

Date: 3-1-21

House Revenue and Taxation Committee

Bill: 1st Sub. SB 176 Mineral Lease Fund Amendments

Sponsor: Sen. Winterton

Floor Sponsor: Rep. Gibson

UASD Position: Tracking

This Bill: modifies provisions related to the expenditure of federal mineral lease revenues.

Discussion: Sen. Winterton introduced the bill. Line 165 defines planning. The bill also defines public facilities and public services. This doesn't change how the funds are administered, but it provides clarity for the board. Rep. Harrison asked about line 313, which references a retroactive application of the bill. Why does it retroactively target projects? Sen. Winterton said the audit suggested that some of the projects funded didn't qualify. This is how they have always intended the fund to be used. Rep. Harrison said line 315 suggests that this bill seeks to address ongoing lawsuits. What is the reason for creating this clause in statute? Sen. Winterton said it's not uncommon to include retroactive language in a bill. The drafting attorney put this in. Rep. Harrison said her reading of the audit was that there was potential misuse of funds. She's concerned that this bill facilitates public funding going to development and extractive industry, rather than supporting rural communities. Sen. Winterton suggested that it was best for the county to build its own road to mitigate the impacts of Highway 91. Is the bill made for the oil industry? It applies to them, school buses, and anyone using those roads. He feels this improves the situation of these rural communities. Rep. Briscoe said the Mineral Lease Funds were used to clear a railway for freight. Sen. Winterton said the railway has been proposed for any public use. It was scrutinized by the Community Impact Board (CIB) for over a year. Oil and gas companies want to use these resources, but they also make these resources possible. Since the railway was proposed, more companies have considered coming to the Basin. It would allow them to diversify the economy. Rep. Briscoe asked if planning is intended to be totally separate from construction and maintenance of public facilities and provision of public services. He feels public funds should not be used for a private railway. He said the bill contains no language on alleviating the social and economic impacts of living in these communities. The money going into the railway is the same amount as the money invested in basic public infrastructure over the past five years. Sen. Winterton said this bill provides clarification on how the money is to be spent. He does not believe it changes the intent or purpose of the money.

The Seven County Infrastructure Coalition, Duchesne County Commissioner Greg Miles, Woods Cross City Administrator Gary Uresk, and the Utah Association of Counties support the bill. The Healthy Environment Alliance of Utah and the Center for Biological Diversity oppose the bill. Community members also spoke in opposition out of concern that the bill will fund private companies rather than public services.

Rep. Lisonbee asked about the concerns that the audit pointed out, such as the lack of competitive bidding process. Sen. Winterton said there aren't many companies interested in participating. Rep. Robertson said he thinks the bill addresses the issues found in the audit.

Yeas: 8

Nays: 3

N/V: 2

Outcome: 1st Sub. SB 176 passed out of committee with a favorable recommendation.