

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 367

PRINTER'S NO. 1581

AMOUNT

No Fiscal Impact

FUND

General

DATE INTRODUCED

February 1, 2011

PRIME SPONSOR

Senator D. White

HISTORY OF BILL

Referred to ENVIRONMENTAL RESOURCES AND ENERGY, Feb. 1, 2011

Reported as amended, May 3, 2011

First consideration, May 3, 2011

Re-referred to APPROPRIATIONS, May 24, 2011

Re-reported as amended, Sept. 26, 2011

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 367 establishes the Indigenous Mineral Resources Development Act which authorizes the Department of General Services (DGS) to lease State-owned land and land owned by the State System of Higher Education or grant a right of way for the purpose of removing mineral resources.

The bill defines mineral resources as "coal, oil, natural gas, coal bed methane, limestone and other valuable minerals." The term State-owned land does not include land owned and administered by the Department of Conservation and Natural Resources (DCNR), the Fish and Boat Commission or the Game Commission.

It requires agreements in excess of \$1,000 be advertised and leases to be awarded to the highest and best bidder. It provides that bidding requirements may be waived, if the Commonwealth owns a fractional interest, the Governor approves and the department believes it is in the best interest of the Commonwealth.

The bill specifies that payments or royalties received pursuant to contracts or leases on State-owned land are to be deposited in FY 2011-2012 through FY 2013-2014 in the Oil and Gas Lease Fund and in FY 2014-2015, and each year thereafter, the first \$50,000,000 in the Hazardous Sites Clean-up Fund and all remaining funds in the Oil and Gas Lease Fund.

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Forty percent of the payments or royalties received pursuant to contracts or leases on State System of Higher Education land are to be retained by the university where the resources are located and 60% percent are to be allocated for distribution among the member universities where no leases exist under a formula determined by the Board of Governors. It requires the universities use the funds for deferred maintenance, or energy efficiency or energy cost savings projects.

The bill also provides that the costs incurred by DGS and DCNR related to advertising, contracting, leasing or conveying mineral resources are to be deducted from the payments or royalties and executively authorized as an augmentation to the departments' budgets.

The legislation is scheduled to take effect immediately.

FISCAL IMPACT:

The enactment of Senate Bill 367 will have no adverse fiscal impact on Commonwealth Funds. While DGS and DCNR will incur minor costs related to leasing and conveying lands for the removal of mineral resources the costs incurred will be reimbursed through payments and royalties generated under the act.