



HOUSING AND COMMUNITY DEVELOPMENT CAPITAL

BUSINESS, ECONOMIC DEVELOPMENT AND LABOR APPROPRIATIONS SUBCOMMITTEE
STAFF: ANDREA WILKO

BUDGET BRIEF

SUMMARY

The Community Development Capital budget provides grants and/or loans to subdivisions of the State which are impacted directly or indirectly by mineral resource development on federal lands. The Permanent Community Impact Fund receives 32.5 percent of the mineral lease payments from the federal government. This funding is prioritized by the Community Impact Board which is administered in the Housing and Community Development line item. Additionally, a portion of the federal mineral lease revenue flows directly to special service districts through the mineral lease distribution formula.

Federal Mineral Lease Allocations

Federal royalty revenue is generated when minerals are produced on federal lands. The producing companies pay the federal government a royalty based on taxable value of the extraction. Taxable value is generally based on production levels and price of the minerals. Both production and price have increased above historic levels for oil and gas. This has led to a corresponding increase in mineral lease revenues over the past several years.

Other sources of mineral lease revenue include bonuses, rents and other royalties. Rents are annual payment of leases not currently under production. Bonuses are payments made to obtain rights to mineral lease opportunities. Other royalties include audit assessments and mineral lease payments on minor products such as sand, gravel and sulfur.

ISSUES AND RECOMMENDATIONS

The subcommittee should consider the following items in its deliberations:

Budget Adoption

For the Housing and Community Development - Capital, the Fiscal Analyst recommends an FY 2013 budget of \$103,100,000 as shown in the budget detail table on page 4.

For the Housing and Community Development – Special Service Districts, the Fiscal Analyst recommends an FY 2013 budget of \$6,509,700 as shown in the budget detail table on page 4.

ACCOUNTABILITY DETAIL

The primary mission of the Permanent Community Impacts Fund is to mitigate socio-economic impacts resulting from natural resource development of federal lands. To this end the division measures the number of eligible applications getting funded, funds leveraged and citizens served.

Project Type	Number of Projects	Total Project Cost	Grant Amount	Loan Amount	Total CIB Funding
Water Projects	13	29,316,101	10,941,390	13,149,000	24,090,390
Sewer Projects	7	7,867,600	3,145,600	2,547,000	5,692,600
Health & Public Safety	17	14,940,875	5,250,394	7,718,000	12,968,394
General Buildings	10	9,382,851	2,079,351	2,258,000	4,337,351
Transportation	8	30,112,686	9,356,686	4,406,000	13,762,686
Recreation Projects	7	22,455,630	5,196,000	4,679,000	9,875,000
Design/Plan/Study	14	1,458,060	824,430	0	824,430
Irrigation	2	4,847,000	500,000	1,197,000	1,697,000
Equipment Purchase	3	1,055,000	201,000	850,000	1,051,000
Communications	0	0	0	0	0
Combined Projects	2	21,020,000	1,020,000	6,300,000	7,320,000
Total	83	142,455,803	38,514,851	43,104,000	81,618,851

TOTAL STATE MINERAL LEASE REVENUE AND CIB ALLOCATIONS BY COUNTY FISCAL YEAR 2011				
	Total State Revenue		Total CIB	
	Amount	% of Total	Allocation	% of Total
Beaver	301,083	0.2%	0	0.0%
Box Elder	25,041	0.0%	0	0.0%
Cache	0	0.0%	5,700,000	7.0%
Carbon	20,015,077	14.4%	13,254,982	16.2%
Daggett	510,229	0.4%	638,000	0.8%
Davis	0	0.0%	0	0.0%
Duchesne	16,885,978	12.2%	9,289,297	11.4%
Emery	2,600,156	1.9%	5,090,000	6.2%
Garfield	665,480	0.5%	2,480,500	3.0%
Grand	1,586,886	1.1%	1,180,000	1.4%
Iron	594,976	0.4%	3,621,750	4.4%
Juab	358,041	0.3%	3,257,200	4.0%
Kane	4,576	0.0%	47,000	0.1%
Millard	193,496	0.1%	125,000	0.2%
Morgan	0	0.0%	701,000	0.9%
Piute	25,790	0.0%	0	0.0%
Rich	46,945	0.0%	0	0.0%
Salt Lake	2,438	0.0%	0	0.0%
San Juan	3,188,372	2.3%	4,150,500	5.1%
Sanpete	381,406	0.3%	2,271,000	2.8%
Sevier	14,015,149	10.1%	8,262,250	10.1%
Summit	107,411	0.1%	0	0.0%
Tooele	219,730	0.2%	0	0.0%
Uintah	76,913,380	55.4%	13,622,478	16.7%
Utah	37,786	0.0%	0	0.0%
Wasatch	6,934	0.0%	0	0.0%
Washington	42,517	0.0%	6,776,964	8.3%
Wayne	6,312	0.0%	581,930	0.7%
Weber	0	0.0%	0	0.0%
Unallocated	4,180	0.0%	0	0.0%
Regional		0.0%	569,000	0.7%
Total	138,739,369	100.0%	81,618,851	100.0%

BUDGET DETAIL

Funding for the Community Development Capital budget is from federal mineral lease revenue. The total funding amount is determined by a statutory formula established in UCA 59-21.

HOUSING AND COMMUNITY DEVELOPMENT CAPITAL

BUDGET DETAIL TABLE

Community and Culture - Community Development Capital Budget						
	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Sources of Finance						
Federal Mineral Lease	44,517,500	0	103,000,000	103,000,000	(103,000,000)	0
Permanent Community Impact Repayments	0	102,400,000	(102,400,000)	0	69,100,000	69,100,000
	0	28,000,000	0	28,000,000	6,000,000	34,000,000
Total	\$44,517,500	\$130,400,000	\$600,000	\$131,000,000	(\$27,900,000)	\$103,100,000
Programs						
Permanent Community Impact Board	44,517,500	130,400,000	600,000	131,000,000	(27,900,000)	103,100,000
Total	\$44,517,500	\$130,400,000	\$600,000	\$131,000,000	(\$27,900,000)	\$103,100,000
Categories of Expenditure						
Other Charges/Pass Thru	44,517,500	130,400,000	600,000	131,000,000	(27,900,000)	103,100,000
Total	\$44,517,500	\$130,400,000	\$600,000	\$131,000,000	(\$27,900,000)	\$103,100,000

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Community and Culture - Community Development Capital - Special Service Districts						
	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Sources of Finance						
Federal Mineral Lease	6,511,800	6,096,200	318,500	6,414,700	95,000	6,509,700
Total	\$6,511,800	\$6,096,200	\$318,500	\$6,414,700	\$95,000	\$6,509,700
Programs						
Special Service Districts	6,511,800	6,096,200	318,500	6,414,700	95,000	6,509,700
Total	\$6,511,800	\$6,096,200	\$318,500	\$6,414,700	\$95,000	\$6,509,700
Categories of Expenditure						
Other Charges/Pass Thru	6,511,800	6,096,200	318,500	6,414,700	95,000	6,509,700
Total	\$6,511,800	\$6,096,200	\$318,500	\$6,414,700	\$95,000	\$6,509,700

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.