

**Testimony of Kevin S Carter
Director
Utah School and Institutional Trust Lands Administration**

**House Natural Resources Committee
Subcommittee on Energy and Mineral Resources**

Hearing on

“American Energy Jobs: Opportunities for States and Localities.”

Wednesday, 18 June 2014

Introduction

On behalf of the Utah School and Institutional Trust Lands Administration (the “Trust Lands Administration”), I wish to thank the subcommittee for an opportunity to testify on this important issue. In addition to the direct benefits that come to states and localities from energy jobs, there are also significant indirect benefits that accrue to schools, hospitals and institutions of higher education.

About the Trust Lands Administration

Like nearly every other state that entered the Union after the original 13 Colonies, Utah received land grants from the Congress upon admission to the Union. Congressional intent was to provide a flow of revenue to support important public purposes. For example, Utah received nearly 11% of the entire land base of the proposed state to help fund public education. In addition, hundreds of thousand acres were granted to provide for a school for the deaf and the blind, institutions of higher education, and a hospital for disabled miners. The Trust Lands Administration manages these lands to generate revenue for the respective beneficiaries.

Presently, the Trust Lands Administration manages over 4 million acres of mineral rights. We lease these lands for the production of oil, gas, coal, uranium, oil shale, oil sands, and gilsonite. In addition, lands are leased for renewable resource development such as solar, wind and geothermal steam. Revenue from these lands typically exceeds \$100 million/year in direct payments to support our beneficiaries.

Positive Impacts of Energy Development

In 2012, the market value of oil, gas, coal and renewable electricity produced in Utah was \$4.7 billion. This translated into \$518 million of tax revenues to state and local coffers. As illustrated in Table 1, seven rural, Utah counties derive between 35 and 83 percent of their total property tax income through energy production.

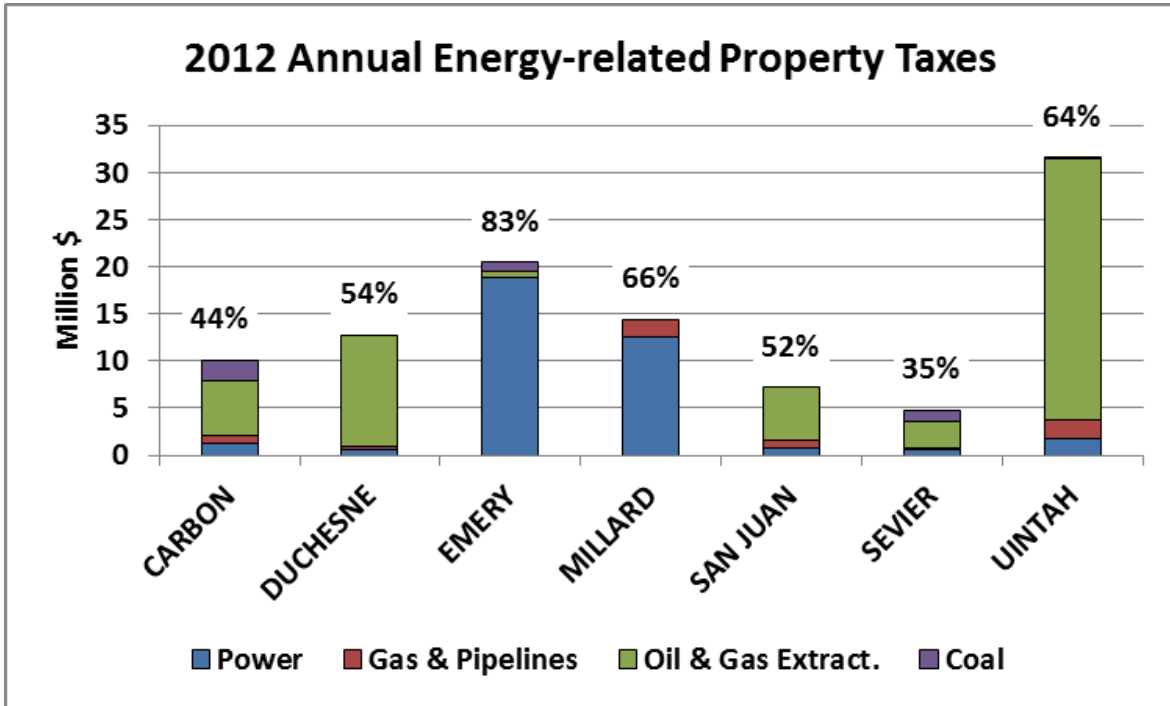


Table 1. Energy-related Property Tax Generation

County	Direct Energy Employment	Fraction of Total Employment
Duchesne	2482	26%
Emery	928	26%
Uintah	3182	21%
Millard	488	11%
Carbon	895	10%

