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SCHOOL AND INSTITUTIONAL TRUST

LANDS AMENDMENTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John G. Mathis

Senate Sponsor: Darin G. Peterson

Cosponsors:
Kay L. McIff

Michael E. Noel

Patrick Painter

LONG TITLE

General Description:

This bill changes the distribution of mineral revenue generated from lands acquired by the School and Institutional Trust Lands Administration from the federal government.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates the Land Exchange Distribution Account;
- ▶ distributes the state's share of mineral revenues from school and institutional trust

lands to:

- the counties from which the revenue is generated;
- the counties where school and institutional trust lands were relinquished to the

United States;

- the Constitutional Defense Restricted Account;
- the Permanent Community Impact Fund;
- the State Board of Education;
- the Utah Geological Survey; and
- the Water Research Laboratory at Utah State University;

- ▶ designates how the state's share of mineral revenues from school and institutional

30 trust lands are to be used;

31 ▶ eliminates the contributions of mineral revenue from school and institutional trust

32 lands to:

33 • the Rural Electronic Commerce Communications System Fund;

34 • the Rural Development Fund; and

35 • the Mineral Lease Account;

36 ▶ changes how administrative costs are determined;

37 ▶ provides for revenue generated on SITLA land exchanged with the federal

38 government;

39 ▶ directs the Division of Finance to transfer the balance of the Rural Development

40 Fund and the Rural Electronic Commerce Communications System to the

41 Permanent Community Impact Fund when the funds are repealed;

42 ▶ repeals provisions relating to the Rural Development Fund;

43 ▶ repeals provisions relating to the Rural Electronic Commerce Communications

44 System Fund; and

45 ▶ makes technical changes.

46 **Monies Appropriated in this Bill:**

47 None

48 **Other Special Clauses:**

49 This bill provides an effective date and a repeal date.

50 **Utah Code Sections Affected:**

51 AMENDS:

- 52 **9-4-302**, as last amended by Chapters 10 and 299, Laws of Utah 2000
- 53 **9-4-303**, as last amended by Chapter 175, Laws of Utah 2001
- 54 **9-4-307**, as last amended by Chapters 10 and 299, Laws of Utah 2000
- 55 **9-15-102**, as last amended by Chapter 256, Laws of Utah 2002
- 56 **11-14-308**, as last amended by Chapter 83, Laws of Utah 2006
- 57 **53C-3-201**, as last amended by Chapter 299, Laws of Utah 2000

58 **53C-3-202**, as last amended by Chapter 292, Laws of Utah 2002

59 **59-21-1**, as last amended by Chapter 299, Laws of Utah 2000

60 **59-21-2**, as last amended by Chapter 148, Laws of Utah 2005

61 **63C-4-103**, as last amended by Chapter 14, Laws of Utah 2006

62 ENACTS:

63 **53C-3-203**, Utah Code Annotated 1953

64 REPEALS:

65 **9-14-101**, as last amended by Chapter 18, Laws of Utah 2004

66 **9-14-102**, as last amended by Chapter 256, Laws of Utah 2002

67 **9-14-103**, as last amended by Chapter 176, Laws of Utah 2002

68 **9-14-104**, as last amended by Chapter 14, Laws of Utah 2006

69 **9-14-105**, as enacted by Chapter 368, Laws of Utah 1999

70 **9-14-106**, as enacted by Chapter 368, Laws of Utah 1999

71 **9-15-101**, as last amended by Chapter 18, Laws of Utah 2004

72 **9-15-102**, as last amended by Chapter 256, Laws of Utah 2002

73 **9-15-103**, as last amended by Chapter 176, Laws of Utah 2002

74 **9-15-104**, as last amended by Chapter 14, Laws of Utah 2006

75 **9-15-105**, as enacted by Chapter 368, Laws of Utah 1999

76 **9-15-106**, as enacted by Chapter 368, Laws of Utah 1999

77 **Uncodified Material Affected:**

78 ENACTS UNCODIFIED MATERIAL

79

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

81 Section 1. Section **9-4-302** is amended to read:

82 **9-4-302. Definitions.**

83 As used in this part:

84 [(1) "Acquired lands" is as defined in Section 53C-3-201.]

85 [(2) "Acquired mineral interests" is as defined in Section 53C-3-201.]

86 ~~[(3)]~~ (1) "Bonus payments" means~~[-(a)]~~ that portion of the bonus payments received
 87 by the United States government under the Leasing Act paid to the state under Section 35 of
 88 the Leasing Act, 30 U.S.C. Sec. 191, together with any interest that had accrued on those
 89 payments~~[-or]~~.

90 ~~[(b) bonus payments collected by the School and Institutional Trust Lands
 91 Administration created by Section 53C-1-201 from the lease of:]~~

92 ~~[(i) minerals on acquired lands; or]~~

93 ~~[(ii) acquired mineral interests.]~~

94 ~~[(4)]~~ (2) "Impact board" means the Permanent Community Impact Fund Board created
 95 under Section 9-4-304.

96 ~~[(5)]~~ (3) "Impact fund" means the Permanent Community Impact Fund established by
 97 this chapter.

