H.R. 3830, A BILL TO PROVIDE FOR THE EXCHANGE OF CERTAIN LANDS WITHIN THE STATE OF UTAH

HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL PARKS AND PUBLIC LANDS

OF THE

COMMITTEE ON RESOURCES
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTH CONGRESS

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HEARING ON H.R. 3830, A BILL TO PROVIDE FOR THE EXCHANGE OF CERTAIN LANDS WITHIN THE STATE OF UTAH

TUESDAY, MAY 19, 1998

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON NATIONAL PARKS AND PUBLIC LANDS, COMMITTEE ON RESOURCES, *Washington, DC.*

The Subcommittee met, pursuant to notice, at 9:30 a.m., in room 1334 Longworth House Office Building, Hon. James V. Hansen (chairman of the Subcommittee) presiding.

STATEMENT OF HON. JAMES V. HANSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. HANSEN. The Committee will come to order.

The Subcommittee convenes to consider H.R. 3830, a bill to provide for the exchange of certain lands within the State of Utah. At the onset, I would like to welcome Governor Mike Leavitt of the State of Utah, and Secretary of the Interior, Bruce Babbitt and appreciate their willingness in joining us today. Moreover, I welcome our County Commissioners, Randy Johnson and Joe Judd as elective representatives from affected counties. Last, we have a lot of folks from Utah here representing the school and Institutional Trust Land Administration, Education, and the Utah PTA. I welcome all of you and appreciate you being with us.

Over 20 years ago while serving in the Utah State legislature and as Speaker, I worked closely with then Governor Scott Matheson to solve the problems that disturbs school trust land in Utah and the best way to live up to the mandate of generating revenues for the school children of Utah. Governor Matheson came up with "Project Bold" wherein we would block-up the school trust lands in exchanges with the Federal Government. This seemed like a, somewhat, radical idea at the time, but Governor Matheson actually had foresight that would help bring us here today.

Finally, during the 103d Congress, we were able to pass Public Law 103–93 that was designed to exchange these lands out of Parks and National Forests. However, difficulties with placing the value on these isolated tracts became impossible. Then in September 1996, President Clinton signed the proclamation that locked up the largest and cleanest supply of coal left in this Nation when he created the Grand Staircase Escalante National Monument. Unfortunately, a large share of this coal, not to mention the oil and gas in the monument, belonged to the school children of Utah. Thus, the pressure was on this administration to live up to the promise made by the President as he stood on the South Rim of the Grand

Canyon to ensure that the school children would not suffer from the creation of the monument. Therefore on May 8, Secretary Babbitt and Governor Leavitt signed an agreement to trade out all the school trust lands within National Parks, national forests, and the monument for BLM acres elsewhere in the State, for substantial coal interests and $50 million. I commend the Governor and the Secretary for finding a way to put all of the difficult issues in Utah aside, and finally find a solution to help the school children of Utah.

I've introduced this legislation at the request of Governor Leavitt and this will be called Governor Leavitt's Bill, not mine. And this expedited hearing is evidence of my intention to move this legislation as quickly as possible. I understand the difficulties of reaching this agreement, and I hope to move this bill through this unpredictable process, and, hopefully, we can send a bill to the President before the end of this Congress. It will take all involved to work toward this end.

I look forward to working with the Governor and the Secretary on this landmark agreement. I look forward to the testimony and discussion today and I welcome our two witnesses. And Governor Leavitt, it's always a pleasure to have you with us. Secretary Babbitt, it's always a pleasure to be with you, sir.

Now, Governor Leavitt, we'll turn to you and whatever time you have for your opening statement.

STATEMENT OF HON. MICHEAL O. LEAVITT, GOVERNOR, STATE OF UTAH

Governor LEAVITT. Thank you, Mr. Chairman. I have submitted for the record my formal statement and I'll summarize that in the interest of time.

Mr. HANSEN. Without objection, all the statements today will be included in the record and we hope the people somewhat reduce them.

Governor LEAVITT. Well, I'd like to thank you for this expedited hearing and recognize, Mr. Chairman, that the difficult and protracted nature of this debate makes this kind of expedited process both necessary and prudent, and we want to thank you. I recognize the difficulty of it. I acknowledge the fact that it would require unprecedented action and I want to thank you, personally, for your willingness to make this effort with the other members of our Congressional Delegation. I'd like to also mention the Secretary and for the long negotiations that have occurred between us and our staff and acknowledge the fact that there have been many in this process, including Governor Matheson who you've spoken of, other Governors, and other members of our community and State.

The problem is well-defined. Obviously, we have had since statehood, literally, million of acres that have been deeded to our school trust lands for the benefit of our children. As many as 377,000 of them are locked up in areas that bring it conflict because they are under the jurisdiction of either the National Parks or some other Federal agency. This is a purpose of being able to exchange them or what we believe to be fair value. There will, obviously, be those that will dispute the values on both sides. If this has critics, they will be on two sides. One that thinks that the Federal Government

did not give us enough, and those who think the Federal Government gave us too much. The balance of those, obviously, creates a fair deal and this is, in fact, a fair deal. It represents benefits to the children of our State because they will, ultimately, be able to receive value in those lands that was designed for them. It will be a benefit to those who live in the areas, and counties because it will produce employment in areas where there have not been employment before and it will produce a big win for the environment for protecting these lands in a very important way.

As has been mentioned, this will provide as well for the efficient management of the lands having them in a checkerboard fashion. The way they are currently is not efficient and not a good stewardship on the land.

In conclusion, may I say, Mr. Chairman, that for 70 years and through the administration of 12 presidents and nine Governors, the Federal Government and the State of Utah have struggled with the management of these lands. It's during this administration that 177,000 more acres were locked up within a national monument. Seventy years and 377,000 acres is too long and too much. The legislation presents a rare opportunity to resolve this struggle.

I'd liked to ask for your support in consummating this agreement. The agreement is a fair and equitable one. It helps reduce the tensions that have been longstanding over, literally, decades and generations between Utah and the Federal Government. It will provide the American people with priceless land assets that can be managed for national purposes, and it will enable a logical and efficient management of national parks, monuments, and recreation areas, and forests within Utah. This is the time to look forward. It's a time to look across the table and agree on a fair and equitable value of exchange that meets the scrutiny of the Department of the Interior and the State of Utah. It's a very sound policy that benefits all Americans.

Thank you, Mr. Chairman.

[The prepared statement of Governor Leavitt follows:]

STATEMENT OF GOVERNOR MICHAEL O. LEAVITT, STATE OF UTAH

Good morning Mr. Chairman, thank you for allowing me the opportunity to speak to you today about the exchange of Utah School Trust Lands located within national parks, monuments, recreation areas and forests. This exchange is the single most significant land swap in Utah since the Utah Enabling Act was passed in 1894. Like our enabling legislation, the current agreement was consummated because it brings enormous benefits to the Federal Government and the State of Utah. I will frame my remarks in terms of these benefits, trying carefully to help you understand why this legislation is good state and Federal public policy.

The Problem

First you must understand the problem. Our enabling legislation granted sections 2, 16, 32, and 36 of each 36-square-mile township to the state upon statehood. This means that there are thousands of 640 acre blocks of school trust lands distributed all around Utah. These lands were specifically granted to Utah for the support of the common schools. By law, these lands must be managed to generate revenue for Utah's school children. While the measleslike pattern created one problem for state land managers, other Federal designations created another difficulty.

Three and a half decades after Utah became a state, the Federal Government created Arches National Monument, which later became Arches National Park. The boundaries of the monument surrounded approximately 6000 acres of Utah's school trust land. This created two competing management missions; the National Park Service is charged with preserving these lands, while Utah's trust land managers are charged with maximizing their profit potential. Because these school trust lands

are scattered in a checkerboard pattern, neither the Federal Government nor state land managers could accomplish these missions effectively. The problem intensified with the creation of each new national park, national forest, Native American reservation, recreation area, and monument, finally resulting by 1990 in over 200,000 acres of school trust land embedded in an isolated pattern throughout these Federal reserves.

The result has been nearly 70 years of frustration, distrust, and inefficiencies. Millions of dollars have been spent on legal battles. The Utah Schools and Lands Improvement Act of 1993, Public Law 103-93, was passed to help with this problem, but it too resulted in endless arguments over appraisals and tallied up large mediation, appraisal, research and legal costs. The acrimony and frustration reached a peak on September 18, 1996 when President Clinton set aside 1.7 million acres in southern Utah as the Grand Staircase–Escalante National Monument, locking up an additional 177,000 school trust land acres within a national monument. With a stroke of a pen the administration declared a national monument the size of Rhode Island, Delaware and Washington, DC. It should be of no surprise that lawsuits followed.

As a consolation to the State of Utah, the President agreed that Utah's school children should not suffer because of the creation of the new monument. He promised to use the power of his office to accelerate the exchange process. I am happy to report to you today that the Department of Interior has worked fairly, constructively, and responsibly with the State of Utah to make an exchange of these lands happen. With the signing on May 8, 1998 of the agreement to exchange school trust lands, we have made a major step towards keeping the President's promise. Today I am asking you to support this agreement because it benefits both the Federal Government and the State of Utah. Let me now outline the agreement and the benefits.

The Agreement

The entire exchange is of approximately equal value. The Federal Government receives all state lands within Utah's national parks, monuments and recreation areas. This tallies nearly 270,000 acres. The Federal Government also receives all state lands within the Navajo and Goshute Reservations (47,480 acres) and nearly all state lands within the national forests (70,000 acres). In total the Federal Government receives nearly 377,000 surface acres and 66,000 acres of mineral-rights-only acreage.

You should know that since these lands are within national parks, monuments, recreation areas, and forests they are similar to the adjacent lands; they are precious lands that are deserving of special management considerations. Once exchanged, these lands will be a tremendous asset to the American people. They will be able to be managed like the adjacent lands without a competing management objective. The exchange also includes a provision for 47,000 acres of land with the Navajo and Goshute Indian Reservations to be managed in a contiguous block for tribal use.

The State of Utah receives $50 million in cash previously set aside during the 103d Congress for the Utah Schools and Lands Improvement Act of 1993 (Public Law 103-93). Since this money has already been appropriated, H.R. 3830 is revenue neutral. The State of Utah also receives 160 million tons of coal, 185 billion cubic feet of coal bed methane resources, approximately 139,000 acres of land and minerals, and $13 million to be generated from the sale of unleased coal.

Utah's school children will benefit tremendously from an endowment for future education and a diversified portfolio.

The Benefits

The State of Utah and Secretary of Interior entered into these negotiations with a desire to (1) consummate a fair and equitable exchange; (2) help resolve longstanding disputes; (3) protect the land and the environment where appropriate; and, (4) improve the efficient management of the land. H.R. 3830 accomplishes all of these.

The exchange is fair and equitable. The State of Utah and the Federal Government receive approximately equal value from the exchange. No single individual, corporation, or geographic area is unduly harmed or benefited. The agreement protects existing stakeholders by making sure that local governments continue to receive mineral lease revenues, payments in lieu of taxes (PILTS) the Federal budget has no fiscal impact, and the valid existing rights of permittees such as ranchers with grazing rights are protected. The primary benefactor is the public—both nationally and locally.

The exchange helps resolve longstanding disputes. Utah's school trust land managers have agreed to drop their current lawsuit over the creation of the Grand Stair-

case–Escalante National Monument if this legislation is passed. The Federal Government and the State Trust Lands Administration will save millions of dollars in continuing legal battles if this exchange is consummated. And, President Clinton's promise to make sure that the school children of Utah are not hurt by the creation of a national monument will be fulfilled.

The exchange protects the land and the environment where it is appropriate. This exchange assures the American public that over 257,000 acres of land that are now owned by the people of Utah in some of America's greatest treasures will be entirely managed for park and monument purposes. No longer will there be the threat of a development within a national park, monument, or recreation area that is not consistent with the larger areas management directive. Moreover, an additional 70,000 acres of state lands within the national forests in Utah will now be managed the same as other national forest lands. The American public will be assured of access to and protection of these prime recreation and preservation lands.

These aren't just ordinary lands. Let me give you an example of some of the lands the American Public will receive in this exchange:

- Eye of the Whale Arch within Arches National Park
- The Perfect Ruin-An Ancient Anazasi ruin with artifacts including intact thousand year old corn cobs within the Glen Canyon NRA
- Several hundred foot red rock cliffs overlooking the Escalante River within the Grand Staircase–Escalante National Monument
- Jacob Hamblin Arch—within The Glen Canyon NRA
- The Franklin Basin—a spectacular high mountain alpine area within the Wasatch-Cache National Forest
- Ancient Native American rock art panels within Dinosaur National Monument
- The unique geologic formations of the Waterpocket Fold within Capitol Reef National Park

On the other hand, the lands transferred to the state were specifically chosen with a sensitivity to environmental concerns. State and Federal negotiators did not include lands that would be mined by surface mining techniques or that are areas of critical environmental concern, potential wilderness or habitat for endangered species. All of the lands exchanged to the state will still be fully subject to all environmental laws applicable to resource development.