Table 2. Energy Jobs in Rural Counties

Over 17,500 direct energy jobs in Utah produced nearly \$70 million dollars in state income tax. These jobs had wages 192% above the overall state wage rate. The rural county with the highest percentage of energy-related jobs has a monthly average income approaching \$4,000, while a neighboring county of similar size with a tourism-based economy has an average monthly income of slightly over \$2,000. These relatively strong wages allow opportunities to pursue higher education and other benefits for the families of these wage earners. As Table 2 presents, in five rural counties direct energy jobs account for 10 to 26 percent of total employment.

As mentioned above, revenues from energy development on trust lands go to support education and other public benefits. All revenues from mineral development on school trust lands is deposited into a permanent fund, managed exclusively to generate money for public education.

- Nearly \$300 million has been distributed from the Fund over the last 20 years.
- In Utah, land trust monies are individually allocated to schools.
- In FY 2014, the distribution to Utah's school children was \$37.4 million.
- From this amount, the average elementary school received \$35,000, the average middle school received approximately \$50,000, and the average high school received approximately \$60,000.
- These are funds that simply would not be there but for mineral development on school trust lands.

Every public school in Utah has a Community Council - composed of parents, teachers and administrators. These Councils prepare plans, every year, to address their school's most critical, unmet needs. Monies earned by the Trust Lands Administration go to fund these plans (they are, essentially, the only discretionary funds provided to schools). This is the essence of parental involvement and local control

Specific examples of these expenditures include:

- Box Elder High School—'Latinos in Action' is a program at the high school that links high school aged Latino students up as tutors for students at a local elementary school. Graduation rate for those participating in the program is nearly 100%
- Duchesne High School—The school is switching to a 5x5 schedule (5 classes per day, 10 total classes per student). Using funds to provide professional development to teachers to train them to be ready for the longer class periods and other challenges and opportunities associated with the new schedule.
- Some schools hire counselors and paraprofessionals to help disadvantaged students learn about the college application process and how to apply for scholarships and grants.

- Funding of music and art programs which otherwise would not exist.
- Almost the only source for funds for professional development for teachers.
- Tens of millions of dollars on upgrading classroom technology.
- Thousands of hours of paraprofessionals to increase one-on-one student learning experiences, reduce class size, and decrease the demands on teachers.

Another beneficiary from energy-development jobs in Utah is the Utah School for the Deaf and the Blind. They have a 1-to-1 goal for getting technological devices in the hands of their students. With their trust lands money, they are paying for two computer aides to teach the students how to use their technological devices and also to run the computer lab. Previously, the school didn't have any technology aides, and this money is making it possible to hire the aides.

In addition to the benefits to public and special education, grant lands managed by the state also help fund a hospital for disabled miners. At the time of Utah statehood, providing medical care for workers in the State's mining industry was a pressing social need. The Utah Enabling Act provided a 50,000-acre land grant to the new state to provide funding for a Miner's Hospital, followed by a second 50,000-acre land grant in 1929. Funds from these land grants were used to provide a variety of medical services to injured and disabled miners. In the early 1960s, the accumulated funds from the sale of granted lands were utilized to build the Rehabilitation Center at the University of Utah Medical Center (UMC). In 2004, a specific Miners Hospital unit was established at the UMC Rehabilitation Center, and subsequently a Miners Clinic in Orem, Utah. These facilities provide free medical evaluation and treatment for mining-related illnesses and injuries for any miner who has worked in a Utah coal, metal or non-metal mine for at least two years. The Miners Hospital also conducts screening activities for the federal Black Lung program, and provides scholarships at the University of Utah for children of disabled miners.

Revenues from trust lands granted to establish institutions of higher education go to support Utah State University, the University of Utah, and all colleges of education throughout the state system.