98 ~~[(6)]~~ (4) "Interlocal Agency" means a legal or administrative entity created by a
 99 subdivision or combination of subdivisions under the authority of Title 11, Chapter 13,
 100 Interlocal Cooperation Act.

101 ~~[(7)]~~ (5) "Leasing Act" means the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec.
 102 181 et seq.

103 ~~[(8)]~~ (6) "Subdivision" means a county, city, town, county service area, special service
 104 district, special improvement district, water conservancy district, water improvement district,
 105 sewer improvement district, housing authority, building authority, school district, or public
 106 postsecondary institution organized under the laws of this state.

107 Section 2. Section **9-4-303** is amended to read:

108 **9-4-303. Impact fund -- Deposits and contents -- Use of fund monies.**

109 (1) There is created an enterprise fund entitled the "Permanent Community Impact
 110 Fund."

111 (2) The fund consists of:

112 (a) all amounts appropriated to the impact fund under Section 59-21-2;

113 (b) bonus payments deposited to the impact fund pursuant to Subsection 59-21-1(2);

114 (c) ~~[bonus payments deposited]~~ all amounts appropriated to the impact fund ~~[pursuant~~
115 ~~to]~~ under Section [53C-3-202] 53C-3-203;

116 (d) all amounts received for the repayment of loans made by the impact board under
117 this chapter; and

118 (e) all other monies appropriated or otherwise made available to the impact fund by the
119 Legislature.

120 (3) The state treasurer shall:

121 (a) invest the monies in the impact fund by following the procedures and requirements
122 of Title 51, Chapter 7, State Money Management Act; and

123 (b) deposit all interest or other earnings derived from those investments into the impact
124 fund.

125 (4) The amounts in the impact fund available for loans, grants, administrative costs, or
126 other purposes of this part shall be limited to that which the Legislature appropriates for these
127 purposes.

128 (5) Federal mineral lease revenue received by the state under the Leasing Act that is
129 deposited into the impact fund shall be used:

130 (a) in a manner consistent with:

131 (i) the Leasing Act; and

132 (ii) this part; and

133 (b) for loans, grants, or both to state agencies or subdivisions that are socially or
134 economically impacted by the leasing of minerals under the Leasing Act.

135 ~~[(6) Mineral lease revenue collected by the School and Institutional Trust Lands~~
136 ~~Administration from the lease of minerals on acquired lands or the lease of acquired mineral~~
137 ~~interests that is deposited into the impact fund shall be used:]~~

138 ~~[(a) in a manner consistent with this part; and]~~

139 ~~[(b) for loans, grants, or both to state agencies or subdivisions socially or economically~~
140 ~~impacted by the leasing of:]~~

141 ~~[(i) minerals on acquired lands; or]~~

142 [~~(ii) acquired mineral interests.~~]

143 (6) The monies described in Subsection (2)(c) shall be used for grants to political
144 subdivisions of the state to mitigate the impacts resulting from the development or use of
145 school and institutional trust lands.

146 Section 3. Section **9-4-307** is amended to read:

147 **9-4-307. Impact fund administered by impact board -- Eligibility for assistance --**
148 **Review by board -- Administration costs -- Annual report.**

149 (1) (a) The impact board shall:

150 (i) administer the impact fund in a manner that will keep a portion of the impact fund
151 revolving;

152 (ii) determine provisions for repayment of loans; and

153 (iii) establish criteria for determining eligibility for assistance under this part.

154 (b) (i) Criteria for awarding loans or grants made from funds described in Subsection
155 9-4-303(5) shall be consistent with Subsection 9-4-303(5).

156 (ii) Criteria for awarding [~~loans or~~] grants made from funds described in Subsection
157 9-4-303[~~(6)~~] (2)(c) shall be consistent with [~~Subsections~~] Subsection 9-4-303(6) [~~and~~
158 ~~9-4-305(1)(a)~~].

159 (c) In order to receive assistance under this part, subdivisions and interlocal agencies
160 shall submit formal applications containing the information that the impact board requires.

161 (2) In determining eligibility for loans and grants under this part, the impact board shall
162 consider the following:

163 (a) the subdivision's or interlocal agency's current mineral lease production;

164 (b) the feasibility of the actual development of a resource that may impact the
165 subdivision or interlocal agency directly or indirectly;

166 (c) current taxes being paid by the subdivision's or interlocal agency's residents;

167 (d) the borrowing capacity of the subdivision or interlocal agency, its ability and
168 willingness to sell bonds or other securities in the open market, and its current and authorized
169 indebtedness;

170 (e) all possible additional sources of state and local revenue, including utility user
171 charges;

172 (f) the availability of federal assistance funds;

173 (g) probable growth of population due to actual or prospective natural resource
174 development in an area;

175 (h) existing public facilities and services;

176 (i) the extent of the expected direct or indirect impact upon public facilities and
177 services of the actual or prospective natural resource development in an area; and

178 (j) the extent of industry participation in an impact alleviation plan, either as specified
179 in Title 63, Chapter 51, Resource Development, or otherwise.