The exchange improves the efficient management of the lands. Consolidation of these lands for management purposes has been a longstanding goal for public land managers. The checkerboard pattern may have made sense in the 1800s when it was believed that virtually all Federal and state lands would eventually be sold to private interests providing revenues to support the common schools and a tax base for state and local government.

The Federal Homesteading Act of 1864 and Desert Land Entry Act of 1877 were indicative of this thinking. But over the years Federal land policies have changed from disposition to retention, leaving the checkerboard pattern largely in place. As a result, a logical state and Federal management policy cannot exist. This exchange consolidates these assets both nationally and locally, providing both entities with a more sensible management task.

Conclusion

For nearly 70 years and through the administrations of twelve presidents and nine governors, the Federal Government and the State of Utah have struggled with the management of these lands. It was during my administration that 177,000 more acres were locked within a national monument. Seventy years and 377,000 acres is too long and too much. This legislation presents a rare opportunity to resolve this struggle. I ask for your support in consummating this agreement. The agreement is fair and equitable; helps reduce tensions from longstanding disputes between Utah and the Federal Government; provides the American people with priceless land assets that can be managed for national purposes; and will enable logical and efficient management of national parks, monuments, recreation areas, and forests within Utah. Now is the time to look across the table and agree that a fair and equal value exchange that meets the scrutiny of the Department of Interior and the State of Utah is sound policy for all Americans.

Mr. HANSEN. Thank you, Governor. Mr. Secretary, it's a honor to have you with us. Turn the time to you.

STATEMENT OF HON. BRUCE BABBITT, SECRETARY OF THE INTERIOR

Secretary BABBITT. Mr. Chairman, I, on behalf of the Department and the administration, first, want to thank you for having this expedited hearing and for your leadership role in moving this agreement through the legislative process. This agreement has been a long time in gestation, and I do hope that we can—together take advantage of this moment and seal this agreement in Federal legislation. I don't know whether the opportunity would ever come again in exactly this form, whether it would come in this generation if at all. So, I'm most grateful for your efforts.

Mr. Chairman, as you have already mentioned in your opening statement, this Land Exchange Agreement didn't just occur. It has roots that extend way back to the efforts of Governor Matheson with Project Bold, to your own leadership in pushing Public Law 103–93, providing a framework which actually made possible an exchange of this size and complexity. And, of course, President Clinton instructed me very directly at the time of the Monument Proclamation that he expected me, personally, to deliver on his promise that we would get these exchange issues resolved; that this administration recognized the obligation to the school children of Utah; and that in close cases we should resolve issues thoughtfully with an eye toward the fact that the proceeds and the values of this exchange going to benefit the Utah school children of that State.

I think I should say once again how important the leadership efforts of Governor Leavitt have been to this. It simply would not have happened without the Governor's willingness to step forward, to take some risks. I remember well when he came to my office on a Sunday in February of the National Governor's Conference. We sat and talked for, probably, an hour one-on-one, and he said to me then. He said there are—not often are there these moments when we can step forward and transcend the day-to-day issues and implement a larger vision. And I think he very accurately characterized this as the Leavitt bill which in the spirit and impetus in leadership it most certainly is.

Last, a word about the importance, once again, of moving this legislation. I know it's late in the session. It's late in a very short session, but this issue has been thoroughly addressed. It's been negotiated with extraordinary vigor on both sides, and I believe that the time to strike is now, and I would simply say, Mr. Chairman, I am here in support of Governor Leavitt, my many new friends in the State of Utah, and will do anything I possibly can to help, including if necessary, remaining silent starting right now.

[Laughter.]

Thank you.

[The prepared statement of Secretary Babbitt follows:]

STATEMENT OF HON. BRUCE BABBITT, SECRETARY, U.S. DEPARTMENT OF THE INTERIOR

Good morning, Mr. Chairman, and thank you for this opportunity to appear before you today concerning H.R. 3830, the Utah Schools and Lands Exchange Act of 1998. It is my pleasure to join with Governor Mike Leavitt and the entire Utah delegation to testify on behalf of this recently negotiated, comprehensive land exchange agreement between the Interior Department and the State of Utah.

More than a decade ago, a great Utah governor had a vision of sweeping realignment of publicly owned land in Utah. Scott Matheson told anyone who would listen of the great benefits of this realignment for the State, its public schools, and for the United States as well. His vision, appropriately named Project BOLD, was ahead of its time. But it planted a seed that has today burst into flower.

Less than two years ago, Governor Matheson's widow looked on as the President of the United States proclaimed the Grand Staircase–Escalante National Monument. She heard the President acknowledge that within the borders of the Monument were 176,000 acres of State land, and heard his promise to work with the State to trade out those lands, to ensure that the school children of Utah will benefit from, and not be burdened by, the Grand Staircase–Escalante National Monument. Less than two weeks ago, it was my pleasure to stand with Norma Matheson and Mike Leavitt to celebrate the fulfillment of President Clinton's promise and the realization of Scott Matheson's dream. Many have sought this elusive goal, Mr. Chairman, but it took this Governor to make it happen.

After long controversy and stalemate, Governor Leavitt and I agreed that the two of us should work together to break the deadlock and find solutions to Utah's inholdings problem. We agreed that both of us stood to gain by consolidating our lands for better management, and that both of us would be better off it we spent our time and money investing in the lands and the people instead of litigation and lawyers. We pledged to each other that in negotiating this deal, we would protect the environment, protect the taxpayers, and make the state school trust whole.

I am pleased to appear before you today, Mr. Chairman, to report that we have met those goals. The President's promise has been kept, and sooner than most would have expected. In fact, the Governor and I have gone well beyond that promise to negotiate the resolution of the difficult state trust land issues beyond the borders of the Grand Staircase–Escalante National Monument.

Many have noted the historic dimensions associated with reaching this agreement. As Governor of Arizona, I helped engineer some big, mutually beneficial state-Federal land trades. But I've never done anything on this scale before. And as far as I know, no one else has either, at least in the lower 48 states. Passage and enactment of this legislation would mark the end of six decades of controversy over the issue of Utah's trust land inholdings within national parks, forests, monuments, and reservations.

If not historic, Mr. Chairman, I think it is at least notable that you and I, together with Governor Leavitt and the rest of the Utah Congressional delegation, joined by trust land administrators and environmentalists, are all in agreement on the resolution of a major public lands issue in your state. With this settlement, perhaps we have opened a positive new chapter in the Federal-state relationship concerning public land management in Utah. The scope and complexity of the negotiations and the agreement itself were and are enormous. The fact that so many had tried for so long to no avail was a signal to both of us that the idea of going through the standard administrative channels, tract by tract, was going to be a prescription for further delay, litigation, and expense to both Federal and state taxpayers.

As a result, Governor Leavitt and I agreed that all issues would be on the table, and that the two of us would commit to negotiating a single, comprehensive, non-segmentable agreement. We understood that while it would be possible to argue over the value of individual tracts, or whether one of us got a better deal on one small part of the exchange, it was critically important that both of us be able to agree at the conclusion of the negotiations that both parties were treated fairly and that we had in fact, to the satisfaction of both, arrived at an equal value exchange. The negotiations were spirited, and both sides fought hard for their interests. In my judgment, we succeeded. This is a fair deal, for both sides.

I believe that the Governor will speak to the important benefits in this agreement for the state trust lands administration and the school children of Utah. I would like to take a few moments to address the other two components of our concern, the environment and the taxpayers.

I have three observations to make concerning the very important environmental considerations and understandings that are part of this agreement. First, the Utah State school trust lands in this deal include properties within the National Park System, the National Forest System, and the Grand Staircase–Escalante National Monument. Because these are some of the most renowned lands in the United States, and because a mission of the state trust lands administration is to produce revenues for Utah's public schools, we knew that an exchange of this kind would resolve many of the longstanding and inherent environmental conflicts occurring on these public lands.

Second, the Federal assets we made available for exchange with the state were selected with a great sensitivity to environmental concerns and a belief and expecta-

tion by both parties that the Federal assets conveyed to the state would be highly unlikely to trigger significant environmental controversy. We both agreed at the outset of negotiations to avoid lands where we knew of any of the following existed or could be reasonably foreseen: significant wildlife resources, endangered species habitats, significant archeological resources, areas of critical environmental concern, coal requiring surface mining, wilderness study areas, significant recreational areas, scenic areas, or any other lands known to raise significant environmental concerns of any kind.

And third, we agreed that where the state obtains mineral interests as part of this agreement and the Federal Government retains the surface or other interest, any development that takes place will not conflict with established Federal land and environmental management objectives. We further agreed that any such development will be fully subject to all of the environmental regulations applying to development of non-Federal minerals on Federal lands.

Mr. Chairman, Governor Leavitt and I also agreed that the interest of the American taxpayer must be protected, and I am pleased to report that we have done so. This agreement was negotiated with the goal of producing a budget-neutral document, so that we could assure all Members of Congress that the budgets we have all worked so hard to contain would not be affected.

I repeat, when all of the lands, interests, and money in the deal are taken into account, we have negotiated an approximately equal value exchange. Except for the $50 million cash payment, already authorized and scored under Public Law 103-93, the remainder of the properties comprise an asset exchange of speculative, commercial, and conservation lands. Both sides fought hard for the interests of their constituencies, and considerable energy went into guaranteeing that neither side was taking advantage of the other, that each felt they received a fair and equal deal when negotiations had concluded.

Governor Leavitt and I were not working in a vacuum. Through your personal leadership, and that of your predecessor, Mr. Vento, former Chairman Miller, and other members of this Committee working directly with the Utah delegation, the Governor and I already had the template to work from for dealing with the lands outside the Monument. This was Public Law 103-93, which had already identified many of the properties and the framework for carrying out such an exchange. Like Governor Matheson's Project BOLD, Public Law 103-93 helped chart the course that the two of us followed.

I would like to similarly salute the School and Institutional Trust Lands Administration for developing the concept of a like-for-like exchange with the Federal Government, which helped reframe the debate over the Monument lands. Members of this Committee encouraged SITLA in the formulation of its proposal, which was widely circulated around the Congress, the environmental community, and the State of Utah. The essential elements of this agreement are contained in proposals and legislation that has been drafted for years; there is little, if anything new in the agreement.

Building on these ideas, the Governor and I were able to establish a connection of mutual trust and commitment to see this process through and conclude the long, difficult years of conflict and controversy in a way that protected the interests of both sides and will in fact benefit both parties.

I want you to know, Mr. Chairman, that I will stand by this deal. However, I must also make it clear, as I have to the Governor already, that Administration support is contingent on the passage of a clean bill, with no amendments, riders, or other objectionable legislation attached. While I believe this is a good deal for the environment, the taxpayers, and the school trust of Utah, I will have no hesitation about recommending a veto if any objectionable provisions are attached in this Congress.

We negotiated to the limit of what we believe is acceptable, and any attempt to turn this vehicle into a Christmas tree for other legislation opposed by the Administration will result in killing this agreement. With that understanding, I stand ready to help however I can, Mr. Chairman. The President's promise to negotiate in good faith has been kept. It is now up to Congress to deliver the legislation without substantive change to the President's desk.

This concludes my prepared statement. I would be happy to answer any questions the Committee may have.

Mr. HANSEN. Thank you, Mr. Secretary. What a refreshing statement.

[Laughter.]

We're happy to have with us our colleague from the Second District in Utah, Merrill Cook. Merrill, I'll turn the time to you. Pull that mike over.

STATEMENT OF HON. MERRILL COOK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. COOK. Well, thank you very much, Mr. Chairman. I, too, want to commend you for your expedited hearing on this very important agreement, and I wish to add my voice to those of yours in complimenting Governor Leavitt and Secretary Babbitt on a very historic and, I think, very, very important agreement. I think this land swap is particularly a wonderful thing for the Utah school children, both the children of today and the children of tomorrow.

It was a just a year ago a rather frustrated Utah delegation held a press conference here in Washington to publicly call on President Clinton to honor the promise he made to exchange school trust lands inside the Escalante Staircase Monument with lands of equal value. I joined in that press conference and I honestly believed it would take many years and much pressure before the exchange took place, but now we have a land swap that could over the lifetime of the deal bring a billion dollars to Utah's schools and school children.

