

SB0107S04 compared with SB0107S03

~~{deleted text}~~ shows text that was in SB0107S03 but was deleted in SB0107S04.

inserted text shows text that was not in SB0107S03 but was inserted into SB0107S04.

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~~{Senator Ronald M. Winterton}~~ Representative Mike Schultz proposes the following substitute bill:

OIL AND GAS SEVERANCE TAX AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ronald M. Winterton

House Sponsor: Keven J. Stratton

LONG TITLE

General Description:

This bill modifies provisions related to oil and gas severance tax.

Highlighted Provisions:

This bill:

- ▶ ~~{creates the Severance Mitigation Projects Fund to fund loans and grants to local governments impacted by mineral resource development;~~
- ▶ ~~funds the Severance Mitigation Projects Fund with above-trend revenue from;~~ defines terms;
- ▶ directs the Division of Finance to transfer portions of the oil and gas severance tax ~~;~~
- ▶ ~~directs} to~~ the ~~{Permanent Community Impact Fund Board to award loans and grants from the Severance Mitigation Projects Fund for infrastructure projects~~

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~~intended to address the impacts of mineral resource development;~~ Transportation Investment Fund; and

- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

~~{ 35A-8-305, as last amended by Laws of Utah 2021, Chapter 339~~

~~}~~ 59-5-115, as last amended by Laws of Utah 2021, Chapter 401

~~{ENACTS:~~

~~— 35A-8-311, Utah Code Annotated 1953~~

~~}~~

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

Section 1. Section ~~{35A-8-30}~~ 59-5-115 is amended to read:

~~{ 35A-8-305. Duties -- Loans -- Interest.~~

~~— (1) The impact board shall:~~

~~— (a) make grants and loans from the amounts appropriated by the Legislature out of the impact fund to state agencies, subdivisions, and interlocal agencies that are or may be socially or economically impacted, directly or indirectly, by mineral resource development for:~~

~~— (i) planning;~~

~~— (ii) construction and maintenance of public facilities; and~~

~~— (iii) provision of public services;~~

~~— (b) establish the criteria by which the loans and grants will be made;~~

~~— (c) determine the order in which projects will be funded;~~

~~— (d) in conjunction with other agencies of the state, subdivisions, or interlocal agencies, conduct studies, investigations, and research into the effects of proposed mineral resource development projects upon local communities;~~

~~— (e) sue and be sued in accordance with applicable law;~~

~~— (f) qualify for, accept, and administer grants, gifts, loans, or other funds from:~~

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~~—— (i) the federal government; and~~

~~—— (ii) other sources, public or private; and~~

~~—— (g) perform other duties assigned to it under this part and Sections 11-13-306 and 11-13-307.~~

~~—— (2) Money, including all loan repayments and interest, in the impact fund derived from bonus payments may be used for any of the purposes set forth in Subsection (1)(a) but may only be given in the form of interest bearing loans to be paid back into the impact fund by the agency, subdivision, or interlocal agency.~~

~~—— (3) The impact board may make a grant or loan under Subsection (1) regardless of whether the activity results in more than one impact or outcome, including an increase in natural resource development or an increase in economic development.~~

~~—— (4) If the public service described in Subsection (1)(a) is a contract with a public postsecondary institution described in Subsection 35A-8-302(9)(b)(iii), the contract shall be:~~

~~—— (a) based on an application to the impact board from the impacted county; and~~

~~—— (b) approved by the county legislative body.~~

~~—— Section 2. Section **35A-8-311** is enacted to read:~~

~~—— **35A-8-311. Severance Mitigation Projects Fund -- Administration and uses.**~~

~~—— (1) As used in this section:~~

~~—— (a) "Fund" means the Severance Mitigation Projects Fund created in this section.~~

~~—— (b) "Impacted subdivision" means a political subdivision that:~~

~~—— (i) is economically impacted, directly or indirectly, by oil and gas extraction; and~~

~~—— (ii) is a county or is located within a county in which a person described in Subsection 59-5-102(2)(a) owns an interest for which the person pays severance tax under Section 59-5-102.~~

~~—— (c) "Political subdivision" means a county, city, town, local district, or special service district.~~

~~—— (2) (a) There is created an enterprise fund entitled the "Severance Mitigation Projects Fund."~~

~~—— (b) The fund consists of:~~

~~—— (i) money deposited into the fund in accordance with Section 59-5-115;~~

~~—— (ii) all amounts received for the repayment of loans made by the impact board under~~

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~~this section; and~~

~~— (iii) all other money appropriated or otherwise made available to the fund by the Legislature.~~

~~— (3) The impact board shall:~~

~~— (a) use money in the fund to provide loans and grants to one or more impacted subdivisions for infrastructure projects intended to address the impacts of oil and gas extraction within the impacted subdivision; and~~

~~— (b) establish:~~

~~— (i) eligibility requirements for a loan or grant;~~

~~— (ii) criteria for awarding a loan or grant; and~~

~~— (iii) terms for repayment of a loan.~~

~~— (4) The impact board shall allocate from the fund an amount, not to exceed 2% of the annual receipts of the fund, to the department for the administration of the fund.~~

~~— (5) The state treasurer shall:~~

~~— (a) invest the money in the fund by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act; and~~

~~— (b) deposit all interest or other earnings derived from those investments into the fund.~~

~~Section 3. Section 59-5-115 is amended to read:~~

~~‡~~ **59-5-115. Disposition of taxes collected -- Credit to General Fund.**

~~{~~ ~~— (1) As used in this section, "above-trend revenue" means the amount by which the actual revenue from the oil and gas severance tax deposited into the General Fund under Subsection (2) exceeds the long-term trend of oil and gas severance tax revenue to the General Fund as determined by the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget.~~

~~(2) Except as provided in Section 51-9-305, 51-9-306, 51-9-307, 59-5-116, or 59-5-119, a tax imposed and collected under Section 59-5-102 shall be paid to the commission, promptly remitted to the state treasurer, and credited to the General Fund.~~

~~(3) {~~ ~~(a) Notwithstanding Subsection (2), the~~ ~~}~~ **The** Division of Finance shall transfer ~~{~~ ~~all~~ ~~}~~ above-trend revenue up to \$20 million from the General Fund into the Transportation Investment Fund each year ~~{~~ ~~for five years~~ ~~}~~ beginning in the fiscal year ~~{~~ ~~2024~~ ~~}~~ **beginning July 1, 2023,** until the amount deposited into the Transportation Investment Fund totals \$88.5

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million.

~~{ (b) If above-trend revenue in the five years beginning in the fiscal year 2024 exceeds \$20 million per year, the amount that exceeds \$20 million in each year shall be deposited into the Severance Mitigation Projects Fund created in Section 35A-8-311.~~

~~— (c) After the total amount of above-trend revenue deposited into the Transportation Investment Fund reaches \$88.5 million, all future above-trend revenue shall be deposited into the Severance Mitigation Projects Fund created in Section 35A-8-311.~~

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