180 (3) The impact board may not fund any education project that could otherwise have
181 reasonably been funded by a school district through a program of annual budgeting, capital
182 budgeting, bonded indebtedness, or special assessments.

183 (4) The impact board may restructure all or part of the agency's or subdivision's
184 liability to repay loans for extenuating circumstances.

185 (5) The impact board shall:

186 (a) review the proposed uses of the impact fund for loans or grants before approving
187 them and may condition its approval on whatever assurances that the impact board considers to
188 be necessary to ensure that the proceeds of the loan or grant will be used in accordance with the
189 Leasing Act and this part; and

190 (b) ensure that each loan specifies the terms for repayment and is evidenced by general
191 obligation, special assessment, or revenue bonds, notes, or other obligations of the appropriate
192 subdivision or interlocal agency issued to the impact board under whatever authority for the
193 issuance of those bonds, notes, or obligations exists at the time of the loan.

194 (6) The impact board shall allocate from the impact fund to the department those funds
195 that are appropriated by the Legislature for the administration of the impact fund, but this
196 amount may not exceed 2% of the annual receipts to the impact fund.

197 (7) The department shall make an annual report to the Legislature concerning the

198 number and type of loans and grants made as well as a list of subdivisions and interlocal
199 agencies that received this assistance.

200 Section 4. Section **9-15-102** is amended to read:

201 **9-15-102. Rural Electronic Commerce Communications System Fund -- Deposits**
202 **and contents -- Interest -- Administration.**

203 (1) In order to preserve and promote communications systems, such as broadcast
204 television, in the rural areas of the state, there is created a restricted special revenue fund
205 entitled the "Rural Electronic Commerce Communications System Fund."

206 (2) The fund shall consist of:

207 (a) monies deposited to the fund under this chapter; and

208 [~~(b) monies deposited to the fund under Section 53C-3-202; and~~]

209 [~~(c)~~] (b) bond proceeds from the issuance and sale of revenue bonds authorized under
210 Subsection 9-15-104(2).

211 (3) The fund shall earn interest, which shall be deposited in the fund.

212 (4) Any unallocated balance in the fund at the end of a fiscal year shall be nonlapsing.

213 (5) The division may use fund monies for administration of the fund, but not to exceed
214 2% of the annual receipts to the fund.

215 Section 5. Section **11-14-308** is amended to read:

216 **11-14-308. Special service district bonds secured by federal mineral lease**
217 **payments -- Use of bond proceeds -- Bond resolution -- Nonimpairment of appropriation**
218 **formula -- Issuance of bonds.**

219 (1) Special service districts may:

220 (a) issue bonds payable, in whole or in part, from federal mineral lease payments which
221 are to be deposited into the Mineral Lease Account under Section 59-21-1 and distributed to
222 special service districts under Subsection 59-21-2[~~(3)~~](2)(h); or

223 (b) pledge all or any part of the mineral lease payments referred to in Subsection (1)(a)
224 as an additional source of payment for their general obligation bonds.

225 (2) The proceeds of these bonds may be used:

- 226 (a) to construct, repair, and maintain streets and roads;
- 227 (b) to fund any reserves and costs incidental to the issuance of the bonds and pay any
- 228 associated administrative costs; and
- 229 (c) for capital projects of the special service district.
- 230 (3) (a) The special service district board shall enact a resolution authorizing the
- 231 issuance of bonds which, until the bonds have been paid in full:
- 232 (i) shall be irrevocable; and
- 233 (ii) may not be amended in any manner that would:
- 234 (A) impair the rights of the bond holders; or
- 235 (B) jeopardize the timely payment of principal or interest when due.
- 236 (b) Notwithstanding any other provision of this chapter, the resolution may contain
- 237 covenants with the bond holder regarding:
- 238 (i) mineral lease payments, or their disposition;
- 239 (ii) the issuance of future bonds; or
- 240 (iii) other pertinent matters considered necessary by the governing body to:
- 241 (A) assure the marketability of the bonds; or
- 242 (B) insure the enforcement, collection, and proper application of mineral lease
- 243 payments.
- 244 (4) (a) Except as provided in Subsection (4)(b), the state may not alter, impair, or limit
- 245 the statutory appropriation formula provided in Subsection 59-21-2[~~(3)~~](2)(h), in a manner that
- 246 reduces the amounts to be distributed to the special service district until the bonds and the
- 247 interest on the bonds are fully met and discharged. Each special service district may include
- 248 this pledge and undertaking of the state in these bonds.
- 249 (b) Nothing in this section:
- 250 (i) may preclude the alteration, impairment, or limitation of these bonds if adequate
- 251 provision is made by law for the protection of the bond holders; or
- 252 (ii) shall be construed:
- 253 (A) as a pledge guaranteeing the actual dollar amount ultimately received by individual

254 special service districts;

255 (B) to require the Department of Transportation to allocate the mineral lease payments
256 in a manner contrary to the general allocation method described in Subsection
257 59-21-2[~~(3)~~](2)(h); or

258 (C) to limit the Department of Transportation in making rules or procedures allocating
259 mineral lease payments pursuant to Subsection 59-21-2[~~(3)~~](2)(h).