The impact of this land swap will be seen in our schools for decades to come. Just with the $61 million in cash alone, we could immediately decrease our average class size by about two students. And Utah, as you know, has the—currently, the largest class size in the country.

This land exchange talks a lot about leases, lands, and mineral rights, but it's not really about those things. It's about quality education. It's about more teachers, smaller class size, more books in our library, more up-to-date computers. Ultimately, it's about whatever the people and the educators of Utah want it to be about. That's the beauty of the money from the school trust lands. It's our money for our children and we decide where to spend it, not faceless bureaucrats 2,000 miles away in Washington, DC.

President Clinton grabbed national headlines earlier this year with his proposal for a Nationwide Class Size Reduction Program. The program, unfortunately for Utah, mostly favored northeastern cities and, ultimately, would have brought so little money to Utah that we couldn't even reduce our class size by a half a child. The funding for the program did fall apart it looks like with the tobacco deal, but, inadvertently, President Clinton through this land swap. It's helping to make a dramatic difference in the educational quality of our State. This really is our children's land. The money from this land blesses them in one of the most profound ways the government can bless children through better education.

In closing, I just want to state in the strongest terms possible my hearty support for this land exchange.

Thank you very much.

[The prepared statement of Mr. Cook follows:]

STATEMENT OF HON. MERRILL COOK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. Chairman, thank you for this opportunity to say a few words about this historic land swap between the Federal Government and Utah. I think this land swap

is a particularly wonderful thing for Utah school children; both the children of today and the children of tomorrow.

A year ago, a rather frustrated Utah delegation held a press conference here in Washington to publicly call on President Clinton to honor the promise he made to exchange school trust lands inside the Escalante Staircase Monument with lands of equal value. I joined in that press conference. I honestly believed it would take many years and more pressure before the exchange took place.

But, now we have a land swap that could, over the lifetime of the deal, bring $1 billion to Utah's schools and school children.

The impact of this land swap will be seen in our schools for decades to come. Just with the $61 million in cash, alone, we could immediately decrease our average class size by two students. Utah, as you know, currently has the largest class size in the country.

This land exchange isn't really about leases, land and mineral rights. This is about quality education. It's about more teachers, smaller class size, more books in our libraries, more up-to-date computers. Ultimately, it's about whatever the people and educators of Utah want it to be about. That's the beauty of the money from the school trust lands. It's our money. For our children. And we decide where to spend it, not some faceless bureaucrats 2,000 miles away in Washington, DC.

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The funding for the program collapsed with the tobacco deal. But, inadvertently, President Clinton, through this land swap, is helping to make a dramatic difference in the educational quality of our state. This really is our children's land. The money from this land blesses them in one of the most profound ways a government can bless children: Through better education.

In closing, I want to state in the strongest terms possible my hearty support for this land exchange. Thank you.

Mr. HANSEN. Thank you, Congressman Cook.

Congressman Cannon, I guess, should be walking in and we'll take him when he comes.

Our good friend and Ranking Member from America Samoa, Mr. Faleomavaego, is here, a misplaced Utahn anyway.

[Laughter.]

So we will turn to you now for any statement you may have.

STATEMENT OF HON. ENI FALEOMAVAEGA, A DELEGATE TO CONGRESS FROM AMERICAN SAMOA

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman, and thank you for calling this hearing for this very important occasion and certainly want to welcome our good Secretary of the Interior, Secretary Babbitt, and Governor Leavitt. It's always a pleasure to have you join our Subcommittee and our colleague, Merrill Cook.

Mr. Chairman, I was very pleased to hear recently that Governor Leavitt and Secretary Babbitt signed an agreement on May 8th to provide for an exchange of lands between the State of Utah and the Federal Government. I know the lands involved have been a major source of contention for both parties. We have spent many hours in the Subcommittee dealing with issues associated with lands covered by the agreement. If this agreement can put the land exchange issue to rest in a fair and equitable manner, I'm certainly all for it.

With the agreement only being publicly announced a little over a week ago, there has not been much time to study the agreement. I hope today's hearing can fill in the details of the agreement and its impact. And I certainly want to commend Governor Leavitt and Secretary Babbitt for their outstanding work and leadership in bringing this legislation to the forefront. For far too long, this issue

has frustrated efficient land management, sapped the people's energy, and denied benefits to the Utah School Trust and our country.

These two gentlemen, with the support of many others, recognize the current situation was doing nothing for the people or the resources. In paraphrasing former Governor Matheson, they have taken a bold step in resolving this long-festering issue. I certainly want to thank both gentlemen for their testimony this morning and I sincerely hope that we will definitely expedite this piece of legislation.

Mr. HANSEN. Does the gentleman have any questions at this time?

Mr. FALEOMAVAEGA. Mr. Chairman, I do. Mr. Hinchey would like to be here, but because of his other commitments he has to attend, I would like to ask unanimous consent for his statement from the gentleman be made a part of the record.

Mr. HANSEN. Without objection, so ordered.

Mr. FALEOMAVAEGA. Governor, if I may ask you—why have the questions of value been so difficult in the past and how are you and Secretary able to overcome these horrendous problems?

Governor LEAVITT. The question of what value land holds, obviously, is a tricky one under any circumstance. We've been able to overcome it in this case because we've, basically, been able to trade land for land and resource for resource. The cash, obviously, has become part of the deal, but by going to land for land, mineral for mineral it's made it easier. And I think the other thing is that we decided it's time to agree, to come to a conclusion. There's been lots of dynamics that have encompassed this process for the last seventy years. The time is now to resolve it and we've been able to meet what I think to be a very fair and equitable settlement.

Mr. HANSEN. One of the biggest problems we've ever had on this Committee the whole 18 years I've been on it is land values. It's just so difficult to determine what values are, and I commend both you and the Secretary for doing this. How's this been accepted by other elected officials in the State of Utah?

Governor LEAVITT. I think you will find today that the Association of Counties will speak for themselves, but they have passed resolutions in support of this. There has been a strong support by our school community and by those in our State legislature. There will be others who will be able to speak on that today, but I think you will find there is very strong support for this agreement throughout our State.

Mr. HANSEN. How about your elected legislative leaders, your Speaker and your President of the Senate? How are they looking at this or have they made a determination of it yet?

Governor LEAVITT. The President of the Senate has spoken to me on his support. I've not had a chance to speak with the Speaker about it. I've seen him publicly indicating he's anxious to have more details, but optimistic about the fact that it's been resolved.

Mr. HANSEN. You know around here we're very skeptical. We always see a good deal start out and then we get blindsided somewhere. I have great feelings for Steve Young as I watch him play football because he just has a great pass and he gets blindsided

and smeared. And when I was first here, I didn't believe that happened, but it happens on a regular basis as you've seen.

Mr. Secretary where will the $50 million come from? Will OMB go along with this payment?

Secretary BABBITT. Mr. Chairman, the answer is yes. The origins of the $50 million are, of course, in Public Law 103–93 where the legislation itself contemplated $50 million in a form of a royalty stream, and it was scored at that time. So, it is our judgment that this will be pay-go neutral, and I believe that with a little pushing and shoving, and tugging and hauling, that OMB will support this legislation and render that opinion.

Mr. HANSEN. I'm looking forward to the pushing and shoving part, Mr. Secretary, that I'm sure you're very able at doing, as I've seen you in the past.

Mr. Secretary, in all, this is a landmark piece of legislation, and we, of course, commend both you and the Governor for the excellent work that you've done, but there are other people in Utah that have done some awfully good work down in the San Rafael Swell area. I think that the county commissioners and many, many people for many years in that area have worked very diligently to come up with really an excellent piece of legislation which would again resolve another part of the puzzle that we have with problems between the Federal and the State, and the State of Utah.

In markup in that bill, we took out, in my mind, most of the objectionable parts that the Department of Interior came up to testify on. Mr. Pat Shea came up and made some objections which I think we able to overcome. And then also Mr. Hinchey came up with four amendments, and other than the Utah water law, I think we resolved all those. And I'm sure that they would not expect us to change Utah water law around. You know the problem we get in there wouldn't be a lot bigger than anything we're looking at here. So, I would really appreciate it if you'd give some thought to that bill. Another good step forward, another well-thought-out piece of legislation and help us out if you could.

And also within the monument, there's the little towns of Tropic and Cannonville who have got some horrendous problems just on very minor things, 12 acres here, 13 acres there. That bill will be introduced, I hope by one of my colleagues, by the end of this week. If they don't get it introduced by the end of this week, I don't think it's got a chance, but time is running out fast on us. I would hope you would give some thought to looking at those two pieces of legislation and give it the same thoughtful consideration you've given this one. I'd be very appreciative if you would.

Secretary BABBITT. Mr. Chairman, just briefly a couple of thoughts.

We're certainly prepared on this Escalante Boundary issues to get down and see if we can work those out. The administration at this point does not support the San Rafael legislation. If there's one thing I've learned in this process, it is that if we keep talking, you know, there are ways to find common ground.

The Governor and I have been talking, talking, talking for 6 years about exchanges, about wilderness and I think that this product today is largely a result of our ability to communicate, and I'm certainly pledged to do that because I recognize from the Fed-

eral perspective the benefits that these agreements can bring. We've talked about the benefits to Utah. I would simply reiterate that we are clearing out with this deal in holdings in two national parks, Arches and Capital Reef, Dinosaur National Monument, Glen Canyon National Recreation Area, Flaming Gorge, a whole flock of national forests, Wasatch, Sawtooth, Ashley, Caribou, Uintah, Manti-La Sal, Fishlake, and Dixie. So, there are manifest benefits on both sides and I say that by way of underlining my willingness to continue working these issues. If we don't succeed at first, that's all the more reason to keep trying.

Mr. HANSEN. And I couldn't agree more. I think that's very important. You may recall when the two of us were in the Oval Office a year or so ago, and the President signed the bill. It had over 110 titles in it. Most of those, the administration opposed before this Committee, and we did work most of those out.

Secretary BABBITT. Mr. Chairman, I would only add that my participation in this dialogue is contingent upon your leading me in Utah in search of the Bonneville cutthroat trout this summer.

[Laughter.]

Mr. HANSEN. Mr. Secretary, I was going to comment on that, and I was going to take you to a place where there's so many Bonneville Cutthroat you would wonder why you even considered it endangered and I'm sure you would enjoy some very great times flyfishing up there. In fact, the fishing is so good that you have to stand behind a tree to tie on your fly.

[Laughter.]

Secretary BABBITT. I'm coming to see it.

Mr. HANSEN. I'm looking forward to taking you there.

The gentleman from American Samoa.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

As a matter of observation, Secretary Babbitt and Governor Leavitt, how is it that after some 20 years that both of you gentlemen are able to resolve one of the most contentious issues that Utah has faced? Is it because you have some fraternal brotherhood of being former Governor and Governor Leavitt?

Secretary BABBITT. Congressman, I don't want to compromise his reputation by acknowledging such a relationship, but it's true.

[Laughter.]

Mr. FALEOMAVAEGA. Is there any particular area or provision of the bill, both Secretary Babbitt, Governor Leavitt, and Congressman Cook that you feel that we ought to look at it closely? Some objections from anybody on this Subcommittee that we ought to look into or do you feel very comfortable that the provisions of the bill are quite well in compliance with NEPA and other Federal acts?

Governor LEAVITT. Congressman, this bill was hard negotiated over several months. It became clear to both of us that the first and most important requirement to coming to an agreement was to agree that we were going to find a solution to push beyond the boundaries of what had been previously been an obstacle. You will find here compromises on both sides. You will hear this bill, I suspect before it's over and as the Congressman suggested, criticized from both sides. There will be those who say it was unfair on the part of the Federal Government and unfair on the part of local gov-

ernment. That is the makings, I think, of a fair exchange. We have approached it on a land-for-land, mineral-for-mineral basis. For the most part, I think that was the key and I do believe that there has been the fact that we have worked over a period of time to establish an atmosphere for decisionmaking that has been successful.

Mr. FALEOMAVAEGA. Has the——

Secretary BABBITT. Congressman, if I may? I would add only two things. I think there's a danger here of beginning—of stepping into the bill to kind of pick at specific provisions and say that "X" is not exactly equal to "Y," because as the Governor explained the valuation approach in this really integrates upward to the total benefits on both sides.

The second, if I may—danger here is that there will be riders offered throughout the process, and this bill will emerge draped with provisions designed to provoke a Presidential veto which would be a great tragedy. And my only hope would be that we can keep this package together, keep it clean free of riders, and get it done.

Mr. FALEOMAVAEGA. Mr. Secretary, you certainly make a very keen observation about the realities of the politics here. When a member sees a bill that is almost for sure that it's going to be signed by the President, not necessarily by this side, the other body also has those temptations, and putting riders on things that are totally unrelated to the bill at hand. So, I do appreciate your observation.

