

1 HB286  
2 115142-1  
3 By Representative McClammy  
4 RFD: Education Appropriations  
5 First Read: 14-JAN-10

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8 SYNOPSIS: Under existing law, certain federal lands  
9 were given to the state at various times for school  
10 purposes, so called "sixteenth section" lands.

11 Also, under existing law, the state has the  
12 duty of preserving the principal and applying the  
13 income arising from the land for educational  
14 purposes, and the responsibility for the management  
15 of such sixteenth section lands is vested in the  
16 Commissioner of Conservation and Natural Resources.

17 This bill would provide for the annual  
18 appropriation of federal offshore royalty revenues  
19 received by the state to the Department of  
20 Conservation and Natural Resources for use in  
21 indemnifying counties for lost sixteenth section  
22 lands pursuant to department inventory  
23 calculations.

24 This bill would require the department to  
25 annually distribute federal royalty revenues to  
26 indemnify counties for lost sixteenth section lands  
27 when federal funds are available and would provide

1 an anticipated distribution of funds to each county  
2 based upon a specific methodology.

3 This bill would require the department, in  
4 consultation with the State Department of Education  
5 and the Department of Examiners of Public Accounts,  
6 to create and perpetually maintain an accurate and  
7 definitive inventory of all existing sixteenth  
8 section lands in the state, each local board of  
9 education associated with the land, and the amount  
10 of any annual revenue distributed pursuant to this  
11 act.

12 This bill would also require the Department  
13 of Conservation and Natural Resources to compile  
14 and submit an annual report on the inventory to the  
15 Governor, the State Superintendent of Education,  
16 and the Legislature.

17  
18 A BILL  
19 TO BE ENTITLED  
20 AN ACT  
21

22 Relating to sixteenth section, indemnity, in lieu,  
23 and school lands; to provide definitions; to express  
24 legislative intent; to provide for the annual appropriation of  
25 federal offshore royalty revenues received by the state to the  
26 Department of Conservation and Natural Resources; to require  
27 the department to annually distribute federal royalty revenues

1 to indemnify counties for lost sixteenth section, indemnity,  
2 in lieu, and school lands; to provide an anticipated  
3 distribution based upon a specific methodology; to require the  
4 department, in consultation with the State Department of  
5 Education and the Department of Examiners of Public Accounts,  
6 to compile a comprehensive inventory of sixteenth section,  
7 indemnity, in lieu, and school lands in the state and the  
8 local boards of education associated with such land; and to  
9 require the department to compile and submit an annual report  
10 on the inventory to the Governor, the State Superintendent of  
11 Education, and the Legislature.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. The Legislature finds and declares all of  
14 the following:

15 (1) That the state as a whole is entitled to  
16 approximately 930,027 acres of sixteenth section land which,  
17 when equally divided among the 67 counties of the state, would  
18 entitle each county to approximately 13,881 acres of sixteenth  
19 section land per county.

20 (2) Records of the State Department of Conservation  
21 and Natural Resources indicate that of the 930,027 acres of  
22 sixteenth section land, 31,635 acres are currently  
23 identifiable and 898,392 acres are lost sixteenth section  
24 lands.

25 (3) On the effective date of this act, records of  
26 the department list the range of identifiable acres of

1 sixteenth section land in each county from zero to 6,286  
2 acres.

3 (4) During the 2008 fiscal year, the federal  
4 government received a total of fourteen billion, five hundred  
5 million, nine hundred ninety-eight thousand, eight hundred  
6 forty-seven dollars (\$14,500,998,847) in Gulf of Mexico  
7 Offshore Reported Royalty Revenues, from land considered to be  
8 some of the most productive land available.

9 (5) If Congress, as requested by legislative  
10 resolution, were to indemnify the state for lost sixteenth  
11 section land in an amount of only one-sixteenth of the 2008  
12 fiscal year royalty revenues, or nine hundred six million,  
13 three hundred twelve thousand, four hundred twenty-eight  
14 dollars (\$906,312,428), each acre of sixteenth section land  
15 would have an approximate value of one thousand nine dollars  
16 (\$1,009) or ( $\$906,312,428 \text{ divided by } 898,393 = \$1,009$ ).