260 (5) (a) The average annual installments of principal and interest on bonds to which
261 mineral lease payments have been pledged as the sole source of payment may not at any one
262 time exceed:

263 (i) 80% of the total mineral lease payments received by the issuing entity during the
264 fiscal year of the issuing entity immediately preceding the fiscal year in which the resolution
265 authorizing the issuance of bonds is adopted; or

266 (ii) if the bonds are issued during the first fiscal year the issuing entity is eligible to
267 receive funds, 60% of the amount estimated by the Department of Transportation to be
268 appropriated to the issuing entity in that fiscal year.

269 (b) The Department of Transportation shall not be liable for any loss or damage
270 resulting from reliance on the estimates.

271 (6) The final maturity date of the bonds may not exceed 15 years from the date of their
272 issuance.

273 (7) Bonds may not be issued under this section after December 31, 2010.

274 (8) Bonds which are payable solely from a special fund into which mineral lease
275 payments are deposited constitute a borrowing based solely upon the credit of the mineral lease
276 payments received or to be received by the special service district and do not constitute an
277 indebtedness or pledge of the general credit of the special service district or the state.

278 Section 6. Section **53C-3-201** is amended to read:

279 **53C-3-201. Definitions.**

280 As used in this part:

281 (1) "Acquired lands" means those lands acquired by the administration under the

282 agreement.

283 (2) "Acquired mineral interests" means mineral interests acquired by the administration
 284 pursuant to Section 3(F), (K), (L), or (M) of the agreement.

285 (3) "Agreement" means the Agreement to Exchange Utah School Trust Lands Between
 286 the State of Utah and the United States of America, signed May 8, 1998, as ratified by the Utah
 287 School and Lands Exchange Act of 1998, Pub. L. No. 105-335.

288 (4) "Exchange" means any land or mineral interest exchange by the administration and
 289 the United States of America after March 1, 2007.

290 (5) "Exchanged lands" means those lands acquired by the administration through an
 291 exchange.

292 (6) "Exchanged mineral interests" means mineral interests acquired by the
 293 administration through an exchange.

294 ~~[(4)]~~ (7) "Identified tracts" means the tracts identified in Section 3(F), (G), (J), (K), (L),
 295 and (M) of the agreement, generally referred to as the Cottonwood Tract, Westridge Coal Tract,
 296 Ferron Field, Mill Fork Tract, Dugout Canyon Tract, Muddy Tract, and North Horn Coal Tract.

297 ~~[(5)]~~ (8) "Subject mineral" means any mineral that is covered by the Mineral Lands
 298 Leasing Act, 30 U.S.C. Sec. 181 et seq., as amended through May 3, 1999.

299 Section 7. Section **53C-3-202** is amended to read:

300 **53C-3-202. Collection and distribution of revenues from federal land exchange**
 301 **parcels.**

302 (1) The director ~~[is responsible for the collection of]~~ shall collect all bonus payments,
 303 rentals, and royalties from the lease of:

304 (a) minerals on acquired lands; ~~[and]~~

305 (b) acquired mineral interests~~[-];~~

306 (c) minerals on exchanged lands; and

307 (d) exchanged mineral interests.

308 (2) The director shall:

309 (a) ~~[except as provided in Subsections (3) and (4),]~~ no later than the last day of the

310 second month following each calendar quarter, distribute all bonus payments received during
311 the calendar quarter from the lease of coal, oil and gas, and coalbed methane on the identified
312 tracts as follows:

- 313 (i) 50% to the United States; and
- 314 [~~(ii) 12.16% to the Permanent Community Impact Fund created in Section 9-4-303;~~]
- 315 [~~(iii) 20% to the Constitutional Defense Restricted Account created in Section~~
316 ~~63C-4-103;~~]
- 317 [~~(iv) 15% to the Rural Electronic Commerce Communications System Fund created by~~
318 ~~Section 9-15-102; and]~~

- 319 [~~(v) 2.84% to the Rural Development Fund created under Section 9-14-102; and]~~
- 320 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203;

321 (b) [~~except as provided in Subsections (3) and (4);~~] no later than the last day of the
322 second month following each calendar quarter, distribute all rentals and royalties received
323 during the calendar quarter from the lease of subject minerals on the acquired lands and the
324 lease of acquired mineral interests as follows:

- 325 (i) 50% to the Land Grant Management Fund created by Section 53C-3-101; and
- 326 [~~(ii) 39.5% to the Mineral Lease Account created by Subsection 59-21-2(3);~~]
- 327 [~~(iii) 4.5% to the Constitutional Defense Restricted Account created by Section~~
328 ~~63C-4-103;~~]
- 329 [~~(iv) 3.0% to the Rural Electronic Commerce Communications System Fund created by~~
330 ~~Section 9-15-102; and]~~

- 331 [~~(v) 3.0% to the Rural Development Fund created by Section 9-14-102;~~]
- 332 [~~(3) Notwithstanding Subsections (2)(a), (2)(b), and (4), if the distribution required by~~
333 ~~Subsection (2)(a)(iii), (2)(b)(iii), or (4) would cause the balance of the Constitutional Defense~~
334 ~~Restricted Account to exceed \$2,000,000, the director shall distribute to the Permanent~~
335 ~~Community Impact Fund an amount equal to the difference between:]~~

- 336 [~~(a) what the total balance of the Constitutional Defense Restricted Account would be~~
337 ~~if, but for this Subsection (3), a distribution described in Subsection (2)(a)(iii), (2)(b)(iii), or (4)~~

338 was made; and]

339 [~~(b)~~ \$2,000,000.]