Actions of the US that prevent jobs/revenue

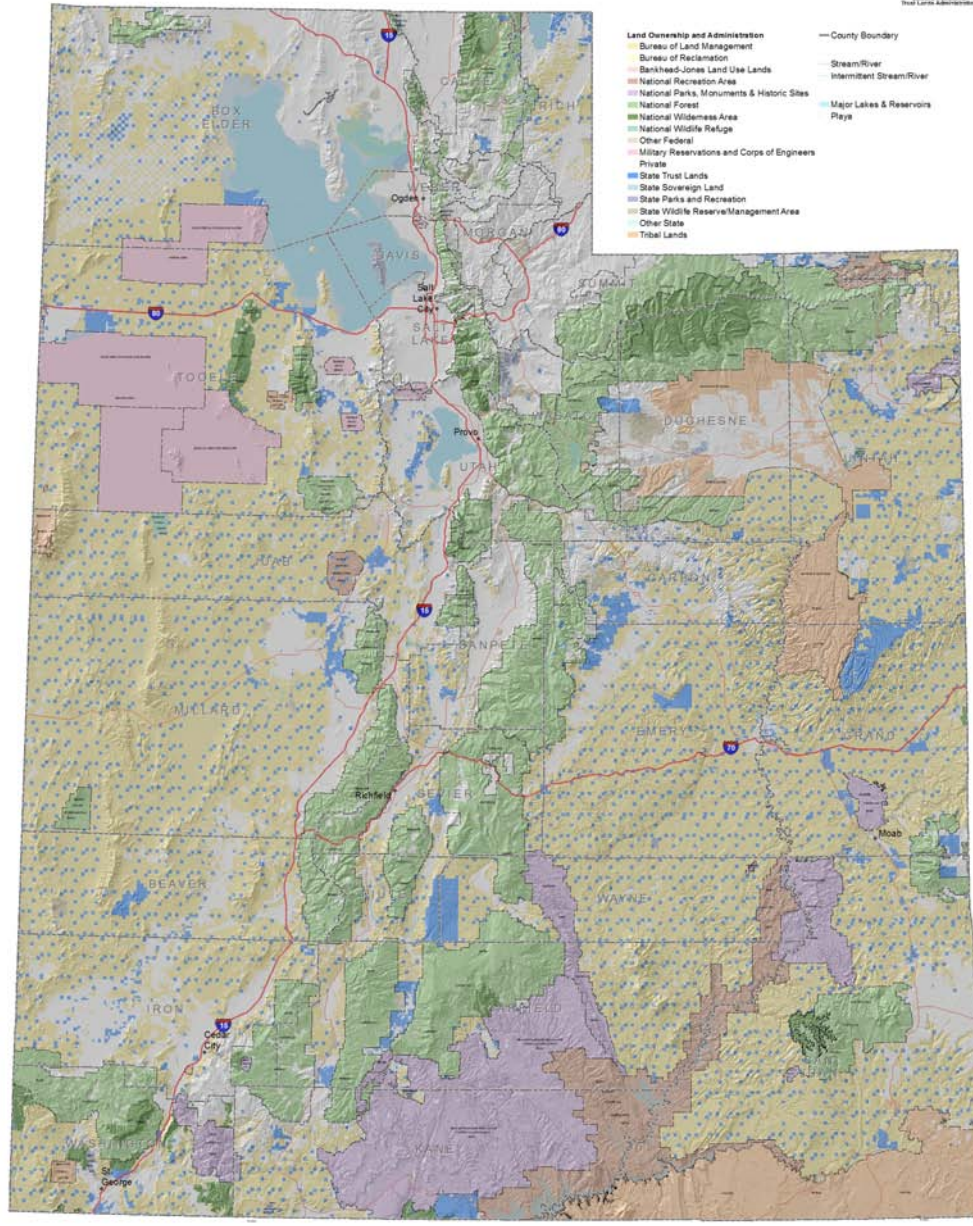
Regrettably, many actions of the United States are limiting our ability to develop resources on trust lands – and create revenue for our schools and jobs for our citizens. As Map 1. demonstrates, trust lands remain scattered as islands within an ocean of public land.

Given the scattered nature of our ownership, it is obvious that any actions taken by the federal government that restricts access to public lands in pursuit of conservation and preservation objectives will almost always indirectly impact the inheld school trust lands.

The same map (Map 2), but with an overlay of the lands that are being managed for wilderness protection - even though Congress has not formally acted to create wilderness – demonstrates how much land that could be utilized for job creation has been taken “off the market”.

