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AJR6

## MEMORANDUM

DATE: February 17, 2003  
TO: Assemblyman Joseph Hardy, M.D.  
FROM: Linda Eissmann, <sup>LE</sup> Senior Research Analyst  
Research Division  
SUBJECT: Sale of State School Trust Lands

This memorandum responds to your inquiry about federal land granted to the State of Nevada and the sale of that land to benefit education. You also mentioned that the states of Arizona, Washington, and Wyoming might have fared better than Nevada in the sale of these lands and in generating funds to support education, and asked if that information is accurate. Finally, you asked how much money has been generated from the sale of the land in Nevada.

### WHAT ARE SCHOOL TRUST LANDS AND HOW DO THEY BENEFIT EDUCATION?

When its territory was formed in 1861, Nevada was offered sections 16 and 32 in each township by the Federal Government as land intended for educational purposes (sections are each 1 square mile, or 640 acres). These grants are found in Section 14 of *An Act to Organize the Territory of Nevada*, approved March 2, 1861.

Article 11, Section 3, of the *Constitution of the State of Nevada* pledges the proceeds of these lands for educational purposes:

All lands granted by Congress to this state for educational purposes, all estates that escheat to the state, all property given or bequeathed to the state for educational purposes, and the proceeds derived from these sources, together with that percentage of the proceeds from the sale of federal lands which has been granted by Congress to this state without restriction or for educational purposes and all fines collected under the penal laws of the state are hereby pledged for educational purposes and the money therefrom must not be

transferred to other funds for other uses. The interest only earned on the money derived from these sources must be apportioned by the legislature among the several counties for educational purposes, and if necessary, a portion of that interest may be appropriated for the support of the state university, but any of that interest which is unexpended at the end of any year must be added to the principal sum pledged for educational purposes.

Chapter LVII, *Statutes of Nevada 1864*, authorizes the sale of these "School Land Warrants" (now referred to as School Trust Lands), and requires that the money be deposited into the "State School Fund" (now referred to as the Permanent School Fund). These lands are considered assets of the Permanent School Fund, and are required by the *Constitution of the State of Nevada* to be managed or disposed of to generate revenue for the Fund. A copy of Chapter LVII, *Statutes of Nevada 1964*, is attached for your reference.

### **HOW MUCH SCHOOL TRUST LAND DID NEVADA RECEIVE?**

Following statehood, Nevada traded the offered school lands back to the Federal Government for the opportunity to select more desirable property. Nevada was largely unsettled at that time and it felt the state would benefit from the sale of selected lands in more favorable locations, rather than the specific sections provided by the Federal Government. By trading undesirable land for more desirable land, Nevada could encourage cultivation and settlement.

However, the trade resulted in Nevada receiving fewer acres of federal land for educational purposes than it was originally offered (3.9 million acres were originally offered; 2 million acres were granted). As a result, the state has not been able to generate the large amounts of money from remaining school trust lands for the State Permanent School Fund that many other Western states, who kept their full allotment of educational lands, have been able to generate.

Land has been sold over the years and the proceeds have been deposited in the Permanent School Fund. At this time, Nevada has less than 3,000 acres of School Trust Lands remaining.

### **WHAT IS THE CURRENT STATUS OF SCHOOL TRUST LAND IN NEVADA?**

Nevada received about two million acres of school trust land at statehood, the majority of which has already been sold. The state has about 3,000 acres remaining. When sold, all money is deposited in the State Permanent School Fund, from which it is made available for the State's Distributive School Account.

Nevada Revised Statutes (NRS) 321.335 authorizes the Division of State Lands, State Department of Conservation and Natural Resources, to sell state land with the approval of the Board of Examiners and the Interim Finance Committee.

### **HOW MUCH HAS BEEN GENERATED FROM THE SALE OF SCHOOL TRUST LAND?**

I have not yet obtained a total of the amount of funds that have been generated from the sale of these lands and deposited in the Permanent School Fund, but have made inquiries and hope to have the information shortly. However, according to Pam Wilcox, Administrator of the Division of State Lands (775/687-4363), the land was originally sold for only \$1.25 per acre in most areas and \$2.50 per acre in the "checkerboard" area that was sold for construction of the Transcontinental Railroad along what is now the Interstate 80 corridor in northern Nevada. In 1957, this was changed by the Legislature to require the sale of School Trust Lands at fair market value. According to Ms. Wilcox, in recent years land sales have totaled roughly \$1 million in some years.