17 (6) If Congress provides funds to the state to  
18 indemnify each county for lost sixteenth section land, each  
19 county would receive an amount representative of the value of  
20 the lost sixteenth section land of that county.

21 Section 2. For the purposes of this act, the  
22 following terms shall have the following meanings:

23 (1) LOST SIXTEENTH SECTION LAND. The number of acres  
24 of sixteenth section land less than 13,881 acres that is  
25 identifiable in a county.

26 (2) SIXTEENTH SECTION LAND. Land that includes the  
27 section numbered sixteen in every township granted by Congress

1 to the inhabitants of the township for the use of schools when  
2 the state was admitted into the Union on March 2, 1819, the  
3 additional acres of indemnity land set aside by Congress in  
4 1841 to compensate for valueless sixteenth section lands,  
5 additional acres claimed by the state in lieu of sixteenth  
6 section lands, and school lands as defined in Section 16-20-1,  
7 Code of Alabama 1975.

8 Section 3. (a) Each county in the state shall  
9 receive annual monetary indemnification based upon the number  
10 of acres of lost sixteenth section land of the county. Funding  
11 for indemnification shall be annually provided to the state by  
12 Congress from Gulf of Mexico Offshore Reported Royalty  
13 Revenues, or from any other source as determined by Congress.  
14 The state shall annually appropriate these federal  
15 indemnification funds to the State Department of Conservation  
16 and Natural Resources and the department shall annually  
17 distribute the indemnification funds to each county based upon  
18 the number of acres of lost sixteenth section land of the  
19 county. Indemnification is contingent upon Congress providing  
20 and the state receiving federal funds for that purpose.

21 (b) The basis for determining the amount of  
22 indemnification for each county is the number of acres of lost  
23 sixteenth section land of a county. The basis shall be  
24 determined annually by the department based on the inventory  
25 established in Section 5.

26 (c) If Congress indemnifies the state in an amount  
27 of one thousand nine dollars (\$1,009) per acre of lost

1 sixteenth section land, as calculated in subdivision (5) of  
2 Section 1, each county would receive an amount equal to the  
3 number of acres of lost sixteenth section land of the county  
4 multiplied by one thousand nine dollars (\$1,009), or the basis  
5 multiplied by one thousand nine dollars (\$1,009). Pursuant to  
6 this methodology and the current records of the department,  
7 the following counties would receive the following  
8 indemnification amounts:

- 9 (1) Autauga County - \$14,005,929.
- 10 (2) Baldwin County - \$12,657,905.
- 11 (3) Barbour County - \$14,005,929.
- 12 (4) Bibb County - \$13,642,689.
- 13 (5) Blount County - \$13,906,038.
- 14 (6) Bullock County - \$14,005,929.
- 15 (7) Butler County - \$14,005,929.
- 16 (8) Calhoun County - \$14,005,929.
- 17 (9) Chambers County - \$13,983,731.
- 18 (10) Cherokee County - \$14,005,929.
- 19 (11) Chilton County - \$13,758,724.
- 20 (12) Choctaw County - \$13,316,782.
- 21 (13) Clarke County - \$13,198,729.
- 22 (14) Clay County - \$13,844,489.
- 23 (15) Cleburne County - \$13,844,489.
- 24 (16) Coffee County - \$13,940,344.
- 25 (17) Colbert County - \$14,005,929.
- 26 (18) Conecuh County - \$14,005,929.
- 27 (19) Coosa County - \$14,005,929.

- 1 (20) Covington County - \$13,985,749.
- 2 (21) Crenshaw County - \$14,005,929.
- 3 (22) Cullman County - \$12,858,696.
- 4 (23) Dale County - \$14,005,929.
- 5 (24) Dallas County - \$14,005,929.
- 6 (25) DeKalb County - \$13,277,431.
- 7 (26) Elmore County - \$13,955,479.
- 8 (27) Escambia County - \$14,005,929.
- 9 (28) Etowah County - \$13,804,129.
- 10 (29) Fayette County - \$11,751,823.
- 11 (30) Franklin County - \$12,832,462.
- 12 (31) Geneva County - \$13,890,903.
- 13 (32) Greene County - \$13,019,127.
- 14 (33) Hale County - \$13,683,049.
- 15 (34) Henry County - \$13,844,489.
- 16 (35) Houston County - \$13,230,008.
- 17 (36) Jackson County - \$13,884,849.
- 18 (37) Jefferson County - \$12,116,072.
- 19 (38) Lamar County - \$14,005,929.
- 20 (39) Lauderdale County - \$14,005,929.
- 21 (40) Lawrence County - \$14,005,929.
- 22 (41) Lee County - \$14,005,929.
- 23 (42) Limestone County - \$13,926,218.
- 24 (43) Lowndes County - \$14,005,929.
- 25 (44) Macon County - \$14,005,929.
- 26 (45) Madison County - \$14,005,929.
- 27 (46) Marengo County - \$13,521,609.



