

## STATEMENT OF PURPOSE

### RS25609

Annual mineral lease rent is collected by the Idaho Department of Lands (IDL) as revenue for the Earnings Reserve Fund and covers the Department's administrative costs for the Mineral Leasing Program. Mineral production royalty payments collected by IDL go directly to the Permanent Fund managed by the Endowment Fund Investment Board (EFIB) and cannot be used to cover administrative costs. Current statute allows for mineral lease rent paid for any year to be deducted from the royalties as they accrue for that year. IDL, therefore, transfers monies paid to the Earnings Reserve Fund as rent to the Permanent Fund as royalties in an amount not to exceed the annual rental rate. This process suppresses rent payments and revenue to the Earnings Reserve Fund. This legislation removes the requirement to apply rent payments for any year toward royalties as they accrue which maximizes Earnings Reserve Fund revenue to support the Mineral Leasing Program. This change also simplifies mineral lease administration for the state as the current royalty crediting accounting process requires significant time and effort to track, reconcile, and repost funds. This legislation only applies to new mineral leases and does not affect existing mineral leases under contract.

### FISCAL NOTE

This legislation discontinues transfers of annual rent allowed as royalty to the Permanent Fund, thereby allowing the state to retain all annual rental payments for mineral leases in the Earnings Reserve Fund to help offset administrative costs for the Mineral Leasing Program. This legislation will reduce administrative costs for state accounting processes. New mineral lease holders will be required to pay the full annual rental rate due as well as any production royalties. Existing mineral leases under contract will not be affected.

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**DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).**