Governor Leavitt has the State legislature of Utah passed any resolution or petition or anything in support of this legislation?

Governor LEAVITT. Our State legislature is not currently in session, therefore would not be able to—there have been many calls on behalf of our legislature and other bodies in our State for this transaction to occur, but there is no means nor is it necessary for our legislature to bless this directly. We formed with our School Institutional and Trust Lands a Board that has been delegated full responsibility to optimize the use of the lands for the benefit of school children. They passed support. They have approved it five-to-one with great enthusiasm and a meeting on the 14th. That's the only formal approval that's necessary.

Mr. FALEOMAVAEGA. It seems to me, Mr. Chairman, that on contentious issues that the Honorable Secretary has personally taken a hand in negotiating issues of this nature that maybe we ought to have him negotiate all other contentious issues that come before this Subcommittee and maybe we could on a very good, strong bipartisan basis resolve some of these objectionable stuff that comes before the Subcommittee. But, I certainly want to commend both the Governor and the Secretary, and Merrill, it's always a welcome sight to have you also testify in the Committee.

Thank you, Mr. Chairman.

Mr. HANSEN. Thank you.

The gentlelady from the Virgin Islands.

Ms. CHRISTIAN-GREEN. Thank you, Mr. Chair. I'd just like to welcome our distinguished panel, but I have no questions.

Mr. HANSEN. Thank you very much. We appreciate the Secretary, the Governor. Thanks for being here.

Congressman Cook you're welcome to join us on the dais if you're so inclined. I appreciate your presence with us.

Thanks so much.

Our next panel will be Randy Johnson, Chairman of the Emery County Commission, and Joe Judd, Kane County Commissioner. If these two commissioners, would come up we'd appreciate it.

Commissioner Johnson, we'll start with you, sir.

STATEMENT OF RANDY JOHNSON, CHAIRMAN OF THE EMERY COUNTY COMMISSION

Mr. JOHNSON. Thank you, Mr. Chairman. It's so nice to be back again so quickly. I appreciate the opportunity to testify today. I speak on behalf of the Utah Association of Counties as Chair of the Utah Association of Counties Public Land Oversight Committee.

I'd like to commend Governor Leavitt and congratulate all of those who have worked so hard for so long to remain focused on resolution of this longstanding problem. I would like also to emphasize to you that this is truly a great thing for the school children of Utah, especially in light of the fact that we have been trying to get some value out of these captured land sections for over 60 years.

The counties of Utah are pleased to have played a role this exchange process. Utah Association of Counties involvement in these tradeout efforts has been as a result of our constant exposure to public lands' issues which impact our lives. In combination with our desire to cooperate with State Institutional Trust Lands in bringing about what is in the best interest of the children that they represent.

All too often environmental issues override the day-to-day human aspect of our public lands and cause us to disregard the fact that everything we need to survive and prosper as a human family comes from the land. To finally have some ability to enhance the education and, thus, the future of the children of Utah through the proper use of some of these lands is truly significant. It's also very significant that a cooperative effort has led to resolution of a longstanding problem. This is something which is very difficult to achieve in public lands matters today.

UAC's involvement with this particular exchange is a result of our partnership with SITLA in opposing, in the courts, the creation of the Grand Staircase–Escalante National Monument. It is from that perspective that I both support this legislation and also voice my concern regarding the issues surrounding this exchange.

UAC joined SITLA in filing suit on the monument based on what we believe was an improper lack of process and public involvement as required by law. It is important to note that nothing in this exchange addresses the points of law over which UAC filed suit. It does, however, address the concerns over which SITLA joined our efforts and we are happy that SITLA has succeeded in gaining some compensation for their losses. We support this exchange for that reason, but while the exchange benefits SITLA substantially, it in no way compensates for the huge loss in future revenues which exist from existing mineral leases within the monument.

Further, the county's impacted most directly by the monument's creation, Garfield and Kane, gained very little benefit from this tradeout. UAC has expressed concern over a number of issues which we have noted in my written testimony and I will draw your

attention to those. While concerns over these matters will, certainly, not cause us to oppose this proposal, we do want these issues in the record and part of the process that implements the provisions of this legislation.

We would like to emphasize at this point that SITLA has worked very hard to address to our satisfaction any concerns we have raised with them and we ask that you would work to maintain the protections in the legislative process. It is important to note here that the public mandates, and therefore the priorities, of Utah's counties and SITLA are different in many ways. Consequently, this exchange must be viewed as a substantial success as it relates to SITLA's prescribed priority as trustees of those lands set aside that assist in the education of Utah's school children. With these concerns so addressed, we support legislation which would allow this exchange to succeed. We cannot emphasize enough the benefit it would provide for the school children of Utah.

In conclusion, Mr. Babbitt has said in his testimony and in his written testimony I quote "with this settlement, perhaps we have opened a positive new chapter in the Federal-State relationship concerning public land management in Utah." Utah Association of Counties would be even more enthusiastic in our support if we knew that this exchange would indeed set the stage for a more cooperative atmosphere in public lands matters; that it would set a precedent for future successful tradeouts of captured State trust lands in other areas; and that it would open the door to resolution-oriented negotiations on all contentious public lands' issues in the future. We hope that it does exactly that.

Thank you very much.

Mr. HANSEN. Thank you, Commissioner.

Commissioner Judd.

[The prepared statement of Mr. Johnson may be found at end of hearing.]

STATEMENT OF JOE JUDD, KANE COUNTY COMMISSIONER

Mr. JUDD. Good morning, Mr. Chairman, and members of the Subcommittee. I'd like to express my great appreciation to you and, especially, to the staff that has been so cooperative in making this opportunity to approach you in an otherwise difficult situation almost pleasurable.

I wish to address you on behalf of the Commissioner of Kane County for allowing me to testify and the bill will provide an Exchange Lands within the State of Utah. Let me begin by saying that we had some reservations when we heard that this had occurred. We had concerns about mineral interests, grazing rights, access, water, and PILT payments. All of those, apparently, have been addressed successfully within the compromise of the bill. We would like to also tell you that the exchange in effect will allow the transfer of mineral rights.

Let me begin by saying that we in no way wish to interfere with the agreement that has been negotiated between the State of Utah and the Department of Interior, but at the same time we would like to address what we believe is an omission of Kane County and positive consequences of the exchange.

The exchange, in effect, transfers the value of mineral and energy resources out of Kane County into other areas of the State. These are values that were critical to the future development of the economy, the communities, especially Kane County. In return, we are faced with costs and responsibilities related to Grand Staircase–Escalante National Monument. Although we have an interest in tourism, we are being asked to trade high income, primary income jobs, wage earners into a low-paying second income job and end the tourist industry. And still we have been looking forward with resignation trying to do the best we can with the cards we've been dealt.

Mr. Chairman, I think the disparity should be more than obvious to everyone. It is our understanding that there will be royalties paid from resources of the development on BLM lands in some of the exchange areas. One-half of that royalty will be going to the State of Utah. The other half going to the Federal Treasury. It is our proposal that a significant portion of the Federal share go to the protection of monument resources and the mitigation of monument impacts on Kane County and local governments.

We believe that this can be implemented legislatively and not affect the negotiated agreement. The Federal royalties could be deposited in a fund for the county. A mechanism could be developed for the release of these funds based on criteria and factors spelled out in a bill or developed within the Department of Interior.

The Secretary has recognized the appropriateness of the utility of the county's role as has the Congress through appropriations. The fund would decrease the dependency for annual appropriations. Incidentally, I'm not here today representing Garfield County, but they may have a similar concern and may wish to participate in share of the fund. If that's the case, I'm sure that some fair and proportional formula can be devised.

We do not have specific language to offer at this time, but if the Committee is receptive to the general proposal, we'd be happy to develop language with the Committee.

Thank you again very much for allowing me to come and to represent my county, and I'll answer questions if I may?

Thank you Mr. Chairman.

[The prepared statement of Mr. Judd may be found at end of hearing.]

Mr. HANSEN. Thank you, Commissioner Judd.

The gentleman from American Samoa.

Mr. FALEOMAVAEGA. Mr. Chairman, I want to thank both gentlemen for their testimonies. I have no questions.

Mr. HANSEN. The gentlelady from the Virgin Islands.

Ms. CHRISTIAN-GREEN. Same. I just want to thank you for coming and giving your testimony. I have no questions, either, Mr. Chairman.

Mr. HANSEN. I recognize our colleague from the Second District of Utah.

Mr. COOK. Thank you. I certainly appreciate the testimony.

I would just like to ask the commissioners what they could identify in this bill, or in the process leading up to it, that might be useful for the Resources Committee and those of us in Congress and the administration in trying to achieve closure on one of the

most difficult question and that's the overall wilderness issue in the State of Utah? Is this a potential opening to finding a formula that might be satisfactory both in terms of a reasonable setaside and preservation of jobs and economic development? Do you see anything in here that might——

Mr. JOHNSON. Well, Congressman, as you are aware, Emery County has a bill that is now in committee. It has been passed out of the subcommittee, that we feel is a bill that addresses all concerns of all interested parties on public lands' issues which include wilderness and everything from that point outward that we think has a very good chance of bringing people to a different perspective on the public lands' management issues.

And I think that something that Mr. Babbitt said here today is the bottom line of how that may be achieved. He said we simply decided to agree to agree, and I think that's what happened in this exchange. They decided to agree to agree, and I think that if we could have that attitude between the State and Federal Government as we perceive now along some hybrid forms of management that perhaps take in all the interests of all different stakeholders in a better way than we've done in the past, we could succeed in bringing to resolution many of these longstanding and contentious issues. And I hope it does set a precedent if that's—you know, that's the second part of your question. I certainly do hope it sets a precedent for that.

Mr. JUDD. Congressman, if I might address this—we in Kane County have tried as best we can. We're a small, ineffective county. We don't have a lot of resources and so we have to do the best we can with what we've got. We've tried as best we can to become a real true partner in every sense of the word with the Department of Interior. We've had great treatment working with Jerry Meredith and Susan Reef, and now Monica Makusic and her staff; Albert Worth, and Williams, and Jeff Webb, and all the people that are over there to Secretary Babbitt himself.

We've tried as a partner to arrive at agreements that might be advantageous to both. I think that what has been tried in the past, obviously, has not worked. We need to be a little more creative. We need to drop the barriers that have always been there, that have apparently satisfied constituents on both sides of the House. And get away from that and try to approach the problem, much as Commissioner Johnson has done here in his testimony this morning, talking to his bill that's there before the House. I think that's a very creative attitude and really needs to be lauded.

There are many ways to do this, but they're not going to happen unless we—as Secretary Babbitt said this morning, and he and Governor Leavitt—at least they talked. And, I believe if we could drop our animosities and look forward to solving the problem, there's a lot of things that can occur.

Thank you.

Mr. HANSEN. Commissioner Judd, what would it have meant to Kane County if Smoky Hollow had been developed?

Mr. JUDD. Oh, Congressman, how much time do we have?

Mr. HANSEN. Not very much.

[Laughter.]

Mr. JUDD. Not very much. I know that. If you can picture when they closed the saw mill, 700 jobs went away. When they closed the uranium mines down in the strip, 250 jobs went away. And in our little county, it isn't like Hill Air Force Base where you've got thousands of employment, but this would have provided 900 jobs at least. And all the fallout goodies that would have come from it; people who work on the truck; and people who supply the pancakes on Saturday morning; and all those goodies, and I'd look forward to the opportunity to follow behind a shopping cart with a housewife and watch her fill the cart with food for her family. Now I know that sounds kind of schmaltzy, but, as a Commissioner, that's what I was really looking forward to, and I was not going to address her or anybody else.

I was just going to take great pride and watch that cart begin to fill up and feed kids. That's really what it's about. The things that would've occurred for our county, at least I feel in my opinion, would have been a great advantage with very little risks.

Mr. HANSEN. Do you think it could have been done in an environmentally sound way?

Mr. JUDD. I believe, if the Environmental Impact Statement that the Department of Interior had been working on for a long time would had been allowed to reach the light to day, it would have said just that. Yes, I do.

Mr. HANSEN. So, in your opinion—what would you say, 900 jobs?

Mr. JUDD. Nine hundred jobs at least. That's for the first phase, Congressman, just the first phase.

Mr. HANSEN. How long do you think that would have continued?

Mr. JUDD. Well, long beyond our lifetimes. I'm sure. When I talked to Dave Shaver and those who were working on providing the Mining Statement, they've talked about a hundred years.

Mr. HANSEN. Commissioner Johnson, I hope everybody realizes support of local government is critical in the passage of this legislation and this Committee puts great precedence and feelings, and we have—as long as I've been here, on how local government looks as this.