340 [~~(4)~~ Notwithstanding Subsections (2)(a) and (b), and except as provided in Subsection
341 (3), for each fiscal year the director shall deposit:]

342 [(a) the first \$750,000 of distributions required by Subsections (2)(a)(iv) and (2)(b)(iv)
343 into the Rural Electronic Commerce Communications System Fund; and]

344 [(b) any amounts exceeding the \$750,000 described in Subsection (4)(a) that would be
345 distributed into the Rural Electronic Commerce Communications System Fund but for this
346 Subsection (4) into the Constitutional Defense Restricted Account.]

347 (ii) 50% to the Land Exchange Distribution Account created in Section 53C-3-203; and

348 (c) no later than the last day of the second month following each calendar quarter,

349 deposit the state's share of the mineral bonus, rental, and royalty revenue generated from the
350 lease of minerals on exchanged lands or exchanged mineral interests in the Land Exchange

351 Distribution Account created in Section 53C-3-203.

352 [~~(5)~~ (3) (a) The director may retain up to 3% of the monies collected under Subsection
353 (1) to pay for administrative costs incurred under Subsection (1).

354 (b) The director may deduct administrative costs [~~may be deducted prior to~~] before the
355 distributions made under Subsections (2)(a) and (b).

356 (c) The director shall keep the administrative cost deductions in separate accounts.

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

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

359 [~~(B)~~] (B) out-of-pocket expenditures incurred by the administration that are directly
360 attributable to leasing or management of the acquired lands for subject minerals or acquired
361 mineral interests[~~; and~~].

362 [~~(B)~~ shall be determined in a manner similar to that used by the federal government
363 pursuant to 30 U.S.C. Sec. 191(b).]

364 (ii) If the administration includes out-of-pocket expenditures under Subsection [~~(5)~~]
365 (3)(d)(i) in determining its costs, those expenditures may not be included in its general

366 calculation of direct costs.

367 (e) (i) At the end of each fiscal year, the director shall reconcile the amount actually
368 spent under Subsection [~~5~~] (3)(d) with the amount retained under Subsection [~~5~~] (3)(a).

369 (ii) The monies retained under Subsection [~~5~~] (3)(a) are nonlapsing.

370 Section 8. Section **53C-3-203** is enacted to read:

371 **53C-3-203. Land Exchange Distribution Account.**

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

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

376 (b) The account shall consist of all revenue deposited in the account as required by
377 Subsections 53C-3-202(2)(a)(ii) and (2)(b)(ii).

378 (3) For fiscal years beginning on or after fiscal year 2007-08, because the revenue is
379 not derived from taxes, the Legislature shall annually appropriate from the account:

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

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

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

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

393 (e) 1.66% of all deposits made to the account to the Water Research Laboratory at Utah

394 State University, to be used for water development in the state; and

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

397 (4) For fiscal years 2007-08 and 2008-09, the Legislature shall annually appropriate
398 from the account 7.5% of all deposits made to the account to the Geological Survey, to be used
399 for test wells and other hydrologic studies in the West Desert.

400 (5) For fiscal years beginning on or after fiscal year 2009-10, the Legislature shall
401 annually appropriate from the account 7.5% of all deposits made to the account to the
402 Permanent Community Impact Fund created in Section 9-4-303, to be used for grants to
403 political subdivisions of the state to mitigate the impacts resulting from the development or use
404 of school and institutional trust lands.

405 Section 9. Section **59-21-1** is amended to read:

406 **59-21-1. Disposition of federal mineral lease monies -- Priority to political**
407 **subdivisions impacted by mineral development -- Disposition of mineral bonus payments**
408 **-- Appropriation of monies attributable to royalties from extraction of minerals on**
409 **federal land located within boundaries of Grand Staircase-Escalante National**
410 **Monument.**

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

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

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

418 (i) planning;

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

420 (iii) provision of public services.

421 (2) Seventy percent of money received from federal mineral lease bonus payments

422 shall be deposited into the Permanent Community Impact Fund and shall be used as provided
423 in Title 9, Chapter 4, Part 3, Community Impact Alleviation.

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

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

428 (i) the "boundaries of the Grand Staircase-Escalante National Monument" means the
429 boundaries:

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

432 (B) modified by:

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

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

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

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

443 (c) The Legislature shall annually appropriate 40% of the monies described in
444 Subsection (4)(b) to the Department of Transportation to be distributed by the Department of
445 Transportation to special service districts that are:

446 (i) established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service
447 District Act;

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

450 (iii) located within the boundaries of the Grand Staircase-Escalante National
451 Monument.

452 (d) The Department of Transportation shall distribute the money described in
453 Subsection (4)(c) in amounts proportionate to the amount of federal mineral lease money
454 generated by the county in which a special service district is located.