As soon as I am able to determine the amount generated from the sale of the land, I will forward that information to you.

### **HAVE OTHER STATES REALIZED GREATER BENEFIT FROM SCHOOL TRUST LANDS?**

It appears other states have realized greater benefit from the School Trust Lands granted to them by the Federal Government. There are several reasons that may explain this.

First, as previously mentioned, Nevada's trade for acreage in more desirable locations resulted in the state receiving about 50 percent of the acreage originally offered. As a result, Nevada has not been able to generate the large amounts of money from the sale or management of these lands as other Western states were able to do.

Second, in Nevada the School Trust Lands have been sold over time, with proceeds benefiting the Permanent School Fund. In some states, however, the state has retained ownership of the land. Rather than selling it, the state leases it for a variety of purposes, with ongoing revenue benefiting education in those states. For example, the *Constitution of the State of Idaho* requires that the state Board of Land Commissioners manage state lands to provide long-term financial revenue. The *Constitution of the State of Colorado* requires that state trust lands be managed for the purpose of securing the optimum possible revenue for educational purposes.

And finally, depending upon the provisions of federal law at the time of statehood, some Western states were granted four sections of land, rather than the two sections offered to Nevada. Grants of federal land to the states for educational purposes originally began with Ohio's statehood in 1803. At that time, federal law provided grants of one section (section 16)

of land. Federal law was subsequently changed and by the year of Nevada's statehood each state was granted two sections (16 and 32) of land. Sometime thereafter, the federal law was again changed and states were offered four sections of land.

As a result, states that gained statehood after Nevada were granted more acres. Arizona, Washington, and Wyoming became states after Nevada, and it is possible they received more acreage.

### APPLE INITIATIVE

Utah's Action Plan for Public Lands and Education (APPLE) Initiative (promoted by the President of the Utah Senate, Al Mansell), is supported by the Council of State Governments (CSG)-West. The CSG-West Executive Committee adopted the initiative as a policy position on July 19, 2002, at the CSG-West annual meeting at Lake Tahoe, Nevada. A copy of the position is attached for your reference.

The basis of the initiative is the fact that the Federal Government owns a significant percentage of land within the Western states. According to initiative sponsors, federal land ownership hurts Western states' capacity to fund education. Since federal land ownership is not likely to change in the foreseeable future, the initiative seeks to address the financial impact of current federal land policies placed on Western states.

The initiative focuses on four sources for additional funding for public education:

1. Revenue promised at statehood for each state's Permanent School Trust Fund that has never been paid;
2. Lost property tax revenue, which is one of the primary funding sources for public education;
3. Lost natural resources royalties and rents; and
4. Better aggregation of school trust lands to increase the revenue that is derived from them to help fund public schools.

The research shows that Western states would receive one-time revenue of \$14.1 billion from the Federal Government, and \$6.4 billion in annual revenue from property tax and royalties. According to CSG-West, Nevada's share of the pie is one-time revenue of \$1.453 billion and \$355 million in annual revenue.

House Joint Resolution (H.J.R.) No. 14 of the Utah Legislature supports the APPLE Initiative by urging Congress to appropriate just compensation to the State of Utah for the impact of federal land ownership on the state's ability to fund public education. As of last week,

H.J.R. 14 has passed the House and Senate of the Utah Legislature. A copy of the resolution is enclosed for your reference.

#### CONCLUDING REMARKS

I trust this information answers your inquiry. I will give you the information about the money raised from the sale of School Trust Land as soon as I am able to locate it. Otherwise, please contact me at (775) 684-6825 if I can assist you further.

LE/ck:W31699  
Enc.

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MEMORANDUM

DATE: February 18, 2003  
TO: Assemblyman Joseph Hardy, M.D.  
FROM: Linda Eissmann, <sup>LE</sup>Senior Research Analyst  
Research Division  
SUBJECT: Revenue from Sale of School Trust Land

You asked for information about the amount of money generated from the sale of School Trust Lands and deposited in the Permanent School Fund. The State Controller's Office was able to give us revenue information for the past five fiscal years:

FY 1998	\$ 401,046
FY 1999	693,364
FY 2000	4,224,758
FY 2001	2,889,995
FY 2002	4,975,686

As always, please contact me if I can assist you further at 775/684-6825.