By your statement, apparently they felt pretty good about it. Do you see a lot of—any dissenting feelings in here or do you feel this is smooth sailing? Give me your assessment of that.

Mr. JOHNSON. Congressman, as I said, I think that dissention opinions would come from any feeling that we were not protecting those issues such as mineral lease payments, PILT payments, and so forth in the manner in which SITLA has agreed to pay them that holds the counties harmless as these things are exchanged. In other words, mineral leases that we are now receiving or that we may receive in the future need to remain the same after these tradeouts as they would have been, you know, without the tradeouts. If these things are consistently addressed in the legislation and hailed in that form, I think the support would remain and would be consistent there. If we see that changing to where we lose mineral lease; we lose PILT, we lose some of these other things that we so rely on, then we would have deep concerns about this exchange.

Mr. HANSEN. Well, let's get into the problem. Some people benefit, as your county will. Some people get hurt, as apparently Gar-

field County will, maybe Kane County and others. It's hard to come at an equity in these things. It's very difficult.

Mr. JOHNSON. It is. Now, I have to say that I think, probably, no body is hurt. I wouldn't address it that way. Some don't gain, and like Kane and Garfield, you have by virtue of the monument resources that are locked in there. But, they're locked in there by the monument itself, you know, at this point. So, to say that they're hurt by this process, I don't think would be appropriate. I think some don't gain, and others do.

But, I'd also would like to point out to you the other side of the gain issue. In Emery County, for example, where we frequently are looked upon as the place to jump with leases because of environmental problems in other areas, our what—when I started as the commissioner, there was a 100 years' supply of coal. There's now a 20 years' supply of coal. Now what does Emery County do in 20 years when those coal reserves that are now being actively pursued by all of this action are gone, and we have to completely change the economy that we now depend upon? So there are other, you know, outside issues that you don't even recognize, but in general, I would tell you that our support is there for this exchange on behalf of SITLA.

Mr. HANSEN. You may have noticed that I mentioned to Secretary Babbitt about the bill that Emery County has been pushing and has now been passed by the Subcommittee and it's on its way to Full Committee. We had asked the Secretary to supply us with some folks to come up and discuss it. At the hearing, we thought that was going to happen, but apparently they decided not to.

As you know, we have substantially watered down that bill, and in my mind, removed the objections that the administration really should have. Also, Mr. Hinchey, who had four amendments, I think basically, three of those were pretty well resolved. The only thing that, of course, we would lock into would be that we're not going to try messing around with the Law of the River and State Water law, and the upper and lower basin compact in a bill of this nature.

I would ask you if you could feel it in your—had the time to do it, that you talk to the administration. Explain to them these things as we're trying to do also, so that they understand the value in this piece of legislation which to me has turned into pretty innocuous, but a good piece of legislation for the State of Utah and should be on a fast track also.

Mr. JOHNSON. I agree, sir, and we've certainly would make every effort to do that. Emery County has tried to address all the concerns that have been raised since this bill has moved along, and I think we've done that to a very large degree. And I think again, here it's just a matter of sitting across the table and looking at these things. Some of the concerns raised over roads and Heritage Area management are really non-issues when we get—sit down at the table and see what Emery County is already done to address these things. So, I——

Mr. HANSEN. Like the Secretary said, you've got to keep talking.

Mr. JOHNSON. Yes.

Mr. HANSEN. We'll try to do the same thing, but we have a rather full platter at this time.

The gentleman from Michigan. We have two commissioners from Utah here on this Land Exchange bill. We also appreciate our friend from Michigan, Mr. Kildee. Any statement?

Mr. KILDEE. I have no statement at this time, Mr. Chairman. Thank you very much for having the hearing.

Mr. HANSEN. The gentleman from California, any questions?

[Laughter.]

Mr. GALLEGLY. Mr. Chairman, thanks for calling the meeting. I have no opening statement.

Mr. HANSEN. Thank you. I appreciate the commissioner being here and will excuse you from the table at this time.

We'll turn to our next panel. Mr. David Terry, Director of Schools in the Institutional Trust Land Administration, Dr. Scott Bean, State Superintendent of Public Construction, and Paula Williams-Plant, Legislative Vice President, Utah PTA.

We'll start on this end. Paula Williams-Plant, we'll here from you.

STATEMENT OF PAULA PLANT, LEGISLATIVE VICE PRESIDENT, UTAH PTA

Ms. WILLIAMS-PLANT. My name is Paula Plant. Thank you, Chairman and the Committee, for the opportunity of being here with you today and to be able to speak on behalf of Utah's school children. I am the legislative vice president for Utah PTA, and I have been involved with trust land issues for about 7 years.

Education is one of the highest priorities for Utahns. We tend to be leaders in performance in education; yet, we spend less per pupil to educate our children than any other State in the Nation. Our dedication to education is demonstrated by the State budget. We spend more percentage-wise to educate our children than any other State. Half of the annual budget goes to support public education. It is, however, difficult in our State to generate adequate revenues from property taxes because only 21 percent of the State is privately held; 68 percent of the State belongs to the Federal Government; 7 percent is held in a trust for the school children.

We experience the same difficulties in our State that many of you do. We have large class sizes. They are the largest in the Nation. We have children who attend class in trailers and on all kinds of rotating schedules, to be able to accommodate growing populations of children that are larger than the schools were built to hold. In every secondary school in our State, fees for textbooks and classroom supplies are passed on to parents for their responsibility.

Our difficulties are magnified because of the inadequate revenues that property taxes are able to provide. In Utah we have to stretch dollars to meet the needs of our school children.

Utah PTA became involved in reforming the management of the trust lands about a decade ago. We lobbied for the Act of 1994 which created the School and Institutional Trust Lands Administration. It's a new independent agency, with the responsibility of managing the trust solely for the benefit of the beneficiaries. The primary beneficiaries are the school children of our State. We are immensely pleased with the progress that has been made over the past 4 years. We believe that they are doing a great job, and we believe that their independence is a key factor in that progress.

We have been able to watch the revenues increase every single year. The lands are now managed effectively and efficiently, and for the sole benefit of the beneficiaries.

Utah PTA has been, and continues to be, the watchdog over the children's trust. We watch closely the activities of the new agency and the board of trustees, and we are in close communication with other education groups in our State through the Utah Public Education Coalition. We have worked together in the past on education issues and on trust lands issues.

The announcement of the signing between Secretary Babbitt and the Governor met with enthusiasm at our meeting last week. It is important to every group in that coalition that everyone who is associated with the trust meets their fiduciary responsibility to the children.

Over the past couple of years we have worked very diligently to try to see that the children in our State are fairly compensated for the land in the National Monument and have worked for many years toward a trade out of other Federal designations. We understand the value of the lands that are to be traded. We also understand that much of it is speculative so far as the mineral estate is concerned.

We recognize that this is just a first step and urge you to do what you can to see that this legislation passes. We also recognize that there is a social value associated with solitude and parks, and we are most pleased to be able to offer this treasure to the United States. This bill will protect both treasures—our school children and our parks.

We have worked with our State to see that they fill their fiduciary responsibility to the children. This is the opportunity for the Federal Government to fulfill theirs. It was, after all, the Federal Government that granted the trust lands in the first place, and as grantor of the trust, they have a responsibility to see that the school trust lands are used to support public schools. This legislation will allow the trust to accomplish that purpose.

Thank you.

[The prepared statement of Ms. Plant may be found at end of hearing.]

Mr. GALLEGLY. [presiding] Thank you very much, Dr. Plant.

At this time we will yield to Dr. Scott Bean, the State superintendent of public education. Dr. Bean.

STATEMENT OF SCOTT BEAN, STATE SUPERINTENDENT OF PUBLIC CONSTRUCTION

Mr. BEAN. Thank you, Mr. Chairman. Members of the Subcommittee, thank you for the opportunity to speak today in favor of the exchange of school and Federal assets, as provided in H.R. 3830. Under the agreement signed by Governor Leavitt and Secretary Babbitt, clear benefits accrue to both the school children of Utah and the American people, as provisions of this bill are enacted.

During most of the years since statehood, some Utah school lands have been captured within national parks, Native American reservations, and national forests without compensation. They have provided no support for our schools and our children. For three

generations this abuse of trust has prevailed. There has been neither political will to exchange the lands nor compensation for their use.

These captured lands have pitted education against the environmental community and Federal employees against State employees, while still leaving the issue of compensation to our schools unresolved. Utah schools have been placed in the untenable and unpopular position of developing within national parks or remaining uncompensated. We chose the higher ground. Utah school children have gone without some needed books and other items while supporting national parks for the enjoyment of the Nation.

Before you today is a proposal to resolve these contentious land issues satisfactorily for both Utah schools and the Nation. Now is the time for resolution. This bill will relinquish surface and mineral title to almost 376,000 acres of school lands captured within various Federal designations. Our schools will receive approximately 130,000 acres. We acknowledge that the Federal Government will have a net gain of approximately .25 million acres. We recognize the concern that some may have over this significant increase in Federal ownership in a State where the Federal Government controls over two-thirds of the land.

To modify this exchange in any way will disturb the balance that has been negotiated. We believe that the Utah School and Institutional Trust Lands Administration, acting on behalf of the children, has developed a proposal that will compensate us at an acceptable level. We believe that the Department of Interior has negotiated a proposal that is fair to the Federal Treasury and Federal lands.

Therefore, speaking for Utah schools, I assert that now is the time for resolution, using the presently negotiated agreement. As State Superintendent of Public Instruction, I would like to emphasize the following aspects of the proposed exchange:

First, Utah schools are relinquishing to the Federal Government all rights to the Nation's largest untapped energy resource in the Kaipairowits Coal Basin.

Second, the proposed exchange is beneficial to the Federal Government, especially as compared to other recently proposed exchanges involving sensitive natural resources desired for protection by the Federal Government.

Third, following this exchange, the Federal Government will have the opportunity to comprehensively manage national parks and monuments in Utah.

Fourth, all of the school lands proposed for acquisition are in areas designated for surface and mineral development, thus avoiding environmentally protected areas.

Fifth, the education community, as the beneficiary of the school trust lands, offers its firm support for this agreement. And, finally, our support for this proposal is predicated upon the Federal Government's and the environmental community's assurance that all mineral and surface resources acquired in this exchange can be fully and expeditiously developed with governmental and environmental support. We will follow the details of this exchange.

Education would like to commend the entire Utah delegation, and especially you, Mr. Chairman; also, the Utah School and Insti-

tutional Trust Lands Administration, and, finally, Governor Leavitt and Secretary Babbitt for their leadership and courage in developing this exchange and in resolving these controversial issues.

We strongly support the finality of the proposed exchange. The Utah education community has not been well-served by the expectation of past exchanges that have been frustrated by politics and disagreement over valuation. If this exchange takes place as proposed, it will resolve the longstanding tension among educators, State and Federal agencies, environmental interests, and will allow Utahns to work together toward prosperity, economic health, and adequate funding for education in the next century.

Furthermore, this proposed exchange will allow all Americans to appreciate and enjoy the beauties of our State without compromising the education of Utah's children.

Thank you.

[The prepared statement of Mr. Bean may be found at end of hearing.]

Mr. HANSEN. [presiding] Thank you, Dr. Bean.

I'd like to point out for the members of the Committee that we have with us Andy Mitchell, Canadian Secretary of State for National Parks. We're grateful that you could be with us, and we welcome you to join us, if you would like to sit upon the dais, or whatever you would like to do. We appreciate your being with us.

I will now turn to Mr. David Terry.

STATEMENT OF DAVID TERRY, DIRECTOR OF SCHOOLS, INSTITUTIONAL TRUST LAND ADMINISTRATION

Mr. TERRY. Thank you, Mr. Chairman, for the opportunity to testify today. I am David Terry. I'm the director of the School and Institutional Trust Lands Administration for the State of Utah.

As Ms. Plant referred to us, we were created in 1994 as an independent agency of the Utah State government for the purpose of managing trust lands for the benefit of education and other public institutions. These lands were granted to us at statehood, similar to grants made to other States for educational trusts.

I'm pleased to express my unconditional support for H.R. 3830. The May 8th, 1998 agreement between the Secretary and the Governor is truly historic. Many of our predecessors had worked on this problem.

Before you I believe you have three maps, letter-size maps. The top map illustrates the situation of the trust lands within Utah at the time of the grant at statehood, but Congress had no idea of the value or potential for value of lands within the State of Utah, and they made the grant in a four-section-per-township grant across the entire State. That accounts for the scattered nature of our ownership, which is all of the blue lands. The yellow lands are Bureau of Land Management-controlled lands. So you can see that we are partners with the United States in the management of the lands within our State.