455 (e) The Legislature shall annually appropriate 40% of the monies described in
456 Subsection (4)(b) to the State Board of Education to be distributed equally to school districts
457 that are:

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

460 (ii) located within the boundaries of the Grand Staircase-Escalante National
461 Monument.

462 (f) The Legislature shall annually appropriate 2.25% of the monies described in
463 Subsection (4)(b) to the Utah Geological Survey to facilitate the development of energy and
464 mineral resources in counties that are:

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

467 (ii) located within the boundaries of the Grand Staircase-Escalante National
468 Monument.

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

472 Section 10. Section **59-21-2** is amended to read:

473 **59-21-2. Definitions -- Mineral Bonus Account created -- Contents -- Use of**
474 **Mineral Bonus Account money -- Mineral Lease Account created -- Contents --**
475 **Appropriation of monies from Mineral Lease Account.**

476 [~~(1) As used in this section:~~]

477 [(a) "Acquired lands" is as defined in Section ~~53C-3-201.~~]

478 ~~[(b) "Acquired mineral interests" is as defined in Section 53C-3-201.]~~
479 ~~[(2)]~~ (1) (a) The Mineral Bonus Account is created within the General Fund.
480 (b) The Mineral Bonus Account consists of federal mineral lease bonus payments
481 deposited pursuant to Subsection 59-21-1(3).
482 (c) The Legislature shall make appropriations from the Mineral Bonus Account in
483 accordance with Section 35 of the Mineral Lands Leasing Act of 1920, 30 U.S.C. Sec. 191.
484 (d) The state treasurer shall:
485 (i) invest the money in the Mineral Bonus Account by following the procedures and
486 requirements of Title 51, Chapter 7, State Money Management Act; and
487 (ii) deposit all interest or other earnings derived from the account into the Mineral
488 Bonus Account.
489 ~~[(3)]~~ (2) (a) The Mineral Lease Account is created within the General Fund.
490 (b) The Mineral Lease Account consists of ~~[(1)]~~ federal mineral lease money deposited
491 pursuant to Subsection 59-21-1(1) ~~[, and]~~.
492 ~~[(ii) rentals and royalties from the lease of the following deposited pursuant to Section~~
493 ~~53C-3-202:]~~
494 ~~[(A) minerals on acquired lands; or]~~
495 ~~[(B) acquired mineral interests.]~~
496 (c) The Legislature shall make appropriations from the Mineral Lease Account as
497 provided in Subsection 59-21-1(1) and this Subsection ~~[(3)]~~ (2).
498 (d) The Legislature shall annually appropriate 32.5% of all deposits made to the
499 Mineral Lease Account to the Permanent Community Impact Fund established by Section
500 9-4-303.
501 (e) The Legislature shall annually appropriate 2.25% of all deposits made to the
502 Mineral Lease Account to the State Board of Education, to be used for education research and
503 experimentation in the use of staff and facilities designed to improve the quality of education in
504 Utah.
505 (f) The Legislature shall annually appropriate 2.25% of all deposits made to the

506 Mineral Lease Account to the Utah Geological Survey, to be used for activities carried on by
507 the survey having as a purpose the development and exploitation of natural resources in the
508 state.

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

513 (h) (i) The Legislature shall annually appropriate to the Department of Transportation
514 40% of all deposits made to the Mineral Lease Account to be distributed as provided in
515 Subsection [~~3~~] (2)(h)(ii) to:

516 (A) counties;

517 (B) special service districts established:

518 (I) by counties;

519 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

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

521 (C) special service districts established:

522 (I) by counties;

523 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and

524 (III) for other purposes authorized by statute.

525 (ii) The Department of Transportation shall allocate the funds specified in Subsection
526 [~~3~~] (2)(h)(i):

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

529 (B) to a county or special service district established by a county under Title 17A,
530 Chapter 2, Part 13, Utah Special Service District Act, as determined by the county legislative
531 body.

532 (i) (i) The Legislature shall annually appropriate 5% of all deposits made to the
533 Mineral Lease Account to the Department of Community and Culture to be distributed to:

534 (A) special service districts established:
535 (I) by counties;
536 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
537 (III) for the purpose of constructing, repairing, or maintaining roads; or
538 (B) special service districts established:
539 (I) by counties;
540 (II) under Title 17A, Chapter 2, Part 13, Utah Special Service District Act; and
541 (III) for other purposes authorized by statute.
542 (ii) The Department of Community and Culture may distribute the amounts described
543 in Subsection [~~(3)~~] (2)(i)(i) only to special service districts established under Title 17A,
544 Chapter 2, Part 13, Utah Special Service District Act, by counties:
545 (A) of the third, fourth, fifth, or sixth class;
546 (B) in which 4.5% or less of the mineral lease moneys within the state are generated;
547 and
548 (C) that are significantly socially or economically impacted as provided in Subsection
549 (3)(i)(iii) by the development of [~~(H)~~] minerals under the Mineral Lands Leasing Act, 30
550 U.S.C. Sec. 181 et seq.[:]
551 [~~(H)~~ minerals on acquired lands; or]
552 [~~(H)~~ acquired mineral interests.]
553 (iii) The significant social or economic impact required under Subsection [~~(3)~~]
554 (2)(i)(ii)(C) shall be as a result of:
555 (A) the transportation within the county of hydrocarbons, including solid hydrocarbons
556 as defined in Section 59-5-101;
557 (B) the employment of persons residing within the county in hydrocarbon extraction,
558 including the extraction of solid hydrocarbons as defined in Section 59-5-101; or
559 (C) a combination of Subsections [~~(3)~~] (2)(i)(iii)(A) and (B).
560 (iv) For purposes of distributing the appropriations under this Subsection [~~(3)~~] (2)(i) to
561 special service districts established by counties under Title 17A, Chapter 2, Part 13, Utah