LE/ck:W31699-1

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MEMORANDUM

DATE: February 18, 2003  
TO: Assemblyman Joseph Hardy, M.D.  
FROM: Linda Eissmann, <sup>LE</sup> Senior Research Analyst  
Research Division  
SUBJECT: PILT Resolutions in Other States

This memorandum responds to your request for information about resolutions by other states regarding the PILT (Payment in Lieu of Taxes) program. Additionally, I will provide you with information about past efforts in Nevada, as well as national activities to support PILT.

RESOLUTIONS IN OTHER STATES

A search of pending and previous legislation in other Western states since 1999, revealed one resolution specifically pertaining to PILT. House Joint Resolution (H.J.R.) No. 19 was passed by the Montana Legislature in 1999, and urged (among other things) the full funding of PILT on federal land in the state. A copy of H.J.R. No. 19 is enclosed for your reference.

I contacted Kent Briggs, Executive Director of the Council of State Governments (CSG)-West (916/553-4423). Mr. Briggs was unaware of any specific state resolutions regarding PILT, and noted that he believes states typically work through their congressional delegation to pursue legislation in Congress to support or amend the PILT program.

I also tried contacting the National Association of Counties (NACo) and the National Conference of State Legislatures (NCSL), which have both been active in national efforts to support full PILT funding, and which may be aware of specific state efforts or upcoming resolutions. Unfortunately, due to yesterday's holiday and the severe weather in Washington, D.C. this week, I am unable to reach the appropriate staff people in either organization. If NACo or NCSL is able to provide me with any additional information, I will forward it to you immediately upon receipt.

## RESOLUTIONS AND OTHER ACTIONS IN NEVADA

The Nevada Legislature's Statutory Committee on Public Lands (formed in 1983), which meets throughout the state during each interim between legislative sessions, regularly monitors and comments on the PILT program and its impacts on local governments. The following is a summary of the actions taken by the Public Lands Committee and the Nevada Legislature in recent years:

- During the 1997-1998 Legislative Interim, the Committee on Public Lands recommended that the 1999 Session of the Nevada Legislature express support, by resolution, for payments in the form of land under the PILT program. Lincoln County had presented the concept of "land in lieu of PILT" to the Committee and asked for its support. The "land in lieu of PILT" concept requests that the Federal Government provide each of Nevada's counties with an amount of land equal to the amount of PILT funds not paid by Congress.

The recommendation became Senate Joint Resolution (S.J.R.) No. 1 (file No. 130, *Statutes of Nevada 1999*) of the 1999 Legislative Session, which was passed by the Legislature and sent to Congress. A copy of S.J.R. No. 1 is enclosed for your reference.

- During the 1999-2000 Legislative Interim, the Committee sent letters to Nevada's congressional delegation, the Director of the Bureau of Land Management (BLM), and select congressional representatives, requesting full funding of PILT. The Committee also sent letters to the Secretary of the Interior and the Director of BLM requesting (as a follow-up to S.J.R. No. 1 of the 1999 Legislative Session) that Lincoln County be used as a "pilot project" for any efforts to reimburse local governments in the form of land for PILT compensation that is not appropriated or made.
- During the 2001-2002 Legislative Interim, the Committee sent letters to President George W. Bush, Secretary of the Interior Gale Norton, and various Congressional representatives in support of S. 454, the "PILT and Refuge Sharing Permanent Funding Act." This act would take PILT out of the annual congressional appropriations process and make full PILT payments automatic. In addition to these letters, the Committee discussed the issue with Nevada's congressional delegation and urged their support for PILT during the Committee's most recent trip to Washington, D.C., in September 2002.

## NATIONAL EFFORTS TO SUPPORT/REFORM PILT

### National Conference of State Legislatures

The National Conference of State Legislatures (NCSL) also supports PILT through the "land in lieu of PILT" concept and federal efforts to reform the PILT program to create a more predictable, fair, and flexible system. Specifically, NCSL believes that overall funding for the

PILT program should be increased to more accurately reflect expenditures related to federal lands, provided that this goal is accomplished in a manner consistent with a balanced federal budget. To provide a more flexible payment system, NCSL supports authorization for the transfer of land of equivalent value from the Federal Government to counties in lieu of monetary payment. However, NCSL recognizes that such payments would only be appropriate in cases where the Federal Government, states, and counties have been in consultation and agreement on the terms of the transfer.