The second map that you have—or I should say, on that first map as well, you'll notice some darker magenta colors. Those are the national parks. Arches National Park and Capital Reef National Park have trust lands within those two national parks, and

that's the issue that's been going on for some 50 or 60 years—as to how to manage those lands within the national treasures.

On the second map, you'll see enumerated the description of the lands that are involved within H.R. 3830. At the north end of the map, the Beaver Mountain Ski Resort is land that would come to the State of Utah from the United States. Immediately adjacent to that is some State land that would go to the national forests. But we'll also pick up Uintah County, the Blue Mountain telecommunications site, some tarsands properties along Asphalt Ridge, some oil and gas properties in Duchesne County, and additional tarsands properties in Uintah County; coal properties in the Westridge Coal Tract. All of the magenta-colored tracts, we will acquire surface and mineral estate. On the dark blue tracts, the Dugout Canyon, Mill Fork, Cottonwood, North Horn, and Muddy Track, we will only acquire the minerals estate, and we will be able to mine the coal. In Millard County, we'll acquire a limestone property, and then we'll acquire surface tracts at Hatch and Garfield County, at Warner Valley and Washington County, and the Big Water Tract, about 35,000 acres, in Kane County.

The lands that we're giving up are also illustrated here. Within the National Monument, the school sections have been changed from blue to more of a red color, and all of those lands will be deeded to the United States, along with the lands in the Navajo Reservation, the Glen Canyon National Recreation Area, Capital Reef National Park, Arches National Park, Dinosaur National Monument, Flaming Gorge Recreation Area, national forest lands, and the Goshute Reservation.

Then, finally, the third map you have illustrates the condition of land status following the conclusion of Public Law 103 land exchange as amended to include the Grand Staircase, that agreement signed on May the 8th. So, as you can see on this map, there will be no trust lands within any of the national parks or national monuments or Native American reservations within the State of Utah, and we will acquire the large blocks that are referred to on the other map.

I would also like to just briefly mention the methodology. As Secretary Babbitt explained more articulately than I can, the methodology was to take similar assets on Federal land and compare those with similar assets on State land, coal for coal, and then take the sum of the single parts and negotiate a total value. So the negotiators worked very hard to understand the values of our lands as well as the values of the Federal lands that we're acquiring.

The last thing that I'd like to say is I would like to thank Commissioner Ray Powell from New Mexico, who is the president of the Western States Land Commissioners Association, and Commissioner Powell has submitted written testimony as well supporting this exchange, and we believe it is a first step to solving public land issues in Utah, as well as other western States.

[The prepared statement of Mr. Terry may be found at end of hearing.]

Mr. HANSEN. Thank you very much, Mr. Terry. We appreciate your comments.

This is really kind of disappointing to me. I haven't had anybody oppose this. This kind of takes the fun out of this whole meeting, if I may say so.

[Laughter.]

The gentleman from American Samoa.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

The testimonies that were borne this morning from Ms. Plant and Mr. Bean, it sounded like you were giving a lukewarm support for this legislation. Am I wrong in hearing your testimony—or maybe, maybe not? Maybe there's still some faulty areas in this proposed bill?

Mr. BEAN. Well, no, Representative. What you hear is years of frustration, but I really do think that this proposal, negotiated by Secretary Babbitt and Governor Leavitt, is really a positive proposal. It ends the controversy, and it will definitely be of benefit financially for the school children in Utah. There is no question about that.

But I think you do—in the testimony that I did give, it does reflect some frustration with probably 40 or 50 years when we received no compensation whatever for all of those hundreds of thousands of acres that were contained within those parks and monuments, and really a great reluctance on the part of the bureaucracy here to do anything about that.

I've had people—I should say this is secondhand, but Federal employees express the idea that it didn't make any difference if the lands were in parks and monuments, you know; we couldn't do anything with them anyway. Well, we really could have done something with it, and we could have developed lands within parks and monuments, but I don't think that would have been of benefit to the American people. That's why I say I think that the State has chosen the higher ground in those situations.

Mr. FALEOMAVAEGA. So I guess it comes down to the fact that from both previous Democratic and Republican administrations the matter has still not been resolved until this administration. I think Secretary Babbitt could not have stated it better when he was specifically instructed by President Clinton to see to it that this matter be resolved, and I am very happy that Governor Leavitt's presence verified that commitment to see that the problem now has finally been resolved.

And this does not take away the commitment as well that the chairman has made for all these years in trying to resolve it, and that's why I suggested, Mr. Chairman, that we ought to have the Secretary of the Interior do these negotiations from now on, and not leave it to his subordinates, because that seems to be the problem that we have every time we have hearings here.

Thank you, Mr. Chairman.

Mr. HANSEN. Thank you.

The gentleman from Utah, Mr. Cook.

Mr. COOK. Yes, thank you, Mr. Chairman.

I certainly want to commend the panel on a very excellent presentation on the effects of this agreement on education. Of course, one of the biggest issues in Utah education, and I think something that has broad and deep support from all segments of Utah, is the need to reduce class size.

Perhaps, Dr. Bean, maybe you could give us some assessment. This agreement, I think one of the reasons it's supported so strongly is there's real hard dollars presented that would come very early. We've talked about up to a billion dollars, and we don't know how accurate that may be, but we certainly know that at least $50 to $60 million should come into Utah's school system very quickly upon ratification of this agreement.

Could you give us some indication of what that would mean in terms of reduction of class size in the State of Utah?

Mr. BEAN. Well, Representative, I really appreciate the question. The money will go into the permanent trust fund, and so the potential for funding Utah schools comes not necessarily from the initial investment, which will yield on the interest basis, and the interest is what we can use. We'll probably get from that maybe $5 or $6 million a year, and I think we'll get somewhere in that vicinity. But the potential on the mineral part of this and the other exchanges for the value of the land that is being exchanged has much, much higher potential.

I think David Terry might be able to comment on that, too, because they've looked at this, and we've looked at this, too, with the Governor's staff, and we feel like it really does have huge potential for bringing funds in—not next year, but in a 10-to-15-year period it has huge potential.

Mr. COOK. I know that the President, in his State of the Union address this year, also in his budget proposals in front of Congress, has talked about something over $1 billion nationwide program that I think would translate to about $4.5 or $5 million for Utah. I have actually sent communication to the administration that I don't think Utah is getting its fair share of that whole thing.

But how would you compare this agreement, for example, on exchange of trust lands with the President's proposal that he outlined generally for all States?

Mr. BEAN. Well, in the President's proposal we could reduce class size in Utah by fewer than one-third student per classroom on the average. So it doesn't have much effect, and you're right, on the formula used on that, it still, in our view, while we have 1 percent of the school children in the Nation, we get about half a percent or less under that proposal. So does that have much impact? No, it doesn't in Utah.

In a comparative sense, this proposal could probably reduce class size in Utah over the years. If we take it 30 years down the road, and we used it for class size reduction only, I would estimate that we could probably reduce class size in the State maybe five to six students per classroom. So this has a much more—well, it's a huge impact on the State.

Mr. COOK. Your estimate would indicate 15 to 18 times over the other program.

Mr. BEAN. Well, I don't think there's any question—or more.

Mr. COOK. Thank you.

Mr. HANSEN. I thank the gentleman.

I think this is something that Congress can do for education in Utah. Contrary to popular belief, Congress doesn't have as much to do with education as the State legislature has. I know when I was speaker of the house, 92 percent of all the money came from

local areas, and we get involved in Title 9 and a few other things, and here's a chance to help out in a very worthy cause.

I want to thank the three members of the panel who are before us for your excellent testimony. I am glad to see that there's no objection. This is the first bill that we have looked at for years and years that someone hasn't come on the other side and given us a lot of reasons why we should not pass it. So while I'm still in shock, let's end this meeting, OK?

Thank you for coming.

[Whereupon, at 10:44 a.m., the Subcommittee adjourned subject to the call of the Chair.]

[Additional material submitted for the record follows.]

STATEMENT OF JOE JUDD ON BEHALF OF KANE COUNTY, UTAH

Mr. Chairman, and members of the Subcommittee, I would like to express my great appreciation to you, on behalf of the Commissioners and people of Kane County, for allowing me to testify regarding H.R. 3830—a bill to provide for the exchange of lands within the State of Utah.

Let me begin by saying that we in no way wish to interfere with the agreement that has been negotiated between the State of Utah and Department of Interior. But at the same time, we would like to address what we believe is the omission of Kane County in the positive consequences of the exchange.

The exchange, in effect, transfers the value of mineral and energy resources out of Kane County to other areas of the state. These are values that were critical to the future development of the economy and communities of Kane County. In return, we are faced with costs and responsibilities related to the Grand Staircase–Escalante National Monument. Although we may have an increase in tourism, we are being asked to trade high income primary wage-eamer jobs for lower paying second-income jobs in the tourist industry. And still, we have been going forward with resignation, trying to do the best we can with the cards we have been dealt. But, Mr. Chairman, I think the disparity should be more than obvious to everyone.

It is our understanding that there will be royalties paid from resource development on BLM lands in some of these exchange areas. One-half of the royalty will be going to the State of Utah and the other half going to the Federal Treasury. *It is our proposal that a significant portion of the Federal share go to the protection of monument resources and the mitigation of monument impacts on Kane County and local governments.*

We believe this could be implemented legislatively and not affect the negotiated agreement. The Federal royalties could be deposited in a fund for the county; a mechanism could be developed for the release of those funds based on criteria and factors to be spelled out in the bill or developed with the Department of Interior. The Secretary has recognized the appropriateness and the utility of the county role, as has the Congress through appropriations. This fund would decrease the dependency on annual appropriations.

I am not here today representing Garfield County, but they may have similar concerns and may wish to participate or share in a fund. If that is the case, I am sure that some fair and proportional formula could be devised. We do not have specific language to offer at this time, but if the Committee is receptive to the general proposal, we would be happy to develop language with the Committee.

Thank you again for the opportunity to testify on behalf of Kane County.

STATEMENT OF PAULA M. PLANT, LEGISLATIVE VICE-PRESIDENT, UTAH STATE PTA

I am Paula M. Plant, Legislative Vice-President of Utah PTA. I have been involved in trust lands issues for seven years.

Education is one of the highest priorities for Utahns. We are among the leaders in performance in education, but we are among the lowest in per-pupil expenditures in the nation. We spend a greater percentage of the total state budget on education than any other state. Half of the annual budget goes to support public education. It is difficult to generate revenue for schools from property tax because only 21 percent of the state is privately held. The Federal Government owns 68 percent of the lands, and 7 percent belongs to the school trust. These trust lands were given to the state at Statehood, as the Governor has stated, for the benefit of the schoolchildren.

We experience the same difficulties as other states across the country. We have large classes, with growing populations of students attending school in trailers and on rotating schedules to accommodate larger enrollments than schools were built to hold. Classroom supply expenses and textbook fees are passed along to parents in every secondary school in the state. Our difficulties are magnified because of the inadequate revenue stream property taxes provide. In Utah, we stretch dollars to meet the needs of our children. Every nickel counts!

Utah PTA became involved in reforming the management of the school trust lands about a decade ago. Utah PTA lobbied for the Act of 1994 which created the School and Institutional Trust Lands Administration, a new independent state agency with the responsibility of managing the trust solely for the benefit of the beneficiaries. The primary beneficiaries are Utah's schoolchildren.

We are immensely pleased about the progress the trust lands agency has made and believe the independence of the agency has been a key factor in the positive results over the past four years. They are doing a great job. The total asset values of the trust have increased more than 10 times since 1983. Utah's trust lands are

now managed efficiently and effectively for the benefit of our school. We believe these results speak for themselves.

Utah PTA has been and continues to be the watchdog over our children's trust. We watch closely the activities of the agency and the Board of Trustees. We are in constant communication with the other education groups in Utah through the Utah State Public Education Coalition. We have worked together in the past on school trust issues. The initial announcement of the agreement between Governor Leavitt and Secretary Babbitt met with enthusiasm in our meeting last week. It is important to us that the fiduciary duties of all involved with the trust are met. We have been involved with the effort to trade the land out of Federal reservations in our state and have worked over the past two years toward fair compensation for our schoolchildren for the trust lands captured within the monument. We understand the value of the land in this proposed land trade. We also understand that much of the trade is speculative where the mineral estate is concerned.

Recognizing that the agreement signed by Governor Leavitt and Secretary Babbitt is only a first step in the process of this kind of exchange, we are enthusiastic and optimistic about the benefit this exchange could have for the schoolchildren of our state. We also recognize the social value of solitude and parks and are pleased that Utah has the opportunity to offer these treasures to the United States. This bill will protect both treasures—our school and our parks.