562 Special Service District Act, the Department of Community and Culture shall:

563 (A) (I) allocate 50% of the appropriations equally among the counties meeting the
564 requirements of Subsections [~~3~~] (2)(i)(ii) and (iii); and

565 (II) allocate 50% of the appropriations based on the ratio that the population of each
566 county meeting the requirements of Subsections [~~3~~] (2)(i)(ii) and (iii) bears to the total
567 population of all of the counties meeting the requirements of Subsections [~~3~~] (2)(i)(ii) and
568 (iii); and

569 (B) after making the allocations described in Subsection [~~3~~] (2)(i)(iv)(A), distribute
570 the allocated revenues to special service districts established by the counties under Title 17A,
571 Chapter 2, Part 13, Utah Special Service District Act, as determined by the executive director
572 of the Department of Community and Culture after consulting with the county legislative
573 bodies of the counties meeting the requirements of Subsections [~~3~~] (2)(i)(ii) and (iii).

574 (v) The executive director of the Department of Community and Culture:

575 (A) shall determine whether a county meets the requirements of Subsections [~~3~~]
576 (2)(i)(ii) and (iii);

577 (B) shall distribute the appropriations under Subsection [~~3~~] (2)(i)(i) to special service
578 districts established by counties under Title 17A, Chapter 2, Part 13, Utah Special Service
579 District Act, that meet the requirements of Subsections [~~3~~] (2)(i)(ii) and (iii); and

580 (C) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
581 may make rules:

582 (I) providing a procedure for making the distributions under this Subsection [~~3~~] (2)(i)
583 to special service districts; and

584 (II) defining the term "population" for purposes of Subsection [~~3~~] (2)(i)(iv).

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

587 (A) an amount equal to 52 cents multiplied by the number of acres of school or
588 institutional trust lands, lands owned by the Division of Parks and Recreation, and lands owned
589 by the Division of Wildlife Resources that are not under an in lieu of taxes contract, to each

590 county in which those lands are located;

591 (B) to each county in which school or institutional trust lands are transferred to the
592 federal government after December 31, 1992, an amount equal to the number of transferred
593 acres in the county multiplied by a payment per acre equal to the difference between 52 cents
594 per acre and the per acre payment made to that county in the most recent payment under the
595 federal payment in lieu of taxes program, 31 U.S.C. Sec. 6901 et seq., unless the federal
596 payment was equal to or exceeded the 52 cents per acre, in which case a payment under this
597 Subsection [~~(3)~~] (2)(j)(i)(B) may not be made for the transferred lands;

598 (C) to each county in which federal lands, which are entitlement lands under the federal
599 in lieu of taxes program, are transferred to the school or institutional trust, an amount equal to
600 the number of transferred acres in the county multiplied by a payment per acre equal to the
601 difference between the most recent per acre payment made under the federal payment in lieu of
602 taxes program and 52 cents per acre, unless the federal payment was equal to or less than 52
603 cents per acre, in which case a payment under this Subsection [~~(3)~~] (2)(j)(i)(C) may not be
604 made for the transferred land; and

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

606 (I) \$1,000; and

607 (II) the number of residences described in Subsection [~~(3)~~] (2)(j)(iv) that are located
608 within the county.

609 (ii) A county receiving money under Subsection [~~(3)~~] (2)(j)(i) may, as determined by
610 the county legislative body, distribute the money or a portion of the money to:

611 (A) special service districts established by the county under Title 17A, Chapter 2, Part
612 13, Utah Special Service District Act;

613 (B) school districts; or

614 (C) public institutions of higher education.

615 (iii) (A) Beginning in fiscal year 1994-95 and in each year after fiscal year 1994-95, the
616 Division of Finance shall increase or decrease the amounts per acre provided for in Subsections
617 [~~(3)~~] (2)(j)(i)(A) through (C) by the average annual change in the Consumer Price Index for all

618 urban consumers published by the Department of Labor.

619 (B) For fiscal years beginning on or after fiscal year 2001-02, the Division of Finance
620 shall increase or decrease the amount described in Subsection [~~(3)~~] (2)(j)(i)(D)(I) by the
621 average annual change in the Consumer Price Index for all urban consumers published by the
622 Department of Labor.