### **National Association of Counties**

The National Association of Counties (NACo) also has a long history of supporting full funding of PILT. Through resolutions and letters to Congress, NACo has proposed full funding of PILT and streamlining the PILT program. The most recent PILT Fact Sheet and resolutions from NACo are enclosed for your reference.

### **CONCLUDING REMARKS**

As previously mentioned, I will continue to pursue inquiries with NCSL and NACo, and give you any other information I discover. However, I know that you are anxious for this memorandum and the rest of the information contained therein, so I will send this over without delay.

As always, please contact me at (775) 684-6825 if I can assist you further.

LE/ck:W31746  
Enc.

# Statement of Reasons Supporting the Governor of Nevada's Notice of Disapproval of the Proposed Yucca Mountain Project

Kenny C. Guinn

April 8, 2002

Honorable members of Congress, it is my privilege and duty, under Section 116(b)(2) of the Nuclear Waste Policy Act, to articulate my reasons for issuing a Notice of Disapproval of the designation of Yucca Mountain in Nevada as the site for the nation's high-level nuclear waste repository. I trust you will carefully consider Nevada's views. As a matter of science and the law, and in the interests of state comity and sound national policy, Yucca Mountain should not be developed as a high-level nuclear waste repository.

## Introduction

Nevada strongly opposes the designation of Yucca Mountain for nuclear waste disposal because the project is scientifically flawed, fails to conform to numerous laws, and the policy behind it is ever changing and nonsensical. The Department of Energy has so compromised this project through years of mismanagement that Congress should have no confidence in any representation made by DOE about either its purpose or its safety. Nevada is not anti-nuclear and does not oppose nuclear power. Our state is pro-science and pro-common sense.

Because of the state's longstanding opposition to the Yucca Mountain project, some have accused Nevada of being a not-in-my-backyard, or NIMBY, state. Nothing could be further from the truth. Nevada has already borne more than its fair share of this nation's radioactive waste burdens.

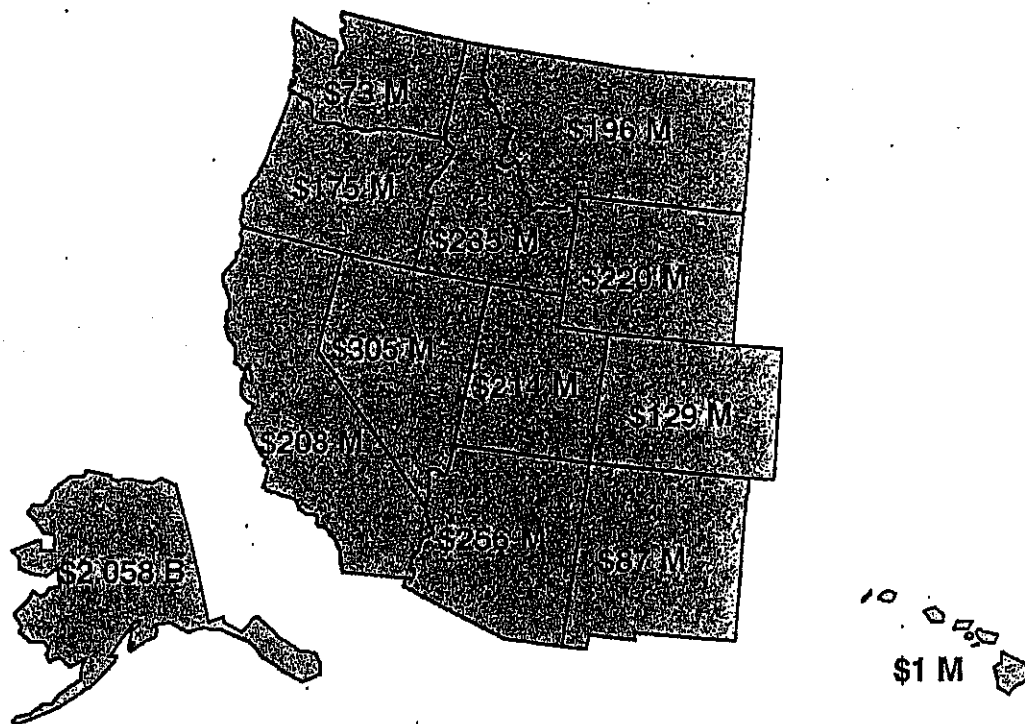
During the Cold War, Nevada served as host to hundreds of nuclear weapons tests, most with bombs several times more powerful than the Hiroshima blast. The government misrepresented the risks and impacts of those tests to our citizenry, and many Nevadans were injured as a result. Nearly 300 million curies of toxic radioactive contaminants remain in the ground in our state to this day. We have not forgotten this legacy.

