Land Exchange Distribution Account (LEDA)

SITLA Board Meeting
June 16, 2016
SLC, Utah
LEDA Background, Part I

- Federal law gives Utah half of leasable mineral revenues from federal lands.
- Most of that money flows to counties.
- Counties didn’t want to give those funds up when SITLA acquired BLM lands in the Grand Staircase Escalante Nat’l Monument (GSENM) exchange.
- Compromise: SITLA cost of acquiring BLM lands was reduced by 50%, but SITLA assumed BLM’s 50% mineral revenue sharing obligation on acquired lands.
LED A Background, Part II

• At exchange closing in 1999, SITLA acquires coal/oil & gas lands primarily in Carbon and Emery counties.
• 1999 to 2007: SITLA sends state share to Mineral Lease Account (MLA), similar to federal lands.
• Realization: distribution made under state law, funds could go directly to counties, not possible with MLA.
• 2007: LEDA enacted with the following goals:
  • Build county support for SITLA land exchanges.
  • Give counties a more flexible source of funding – grants, not loans.
  • Create an administrative fee to fund SITLA administration, mineral management costs.
LED A Application

• Created in Title 53C-3-203 (HB 134-March 2007)
• Applies only to SITLA lands acquired from BLM with leasable minerals in certain land exchanges.
• Currently applies to Grand Staircase (1998) and Recreation (2014) exchanges.
• Does not apply to Hill Creek, UTTR exchanges.
• Would apply in future exchanges with BLM only if the value of acquired lands is discounted to reflect SITLA’s assumption of federal revenue sharing obligation.
LEDA Initial Revenue Split

• On exchanged lands with leasable minerals:
  • SITLA collects all lease revenues, then:
    • School fund receives 48.5% of lease rents and royalties.
    • LEDA receives 48.5% of lease bonus, rents and royalties
    • United States receives 48.5% of lease bonus in place of school fund.
      • Only in Grand Staircase Escalante NM Exchange
  • SITLA retains 3% fee for administrative activity; if there is a fiscal year end balance above statutory threshold, excess funds sent to listed beneficiaries.
LEDA Lease Revenues – GSENM Exchange

• From lands acquired in the Grand Staircase Escalante National Monument Exchange
  • Revenue distributions from January 1999 to March 2016:
    SITLA Administrative Withholding $12,452,593
    SITLA School Beneficiary $135,241,238
    United States (1/2 bonus bids) $28,440,889
    State of Utah LEDA/MLA $163,526,200
  • Total Collected $339,660,924

(Exclusive of $50,000,000 cash payment at exchange closing in 1999)
LEDA – Recreation Land Exchange

• Applies only to exchange lands in Grand, Uintah and San Juan Counties.
• SITLA collects all lease revenues, then:
  • School fund receives 48.5% of lease bonus, rents and royalties.
  • LEDA receives 48.5% of lease bonus, rents and royalties
  • SITLA retains 3% fee for administrative activity, with any fiscal year end balance above statutory threshold sent to listed beneficiaries.
LEDA Lease Revenues – Recreation Exchange

- From lands acquired in the Utah Recreational Land Exchange, revenue distributions from July 2015 to March 2016 were as follows:

  SITLA Administrative Withholding $21,618  
  SITLA School Beneficiary $353,956  
  State of Utah, LEDA/MLA $353,956  
  - Total Collected $729,530
Where does state share of LEDA money go?

- 80% goes to counties:
  - 55% goes to counties where revenue is generated on SITLA acquired land
  - 25% goes to counties where SITLA traded lands to USA
  - Little known fact: 27 of 29 counties had SITLA lands in GSENEM exchange, due to inclusion of inholding lands in settlement.
- 11% to Constitutional Defense Fund, first $1mm
- Smaller amounts to former MLA recipients: USU, USOE, UGS, PCIB.
LEDA/MLA

- **LEDA, March 2007 to March 2016**
  - Counties, Acquired lands $49,163,327
  - Counties, Exchanged out lands $22,418,694
  - State Board of Education $1,506,536
  - Utah Geologic Survey $2,006,647
  - Water Research Lab $1,488,601
  - Permanent Community Impact Fund $5,557,201
  - Constitutional Defense Restricted Acct $23,707,573
- **MLA, January 1999 to February 2007**
  - Permanent Community Impact Fund $2,320,527
  - State Mineral Lease Account $40,509,554
  - State Mineral Bonus Account $5,528,304
  - Rural Development Fund $4,012,167
  - Rural Electronic Commerce Communication $4,953,115
LEDAN, Counties $71.6MM

-not participating, Salt Lake and Rich counties

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<tr>
<th>County</th>
<th>Amount</th>
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<tr>
<td>Beaver</td>
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<td>Box Elder</td>
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