We have worked with our own state to see they fulfill their fiduciary responsibility to the schoolchildren. This is the opportunity for the Federal Government to fulfill theirs. The trust was established originally by the Federal Government to provide education to our children. As grantor of this trust in a solemn compact, the United States is also bound by a duty to ensure the school trust lands are used to support the public schools. This historic trade will allow the trust to accomplish that purpose.

Thank you.

UTAH CONGRESS OF PARENTS AND TEACHERS, INC.

1998 UTAH PTA

R E S O L U T I O N

SCHOOL TRUST LANDS

WHEREAS, At statehood the Federal Government owned well over 80 percent of the land in the new State of Utah; and

WHEREAS, The State agreed not to tax Federal land; and

WHEREAS, Primary support for the schools at that time came through the property tax; and

WHEREAS, The Federal Government then granted four, one square mile sections in every thirty-six square mile township, to be held in trust for the support of the public schools; and

WHEREAS, The School Land Trust retains some 3.6 million acres of surface land and 4.4 million acres of underground mineral rights; and

WHEREAS, The Utah Legislature has created the School and Institutional Trust Land Administration, an independent agency, to manage these school lands for the sole benefit of Utah public schools, with strict adherence to their trust obligations; and

WHEREAS, Utah PTA and its constituent organizations have been involved in educating elected officials in Utah and nationally about school trust lands and their fiduciary responsibility to the trust. They have advocated for recent changes in the management and operation of the trust which has resulted in increased revenues. They continue to be an important voice in ensuring that the school children of Utah are fairly dealt with in relation to the trust; therefore be it

Resolved, That the Utah PTA encourage the Governor, Legislature, the State Treasurer, the Attomey General, the School and Institutional Trust Land Administration and other State officials to take all necessary steps to manage the School Trust Lands in accordance with Trust duties and principles, including undivided loyalty to the beneficiaries, a duty to make trust property productive, a duty to keep and render accounts, and a duty to exercise prudence and skill in administering the trust, thereby obtaining much-needed revenue for Utah's schools; and be it further

Resolved, That the Utah PTA work to encourage Federal and State officials to fulfill their responsibilities under the *Enabling Act* by assisting the State in proper management of school trust lands for their intended purpose, to support schools. In cases where management for Trust purposes would conflict with other important purposes, such as protection of archaeological, aesthetic, or other environmental or

cultural resources, that the Federal Government purchase, or trade the affected lands for other lands of comparable value; and be it further

Resolved, That any such trade or purchase be for the full value of the Trust Lands, with an appropriate additional amount to compensate the School Trust for losses incurred due to failure by the Federal Government to permit reasonable development of the Trust Lands in question; and be it further

Resolved, That the leadership of the Utah PTA be directed to inform appropriate State and Federal officials of this resolution and work to accomplish its objectives.

STATEMENT OF DR. SCOTT W. BEAN, STATE OF UTAH

Thank you for the opportunity to speak today in favor of the exchange of school and Federal assets as provided in H.R. 3830. Under the Agreement signed by Governor Leavitt and Secretary Babbitt, clear benefits will accrue to both the schools of Utah and the American people as the provisions of this bill are enacted.

During most of the years since statehood, Utah school lands have been captured within National Parks, Native American reservations, and National Forests without compensation. They have provided no support for our schools and our children. For three generations this abuse of trust has prevailed. There has been neither political will to exchange the lands nor compensation for their use. These captured school lands have pitted education against the environment, Federal employees against state employees, while still leaving the issue of compensation to our schools unresolved. Utah schools have been placed in the untenable and unpopular position of developing within the National Parks or remaining uncompensated. We chose the higher ground. Utah school children have gone without books while supporting National Parks for the enjoyment of the nation. Before you today, is a proposal to resolve these contentious land issues satisfactorily for both the schools and the nation. Now is the time for resolution.

This bill will relinquish surface and mineral title to almost 376,000 acres of school lands captured within various Federal designations. Our schools will receive approximately 130,000 acres. We acknowledge that the Federal Government will have a net gain of approximately one-quarter of a million acres. We recognize the concern that some may have over this significant increase in Federal ownership in a state where the Federal Government controls over two-thirds of the land.

To modify this exchange in any way will disturb the delicate balance that has been negotiated. We believe that the School and Institutional Trust Lands Administration, acting on behalf of the children, has developed a proposal that will compensate us at an acceptable level. We believe that the Department of Interior has negotiated a proposal that is fair to the Federal Treasury and Federal lands. Therefore, speaking for Utah schools, I assert that now is the time for resolution using the presently negotiated agreement.

As the State Superintendent of Public Instruction, I would like to emphasize the following aspects of the proposed exchange:

- Utah schools are relinquishing to the Federal Government all rights to the nation's largest untapped energy resource in the Kaipairowits Coal Basin.
- This proposed exchange is beneficial to the Federal Government especially as compared to other recently proposed exchanges involving sensitive natural resources desired for protection by the Federal Government. Other exchanges have offered compensation at multiples of this level for less than 1 percent of the lands identified in this exchange. These other exchanges would benefit private interests while this exchange benefits the public schools.
- Following this exchange, the Federal Government will have the opportunity to comprehensively manage our National Parks and Monuments.
- All of the school lands proposed for acquisition are in areas designated for surface and mineral development, thus avoiding environmentally protected areas.
- The education community, as the beneficiary of the school trust lands, offers its firm support to this Agreement as long as our representatives are included in all discussions and negotiations leading to a successful conclusion to this advantageous exchange.
- Our support for this proposal is conditioned upon the Federal Government's and the environmental community's assurances that all mineral and surface resources acquired in this exchange can be fully and expeditiously developed with governmental and environmental support.

We will follow the tedious details of this exchange. It is significant to note where the schools receive surface and mineral interests as opposed to only a determinable fee interest in speculative coal.

Education would like to commend the entire Utah delegation, the School and Institutional Trust Lands Administration, our governor and his staff, and Secretary Babbitt for the leadership and courage they have shown in developing this exchange and in resolving these controversial issues.

We strongly applaud the finality of this proposed exchange. The Utah education community has not been well served by the expectation of past exchanges that have been frustrated by politics and disagreement over valuation. If this exchange takes place as proposed, it will resolve the long standing tension among educators, state and Federal agencies, and environmental interests and allow Utahns to work together toward prosperity, economic health and adequate funding for education in the next century.

Furthermore, this proposed exchange will allow all Americans to appreciate and enjoy the beauties of our great state without compromising the education of Utah's children.

STATEMENT OF DAVID T. TERRY, DIRECTOR, UTAH SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION

Thank you for the opportunity to testify today. My name is David T. Terry, and I am the director of the Utah School and Institutional Trust Lands Administration (the "Trust Lands Administration"). The Trust Lands Administration is an independent state agency that manages more than 3.7 million acres of land within Utah dedicated to the financial support of public education.

It is my pleasure today to express my unconditional support for H.R. 3830. The May 8, 1998 Agreement between Utah Governor Michael O. Leavitt and Secretary of the Interior Bruce Babbitt, which H.R. 3830 would implement, is truly historic. My predecessors have been grappling with the issue of state inholdings in Utah's national parks, monuments, forests and Indian reservations for many decades. Some of you on the Committee will remember former Utah Governor Scott Matheson's efforts in the 1980s to solve the state inholdings issue once and for all with a statewide exchange known as Project BOLD. Many others have tried as well. Until May 8, all of these efforts had failed.

If enacted, H.R. 3830 will resolve—fully, fairly, and finally)—the problem created by over 375,000 acres of school trust lands within such nationally-recognized areas as Arches National Park, Dinosaur National Monument, the Glen Canyon National Recreation Area, and of course the Grand Staircase–Escalante National Monument. The inholdings problem has been a real one for both the State of Utah and the United States. Our agency has been charged—by Congress—with managing state school trust lands for the financial benefit of Utah's public education system. Yet the development of school trust lands within our national parks and forests is directly at odds with the conservation purposes for which the surrounding Federal lands were set aside. The May 8 agreement will allow our agency to do what it does best—make money for our public schools—while eliminating this substantial source of development pressure from the parks.

It is appropriate to focus in more detail on the benefits of H.R. 3830, both for the United States and the State of Utah:

1. The Negotiated Agreement Will Save Millions in Transaction Costs and Litigation Risk

When Congress passed Public Law 103-93 in 1993, it provided for an appraisal-based process for valuing the state trust inholdings within the parks and forests. This process quickly broke down, for several reasons. First, the sheer magnitude of the lands involved made appraisals, cultural resources reviews, and mineral evaluations expensive and time-consuming for both parties. Second, the State and the United States have profoundly disagreed on how to value lands with nationally-significant natural characteristics, such as natural arches or ancient Indian ruins. These disagreements resulted in litigation filed last year by the State seeking (as authorized by Public Law 103-93) to obtain a judicial determination of value.

As a result of our trial preparations in the Public Law 103-93 litigation, our agency was confident that it could obtain a judicial determination that the value of its lands was substantially higher than the $50 million cash payment provided by the May 8 agreement, and that there was little likelihood that value would be determined to be less than that amount. At the same time, litigation is expensive, time-consuming, and risky for all involved. Since Public Law 103-93, the State has spent over $3.5 million on consultants and lawyers, with more expenses to come. We estimate that the costs to the United States in out-of-pocket costs and staff time have been and would continue to be equally high. Governor Leavitt and Secretary

Babbitt's agreement, if ratified by Congress, will save both the State and the United States millions of dollars over the next several years in expenses, and will eliminate millions more in litigation risk.

In addition, the $50 million payment will be deposited immediately into the State's Permanent School Fund, as a permanent endowment for Utah's schools. Since litigation over value would take several years, the Agreement will instead permit Utah to receive investment returns during that interval.

Those portions of the Agreement dealing with the Grand Staircase–Escalante National Monument will also permit the United States and the State to avoid substantial transaction and litigation costs. My agency manages 337 tracts within the Monument, totaling over 176,000 acres of fee lands, and an additional 24,000 acres of mineral estate. In the absence of agreement on values, both the State and the United States would find themselves repeating the expenses associated with the Public Law 103-93 process, at a cost of millions of dollars. Litigation between my agency and the United States concerning the creation of the Monument would continue as well; trial had been set to begin on March 18 of next year, with intensive discovery disputes already beginning. Instead, with the May 8 agreement, we have replaced acrimony with agreement, and permitted both parties to put their time and resources to more productive use.

2. The Agreement Is Fair and Provides Equal Value for Both Sides

The Grand Staircase–Escalante National Monument contains some of the largest untapped energy and mineral resources in the United States. The state trust lands in the Monument are estimated by the U.S. Geologic Survey and other scientific authorities to contain 876 million tons of recoverable coal, a trillion cubic feet of natural gas in coal seams, and varied other resources such as tar sands, uranium, and titanium. At the current time, the Trust Lands Administration has over 100,000 acres in the Monument under lease for exploration/extraction of various minerals. At the time the Monument was created, Andalex Resources was in the final stages of permitting its Smoky Hollow mine, and had expressed intent in writing to acquire leases for thousands of additional acres of trust lands, with an anticipated bonus bid to the State of more than $4 million, plus royalties from coal production from existing and new coal leases. A consortium of oil and gas firms was planning for a large coalbed methane extraction project, and had leased some 35,000 acres of trust lands for that project. These were not hypothetical projects; reputable and well-capitalized companies were spending dollars "on the ground" to develop these resources. Interest from the mineral industry has continued since the Monument designation; the Trust Lands Administration has recently received lease applications for 115,000 additional acres of oil and gas and titanium lands. Similarly, my agency has received many expressions of interest in purchasing or leasing school trust lands within the Monument for recreational and commercial use, although we have chosen not to pursue such transactions while an exchange seemed possible.

As President Clinton stated at the time of the Monument declaration, the Federal Government has made the determination that mineral development of this nature is incompatible with preservation of the scientific and cultural resources the Monument was designed to preserve. At the same time, he promised that Utah's schoolchildren—the beneficiaries of the school trust lands in the Monument—would not be harmed by the loss of their lands and resources, and that all reasonable differences in valuation would be resolved in their favor. The May 8 Agreement fulfils that promise in a manner that is fair both to the school trust and the taxpayers of the United States.

The Agreement provides that Federal lands containing specific types of resources—coal, coalbed methane, oil and gas, tar sands, and hard minerals—will be transferred to the State in exchange for similar lands and resources of substantially equivalent value found on trust lands in the Monument. None of the lands being acquired by the State are currently in production, and most are unleased (the United States will be acquiring more leased lands than it is giving up). In general, the State is giving up substantially greater quantities of resources than it is acquiring. However, by acquiring larger blocks of lands, the State gains from being able to obtain more effective management control of resource development, which has substantial, although intangible, economic value.