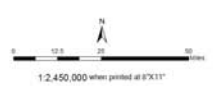
I concede that the federal government has the right to manage its lands to achieve its own goals – but, it is tragic that nearly one-third of the lands granted to the state for the exclusive financial benefit of its school children are effectively sterilized by these federal actions, seemingly without any thought or consideration to the impacts on adjoining land owners. These federal actions have foreclosed the opportunity for high-paying energy-sector jobs, the benefits that would accrue to the families of workers, and the indirect benefits that would have accrued to their school-aged children.

UTAH SURFACE LAND OWNERSHIP



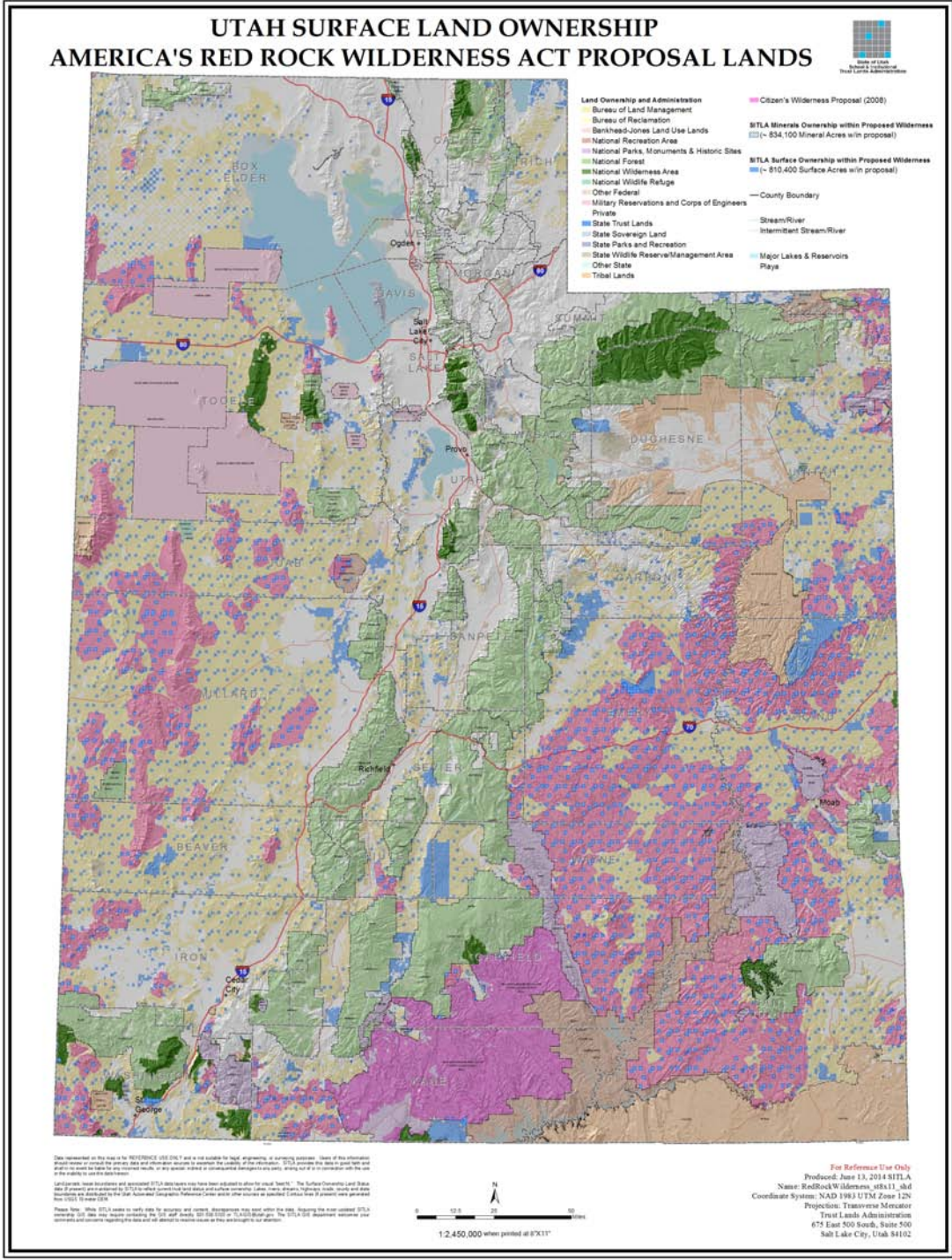
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 Utah Land Administration
 675 East 500 South, Suite 500
 Salt Lake City, Utah 84102

Map 1. Land Ownership in Utah



Map 2. Land Ownership in Utah with Proposed Wilderness Overlay