- 1 (47) Marion County - \$11,946,560.
- 2 (48) Marshall County - \$13,515,555.
- 3 (49) Mobile County - \$14,005,929.
- 4 (50) Monroe County - \$14,005,929.
- 5 (51) Montgomery County - \$14,005,929.
- 6 (52) Morgan County - \$13,924,200.
- 7 (53) Perry County - \$13,927,227.
- 8 (54) Pickens County - \$14,005,929.
- 9 (55) Pike County - \$14,005,929.
- 10 (56) Randolph County - \$13,807,156.
- 11 (57) Russell County - \$14,005,929.
- 12 (58) Shelby County - \$14,005,929.
- 13 (59) St. Clair County - \$12,705,328.
- 14 (60) Sumter County - \$14,005,929.
- 15 (61) Talladega County - \$13,561,969.
- 16 (62) Tallapoosa County - \$14,005,929.
- 17 (63) Tuscaloosa County - \$11,086,892.
- 18 (64) Walker County - \$7,663,355.
- 19 (65) Washington County - \$12,819,345.
- 20 (66) Wilcox County - \$13,925,209.
- 21 (67) Winston County - \$11,746,778.

22 Section 4. Based on the inventory established in  
23 Section 5, indemnification funds shall be apportioned to the  
24 local boards of education in the state as otherwise provided  
25 by constitutional and statutory law. Sufficient safeguards  
26 shall be implemented to ensure that any indemnification funds  
27 received by a local board of education for lost sixteenth

1 section land pursuant to this act shall increase and not  
2 supplant, replace, or decrease any existing state or local  
3 funds received from any other source for education purposes.  
4 Oversight of the process and procedures relating to the  
5 collection and distribution of indemnification funds,  
6 including the promulgation of any necessary rules, shall be  
7 the responsibility of the Attorney General.

8 Section 5. (a) Any provision of law to the contrary  
9 notwithstanding, the Division of Lands of the Department of  
10 Conservation and Natural Resources, in consultation with the  
11 State Department of Education and the Department of Examiners  
12 of Public Accounts, shall compile a comprehensive inventory of  
13 all sixteenth section lands located in the state. The  
14 inventory shall include, but not be limited to, a detailed  
15 description of each parcel of land, each local board of  
16 education associated with each parcel of land, and the amount  
17 of any annual revenue distributed to each local board of  
18 education pursuant to this act.

19 (b) Based on the inventory, the Commissioner of the  
20 Department of Conservation and Natural Resources and the State  
21 Superintendent of Education shall determine to what amount  
22 each county benefits from income produced by sixteenth  
23 section, indemnity, in lieu, and school lands, and the county  
24 receiving the greatest amount of annual income shall be  
25 designated the equitable benchmark. Based upon the average  
26 annual amount of income received by the equitable benchmark  
27 county since 1995, the commissioner and the State

1 Superintendent of Education, to the extent possible, shall  
2 elevate the income generating potential of all counties to  
3 that equitable benchmark.

4 (c) The department shall compile and submit an  
5 annual report on the inventory to the Governor, the State  
6 Superintendent of Education, and the Legislature on or before  
7 the tenth legislative day of each regular session.

8 Section 6. Implementation of this act is contingent  
9 upon the state receiving federal offshore royalty reserves for  
10 the purpose of indemnification as provided in this act.

11 Section 7. This act shall become effective  
12 immediately following its passage and approval by the  
13 Governor, or its otherwise becoming law.