Nevada is also being forced by the Energy Department to play host to the world's largest low-level and mixed radioactive waste disposal facility, at the Nevada Test Site. DOE plans to use this site for the disposal of hundreds of millions of cubic feet of radioactive and hazardous garbage and contaminated soil from the nation's nuclear weapons complex. Tens of thousands of shipments of this waste through our state are anticipated.

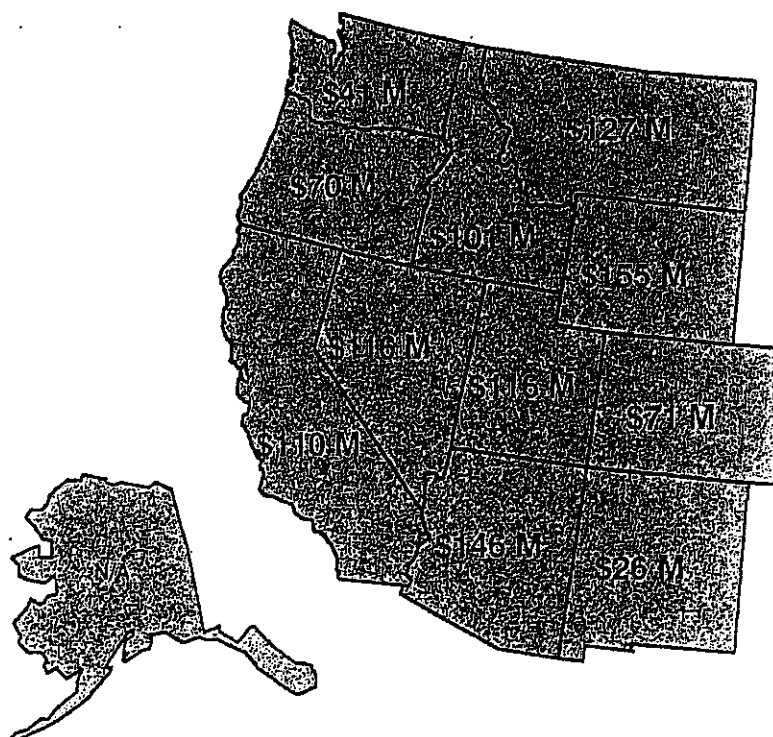
Map showing the percentage of the population aged 65 and over in each state of the United States. The map is shaded according to the percentage, with a legend indicating three categories: 50% and over (solid black), 15-50% (stippled), and < 15% (white).

State	Percentage
Alaska	54.4%
Alabama	15.1%
Arizona	36.5%
Arkansas	13.3%
California	31.6%
Colorado	27.5%
Connecticut	13.2%
Delaware	1.4%
District of Columbia	15.5%
Florida	8.8%
Georgia	5.7%
Idaho	23.5%
Illinois	11.2%
Indiana	2.2%
Iowa	5.3%
Kansas	4.7%
Kentucky	4.8%
Louisiana	4%
Maine	13.2%
Maryland	2.5%
Massachusetts	14.4%
Michigan	11.2%
Minnesota	8.2%
Mississippi	5.5%
Missouri	1.6%
Montana	27.5%
Nebraska	5.4%
Nevada	36.5%
New Hampshire	13.2%
New Jersey	14.4%
New Mexico	27.5%
New York	13.2%
North Carolina	7.5%
North Dakota	4.7%
Ohio	11.2%
Oklahoma	1.3%
Oregon	36.5%
Pennsylvania	14.4%
Rhode Island	1.4%
South Carolina	5.7%
South Dakota	4.7%
Tennessee	6.2%
Texas	1.5%
Vermont	13.2%
Virginia	7.6%
Washington	23.5%
West Virginia	1.3%
Wisconsin	5.3%
Wyoming	4%

## Annual Property Tax Revenue Lost



## Annual Property Tax Loss To Public Education



- How much is each state impacted overall ?  
(exclusive of the school trust lands consolidation problem)

## Summary of Estimated Impacts

