

1                                   **SCHOOL AND INSTITUTIONAL TRUST LANDS**

2   **AMENDMENTS**

3   2024 GENERAL SESSION

4   STATE OF UTAH

5   **Chief Sponsor: Casey Snider**

6   Senate Sponsor: \_\_\_\_\_

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8                   **LONG TITLE**

9                   **General Description:**

10                   This bill makes changes relating to the State Institutional Trust Lands Management Act.

11                   **Highlighted Provisions:**

12                   This bill:

- 13                   ▶ clarifies that the state may sell or lease land to state entities for fair market value;
- 14                   ▶ exempts the sale or lease of certain large aggregations of trust lands from
- 15 advertising requirements and mineral rights restrictions;
- 16                   ▶ excludes certain lands from sale or lease; and
- 17                   ▶ requires rulemaking for determining the fair market value of trust lands.

18                   **Money Appropriated in this Bill:**

19                   None

20                   **Other Special Clauses:**

21                   None

22                   **Utah Code Sections Affected:**

23                   AMENDS:

24                   **53C-1-102**, as repealed and reenacted by Laws of Utah 1994, Chapter 294

25                   ENACTS:

26                   **53C-4-104**, Utah Code Annotated 1953



28 *Be it enacted by the Legislature of the state of Utah:*

29 Section 1. Section **53C-1-102** is amended to read:

30 **53C-1-102. Purpose.**

31 (1) (a) The purpose of this title is to establish an administration and board to manage  
32 lands that Congress granted to the state for the support of common schools and other  
33 beneficiary institutions, under the Utah Enabling Act.

34 (b) This grant was expressly accepted in the Utah Constitution, thereby creating a  
35 compact between the federal and state governments which imposes upon the state a perpetual  
36 trust obligation to which standard trust principles are applied.

37 (c) Title to these trust lands is vested in the state as trustee to be administered for the  
38 financial support of the trust beneficiaries.

39 (2) (a) The trust principles referred to in Subsection (1) impose fiduciary duties upon  
40 the state, including a duty of undivided loyalty to, and a strict requirement to administer the  
41 trust corpus for the exclusive benefit of, the trust beneficiaries.

42 (b) As trustee, the state must manage the lands and revenues generated from the lands  
43 in the most prudent and profitable manner possible, and not for any purpose inconsistent with  
44 the best interests of the trust beneficiaries.

45 (c) The trustee must be concerned with both income for the current beneficiaries and  
46 the preservation of trust assets for future beneficiaries, which requires a balancing of short and  
47 long-term interests so that long-term benefits are not lost in an effort to maximize short-term  
48 gains.

49 (d) The beneficiaries do not include other governmental institutions or agencies, the  
50 public at large, or the general welfare of this state.

51 (3) The leasing or selling of trust lands to other state governmental institutions or  
52 agencies is consistent with the fiduciary duties of the state, if the state obtains at least fair  
53 market value for the lease or sale of the trust lands.

54 [~~3~~] (4) This title shall be liberally construed to enable the board of trustees, the  
55 director, and the administration to faithfully fulfill the state's obligations to the trust  
56 beneficiaries.

57 Section 2. Section **53C-4-104** is enacted to read:

58 **53C-4-104. Sale or lease of trust lands to state entities -- Disposition of mineral**

59 **estate -- Excluded lands -- Fair market value.**

60 (1) (a) The director may sell or lease to the Utah Department of Natural Resources an  
61 aggregation of more than 5,000 acres of trust lands, if the Utah Department of Natural  
62 Resources pays at least fair market value for the sale or lease.

63 (b) The director may make an aggregation of more than 5,000 acres of trust lands  
64 described in this section by selecting a single, contiguous parcel or combining multiple parcels,  
65 with individual parcels no farther apart than two miles.

66 (c) The director may complete a sale or lease described in this section without  
67 complying with the following provisions, if the director and the board of trustees determine  
68 that waiving the provisions is in the best interest of the beneficiaries:

69 (i) the advertising requirements described in Subsection [53C-4-102\(3\)](#); or

70 (ii) the restrictions on the sale of mineral rights described in Section [53C-2-401](#).

71 (2) The director may not include the following lands in a sale or lease described in this  
72 section:

73 (a) Township 1 South, Range 8 West, USM;

74 (b) Township 1 South, Range 9 West, USM; or

75 (c) Township 1 South, Range 10 West, USM.

76 (3) (a) The director shall make rules, in accordance with Title 63G, Chapter 3, Utah  
77 Administrative Rulemaking Act, for determining the fair market value of trust lands, including  
78 mineral interests, for a sale or lease described in this section.

79 (b) The rules adopted by the director:

80 (i) shall establish the procedure for determining the fair market value of the trust lands;

81 (ii) may provide that an appraisal, as that term is defined in Section [61-2g-102](#),  
82 demonstrates the fair market value of the trust lands;

83 (iii) shall require the director to obtain at least one third-party appraisal in the  
84 procedure established in this Subsection (3); and

85 (iv) may require that additional appraisals be completed by a state-certified general  
86 appraiser, as that term is defined in Section [61-2g-102](#).

87 **Section 3. Effective date.**

88 This bill takes effect on May 1, 2024.