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UTAH STATE SENATE

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Chairman Gosar and Members of the Committee,

Thank you for the opportunity to testify to talk about economic interests in Utah. I come from the energy production center of the State of Utah. The fiscal impacts and the ongoing operation of mineral extraction are of a critical importance to our local economy as well as the state.

As we all know, the energy extraction industry is a cyclical business and rises and falls with commodity pricing in the economy. We live with this constantly and we understand this is part of the market. The major problem that we struggle with is keeping a medium. In other words, flatten the highs and fill in the valleys.

In this latest downturn, with the decrease in Oil and Gas prices, local communities have experienced foreclosures on businesses, and homes have been repossessed or deeded in lieu of foreclosure. Many of the supplier companies have either gone out of business or retrenched significantly. Again, these occurrences are painful but not unusual. But, in a public lands state such as Utah, the withdrawal of leases or the failure to provide additional leases, together with burdensome requirements have a detrimental effect on local economies as well as to the State of Utah. We are very concerned that with the passing of the recent tax reform may trigger statutory PAYGO. Should an increase in the deficit trigger sequestration of several non-exempt mandatory programs, it could have a huge effect upon our local communities. My office has prepared a handout to go along with this letter. If a ten-year elimination of funding were to take place, it would impact many basic, needed services. Mineral lease funds have been applied to fire protection, transportation, and infrastructure, all of which increase the viability of the communities that support exploration and extraction.

I would encourage you to find solutions to allow increases in leasing, and better planning for developments of lands, and true multiple-use of the land.

Sincerely,

Kevin Van Tassell
Utah Senate, District 26