
87 product of:

88 (A) enrollment on October 1 in the prior year at the Utah Schools for the Deaf and the
89 Blind divided by enrollment on October 1 in the prior year in public schools statewide; and

90 (B) the total amount available for distribution under Subsection (1)(a);
 91 (ii) charter schools shall receive funding equal to the product of:
 92 (A) charter school enrollment on October 1 in the prior year, divided by enrollment on
 93 October 1 in the prior year in public schools statewide; and

94 (B) the total amount available for distribution under Subsection (1)(a); and
 95 (iii) of the funds available for distribution under Subsection (1)(a) after the allocation
 96 of funds for the Utah Schools for the Deaf and the Blind and charter schools:

97 (A) school districts shall receive 10% of the funds on an equal basis; and
 98 (B) the remaining 90% of the funds shall be distributed to school districts on a per
 99 student basis.

100 (b) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
 101 the state board shall make rules specifying a formula to distribute the amount allocated under
 102 Subsection (2)(a)(ii) to charter schools.

103 (ii) In making rules under Subsection (2)(b)(i), the state board shall:
 104 (A) consult with the State Charter School Board; and
 105 (B) ensure that the rules include a provision that allows a charter school in the charter
 106 school's first year of operations to receive funding based on projected enrollment, to be
 107 adjusted in future years based on actual enrollment.

108 (c) A school district shall distribute its allocation under Subsection (2)(a)(iii) to each
 109 school within the school district on an equal per student basis.

110 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 111 state board may make rules regarding the time and manner in which the student count shall be
 112 made for allocation of the money under Subsection (2)(a)(iii).

113 Section 3. Section **53F-9-201** is amended to read:

114 **53F-9-201. Uniform School Fund -- Contents -- Trust Distribution Account.**

115 (1) As used in this section:
 116 (a) "Annual distribution calculation" means, for a given fiscal year, the average of:
 117 (i) [~~4%~~ 5%] of the average market value of the State School Fund for that fiscal year;
 118 and
 119 (ii) the distribution amount for the prior fiscal year, multiplied by the sum of:
 120 (A) one;

121 (B) the percent change in student enrollment from the school year two years prior to
122 the prior school year; and

123 (C) the actual total percent change of the consumer price index during the last 12
124 months as measured in June of the prior fiscal year.

125 (b) "Average market value of the State School Fund" means the results of a calculation
126 completed by the SITFO director each fiscal year that averages the value of the State School
127 Fund for the past 20 consecutive quarters ending in the prior fiscal year.

128 (c) "Consumer price index" means the Consumer Price Index for All Urban
129 Consumers: All Items Less Food & Energy, as published by the Bureau of Labor Statistics of
130 the United States Department of Labor.

131 (d) "SITFO director" means the director of the School and Institutional Trust Fund
132 Office appointed under Section [53D-1-401](#).

133 (e) "State School Fund investment earnings distribution amount" or "distribution
134 amount" means, for a fiscal year, the lesser of:

135 (i) the annual distribution calculation; or

136 (ii) ~~4%~~ 5% of the average market value of the State School Fund.

137 (2) The Uniform School Fund, a special revenue fund, established by Utah
138 Constitution, Article X, Section 5, consists of:

139 (a) distributions derived from the investment of money in the permanent State School
140 Fund established by Utah Constitution, Article X, Section 5;

141 (b) money transferred to the fund pursuant to Title 67, Chapter 4a, Revised Uniform
142 Unclaimed Property Act; and

143 (c) all other constitutional or legislative allocations to the fund, including:

144 (i) appropriations for the Minimum School Program, enrollment growth, and inflation
145 under Section [53F-9-201.1](#); and

146 (ii) revenues received by donation.

147 (3) (a) There is created within the Uniform School Fund a restricted account known as
148 the Trust Distribution Account.

149 (b) The Trust Distribution Account consists of:

150 (i) in accordance with Subsection (4), quarterly deposits of the State School Fund
151 investment earnings distribution amount from the prior fiscal year;

152 (ii) all interest earned on the Trust Distribution Account in the prior fiscal year; and
153 (iii) any unused appropriation for the administration of the School LAND Trust
154 Program, as described in Subsection 53F-2-404(1)(c).

155 (4) If, at the end of a fiscal year, the Trust Distribution Account has a balance
156 remaining after subtracting the appropriation amount described in Subsection 53F-2-404(1)(a)
157 for the next fiscal year, the SITFO director shall, during the next fiscal year, apply the amount
158 of the remaining balance from the prior fiscal year toward the current fiscal year's distribution
159 amount by reducing a quarterly deposit to the Trust Distribution Account by the amount of the
160 remaining balance from the prior fiscal year.

161 (5) On or before October 1 of each year, the SITFO director shall:

162 (a) in accordance with this section, determine the distribution amount for the following
163 fiscal year; and

164 (b) report the amount described in Subsection (5)(a) as the funding amount, described
165 in Subsection 53F-2-404(1)(c), for the School LAND Trust Program, to:

166 (i) the State Treasurer;

167 (ii) the Legislative Fiscal Analyst;

168 (iii) the Division of Finance;

169 (iv) the director of the Land Trusts Protection and Advocacy Office, appointed under
170 Section 53D-2-203;

171 (v) the School and Institutional Trust Lands Administration created in Section
172 53C-1-201;

173 (vi) the state board; and

174 (vii) the Governor's Office of Planning and Budget.

175 (6) The School and Institutional Trust Fund Board of Trustees created in Section
176 53D-1-301 shall:

177 (a) annually review the distribution amount; and

178 (b) make recommendations, if necessary, to the Legislature for changes to the formula
179 for calculating the distribution amount.

180 (7) Upon appropriation by the Legislature, the SITFO director shall place in the Trust
181 Distribution Account funds for the School LAND Trust Program as described in Subsections
182 53F-2-404(1)(a) and (c).

183 Section 4. **Contingent effective date.**

184 This bill takes effect January 1, 2025, if the amendment to the Utah Constitution

185 proposed by H.J.R. 18, Proposal to Amend Utah Constitution - State School Fund, 2023

186 General Session, passes the Legislature and is approved by a majority of those voting on it at

187 the next regular general election.