623 (iv) Residences for purposes of Subsection [~~(3)~~] (2)(j)(i)(D)(II) are residences that are:

624 (A) owned by:

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

626 (II) the Division of Wildlife Resources;

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

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

629 (II) the Division of Wildlife Resources; and

630 (C) are not subject to taxation under:

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

632 (II) Chapter 4, Privilege Tax.

633 (k) The Legislature shall annually appropriate to the Permanent Community Impact
634 Fund all deposits remaining in the Mineral Lease Account after making the appropriations
635 provided for in Subsections [~~(3)~~] (2)(d) through (j).

636 [~~(4)~~] (3) (a) Each agency, board, institution of higher education, and political
637 subdivision receiving money under this chapter shall provide the Legislature, through the
638 Office of the Legislative Fiscal Analyst, with a complete accounting of the use of that money
639 on an annual basis.

640 (b) The accounting required under Subsection [~~(4)~~] (3)(a) shall:

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

643 (ii) be reviewed by the Economic Development and Human Resources Appropriation
644 Subcommittee as part of its normal budgetary process under Title 63, Chapter 38, Budgetary
645 Procedures Act.

646 Section 11. Section **63C-4-103** is amended to read:

647 **63C-4-103. Creation of Constitutional Defense Restricted Account -- Sources of**
648 **funds -- Uses of funds -- Reports.**

649 (1) There is created a restricted account within the General Fund known as the
650 Constitutional Defense Restricted Account.

651 (2) The account consists of monies from the following revenue sources:

652 (a) monies deposited to the account as required by Section [~~53C-3-202~~] 53C-3-203;

653 (b) voluntary contributions;

654 (c) monies received by the Constitutional Defense Council from other state agencies;

655 and

656 (d) appropriations made by the Legislature.

657 (3) Funds in the account shall be nonlapsing.

658 (4) The account balance may not exceed \$2,000,000.

659 (5) The Legislature may annually appropriate monies from the Constitutional Defense
660 Restricted Account to one or more of the following:

661 (a) the Constitutional Defense Council to carry out its duties in Section 63C-4-102;

662 (b) the Public Lands Policy Coordinating Office to carry out its duties in Section
663 63-38d-603;

664 (c) the Public Lands Policy Coordinating Council to carry out its duties in Section
665 63-38d-605[-];

666 (d) the Office of the Governor, to be used only for the purpose of asserting, defending,
667 or litigating state and local government rights under R.S. 2477, in accordance with a plan
668 developed and approved as provided in Section 63C-4-104;

669 (e) a county or association of counties to assist counties, consistent with the purposes
670 of the council, in pursuing issues affecting the counties; or

671 (f) the Office of the Attorney General, to be used only for public lands counsel and
672 assistance and litigation to the state or local governments including asserting, defending, or
673 litigating state and local government rights under R.S. 2477 in accordance with a plan

674 developed and approved as provided in Section 63C-4-104.

675 (6) (a) The Constitutional Defense Council shall require that any entity that receives
676 monies from the Constitutional Defense Restricted Account provide financial reports and
677 litigation reports to the Council.

678 (b) Nothing in this Subsection (6) prohibits the council from closing a meeting under
679 Title 52, Chapter 4, Open and Public Meetings Act, or prohibits the council from complying
680 with Title 63, Chapter 2, Government Records Access and Management Act.

681 Section 12. **Repealer.**

682 This bill repeals:

683 Section **9-14-101, Definitions.**

684 Section **9-14-102, Rural Development Fund -- Deposits and contents -- Interest --**
685 **Administration.**

686 Section **9-14-103, Rural Development Fund Board -- Members -- Terms -- Chair --**
687 **Quorum -- Expenses.**

688 Section **9-14-104, Board duties and powers.**

689 Section **9-14-105, Eligibility for assistance -- Application -- Review by board.**

690 Section **9-14-106, Division to distribute grant money -- Annual report.**

691 Section **9-15-101, Definitions.**

692 Section **9-15-102, Rural Electronic Commerce Communications System Fund --**
693 **Deposits and contents -- Interest -- Administration.**

694 Section **9-15-103, Rural Electronic Commerce Communications System Fund**
695 **Board -- Members -- Terms -- Chair -- Quorum -- Expenses.**

696 Section **9-15-104, Board duties and powers.**

697 Section **9-15-105, Eligibility for assistance -- Application -- Review by board.**

698 Section **9-15-106, Division to distribute grant money -- Annual report.**

699 Section 13. **Disposition of money.**

700 When Sections 9-14-102 and 9-15-102 are repealed on July 1, 2008, the Division of
701 Finance shall transfer any money remaining in the Rural Development Fund and the Rural

702 Electronic Commerce Communications System Fund to the Permanent Community Impact
703 Fund.

704 Section 14. **Effective date -- Repeal date.**

705 (1) Except as provided in Subsection (2), if approved by two-thirds of all the members
706 elected to each house, this bill takes effect upon approval by the governor, or the day following
707 the constitutional time limit of Utah Constitution Article VII, Section 8, without the governor's
708 signature, or in the case of a veto, the date of veto override.

709 (2) Sections 9-14-102, 9-14-106, 9-15-102, and 9-15-106 are repealed July 1, 2008.