The Agreement does not attempt to place a specific dollar value on these lands and resources is our belief from long experience that so many variable assumptions are required to value speculative mineral properties such as those involved on both sides of the exchange that any specific dollar number would be no better than guesswork. The old joke that it is possible to line up all the economists in the world and never reach a conclusion applies to mineral valuation consultants as well. That is not to say that both the State and the Department of Interior did not carefully ana-

lyze voluminous resource data, market analyses, and other pertinent information in the course of their negotiations. Both sides did so in the course of the spirited negotiations that led to the agreement, and there was substantial "give and take" by each side's technical experts on the equivalence of particular tracts and resources. We are confident that, as a whole, the May 8 Agreement reflects a transaction that is fair to both sides, and that provides each side with value substantially equivalent to the value it is relinquishing.

3. There Are Major Intangible Benefits from Completing This Exchange.

The Trust Lands Administration takes its fiduciary duty of providing financial support to Utah's schools seriously. At the same time, we are citizens as well, who enjoy and appreciate our state's beautiful national parks, forests, and wild areas. The existence for many years of school trust lands within these areas has been a great frustration to us, as fulfilment of our legal duty to provide revenue to the schools—which would require sale or development of these lands—is in direct opposition to preservation of the lands. We have so far taken the high road, and for many years sought an exchange such as the one that is now before the Committee, rather than actively developing our sensitive lands. In future years, that might not have proved to be the case. H.R. 3830 offers the opportunity for the United States to end the threat of potential development within these beautiful areas, and to have perpetual and unified management of the lands for the purposes for which they were set aside. If any of the Committee has any questions about this particular issue, you need only look at the land ownership maps that are part of the record. The archaic checkerboard of state sections within the Monument and parks makes effective management difficult if not impossible. H.R. 3830 offers the opportunity to solve this problem once and for all.

In conclusion, I would suggest that one other intangible, but hugely important, benefit can come from the implementation of the May 8 Agreement—trust. The lingering problem of the Public Law 103-93 lands, the surprise designation of the Grand Staircase–Escalante National Monument, and the litigation that has unsurprisingly followed, created an atmosphere of distrust between the State and the Department of Interior that is difficult to describe. In recent months, and culminating in the Agreement, that atmosphere of distrust has been replaced with a new spirit of communication and cooperation. A number of members of the Committee have helped with this pleasant change—the Trust Lands Administration would particularly thank Representatives Cannon, Hinchey and others for their efforts last year in requesting the Department of Interior to consider a negotiated solution, which has now occurred. If H.R. 3830 is passed, we will have resolved one of the thorniest western public lands issues, and set the stage for resolving other disputed issues through dialogue rather than public dispute.

On behalf of the Utah School and Institutional Trust Lands Administration, I urge the Committee and Congress to enact H.R. 3830 speedily and without encumbrance. Again, thank you for the opportunity to testify today.

TESTIMONY BEFORE THE SUBCOMMITTEE ON NATIONAL PARKS AND PUBLIC LANDS

By

Commissioner Randy G. Johnson
Chairman, Utah Association of Counties Public Lands Oversight Committee

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify before you today. I speak in behalf of the Utah Association of Counties, (UAC), as Chair of the Utah Association of Counties Public Lands Oversight Committee.

I would like to commend and congratulate those who have worked so hard for so long to remain focused on resolution of this long-standing problem. I would also like to emphasize to you that this is truly a great thing for the school children of Utah, especially in light of the fact that we have been trying to get some value out of these captured land sections for nearly sixty years. The counties of Utah are pleased to have played a role in bringing this exchange about.

Utah Association of Counties' involvement in these trade-out efforts has been as a result of our constant exposure to public lands issues which impact our lives, in combination with our desire to cooperate with State Institutional Trust Lands (SITLA) in bringing about what is in the best interest of the school children they represent.

All too often, environmental issues override the day-to-day human aspect of our public lands, and cause us to disregard the fact that everything we need to survive and prosper as a human family comes from the land. To finally have some ability to enhance the education, and thus the future, of the children of Utah, through the proper use of some of these lands, is truly significant.

It is also very significant that a cooperative effort has led to resolution of a long-standing problem, something which is very difficult to achieve in public land matters today.

UAC's involvement with this particular exchange is a result of our partnership with SITLA in opposing, in the courts, the creation of the Grand Staircase-Escalante National Monument. It is from that perspective that I both support this legislation, and also voice my concern regarding the issues surrounding this exchange.

UAC joined SITLA in filing suit on the Monument based on what we believe was an improper lack of process and public involvement as required by law. It is important to note that nothing in this exchange addresses the points of the law over which UAC filed suit. It does, however, address the concerns over which SITLA joined our action, and we are happy that SITLA has succeeded in gaining some compensation for their losses. We support this exchange for that reason.

But, while the exchange benefits SITLA substantially, it in no way compensates for the huge loss in future revenues from existing mineral leases within the Monument. Further, the

counties impacted most directly by the Monument's creation, Garfield and Kane, gain very little benefit from this trade out.

UAC has expressed concern over a number of issues, which we note here:

1. Mineral lease revenues, which counties currently share, or which they could share, must remain consistent. Those revenues are critical to rural counties who feel the impacts of mineral extraction and rely on mineral lease revenues for economic stability.

2. Payments in Lieu of Taxes revenues on state and federal lands are not addressed in this legislation, but we understand will be part of the memorandum of agreement relating to this legislation. While state law passed in 1994 anticipates holding counties harmless against lost PILT monies, we ask that nothing in this legislation would adversely impact the PILT payments to the counties who rely on them.

3. Valid existing rights under R. S. 2477 are not addressed in this legislation, but this remains a critical issue for counties, and is potentially affected by this exchange. While we don't expect this exchange to also resolve R.S. 2477 issues, we hope that nothing in the legislation will complicate the problem either.

4. We also believe that grazing rights, where school trust lands are used as the base lands, may need further clarification.

While concerns over these matters will certainly not cause us to oppose this proposal, we do want these issues in the record and part of the process that implements the provisions of this legislation.

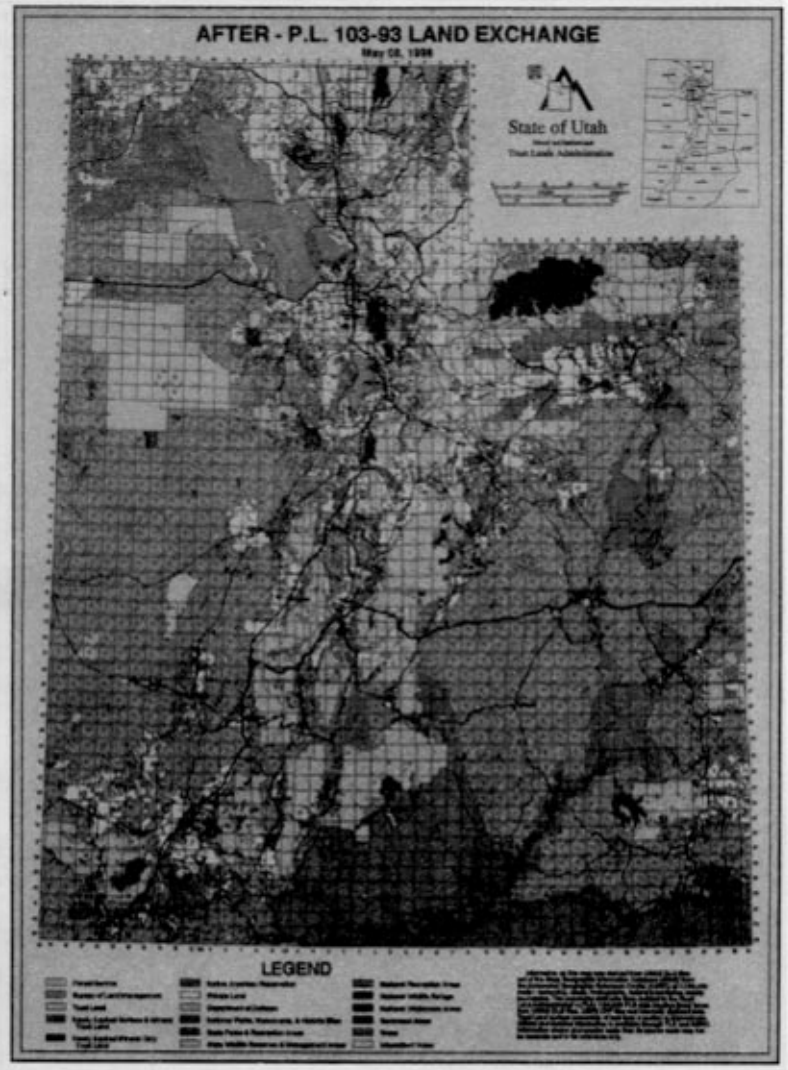
We would like to emphasize at this point that SITLA has worked very hard to address to our satisfaction any concerns we have raised with them, and we ask that you would work to maintain these protections in the legislative process. It is important to note here that the public mandates, and therefore the priorities, of Utah's counties and SITLA are different in many ways. Consequently, this exchange must be viewed as a substantial success as it relates to SITLA's prescribed priority---as trustee of those lands set aside to assist in the education of Utah's school children.

With these concerns addressed, we support legislation which would allow this exchange to succeed. We cannot emphasize enough the benefit it will provide to the school children of Utah.

We would be even more enthusiastic in our support if we knew that this exchange would set the stage for a more cooperative atmosphere in public lands matters, that it would set a precedent for future successful trade-outs of captured state trust lands, and, that it would open the door to resolution-oriented negotiations on all contentious public lands issues in the future.

We hope that it does just exactly that.

Thank you.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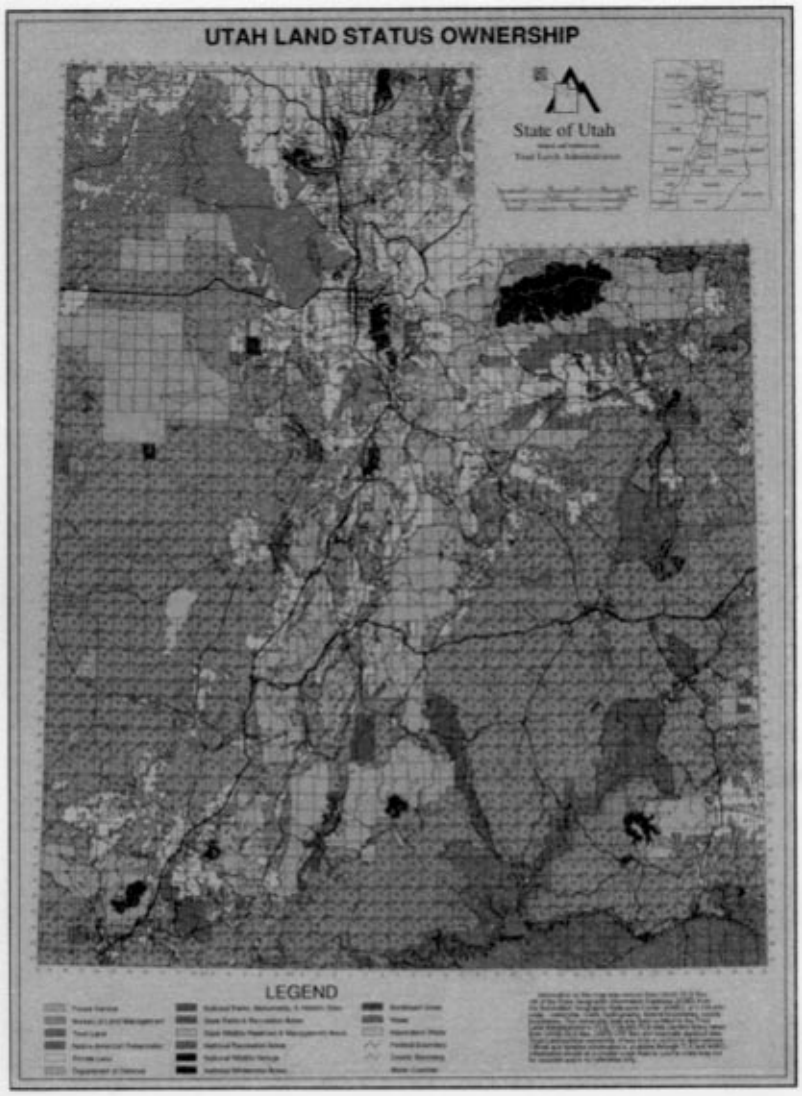
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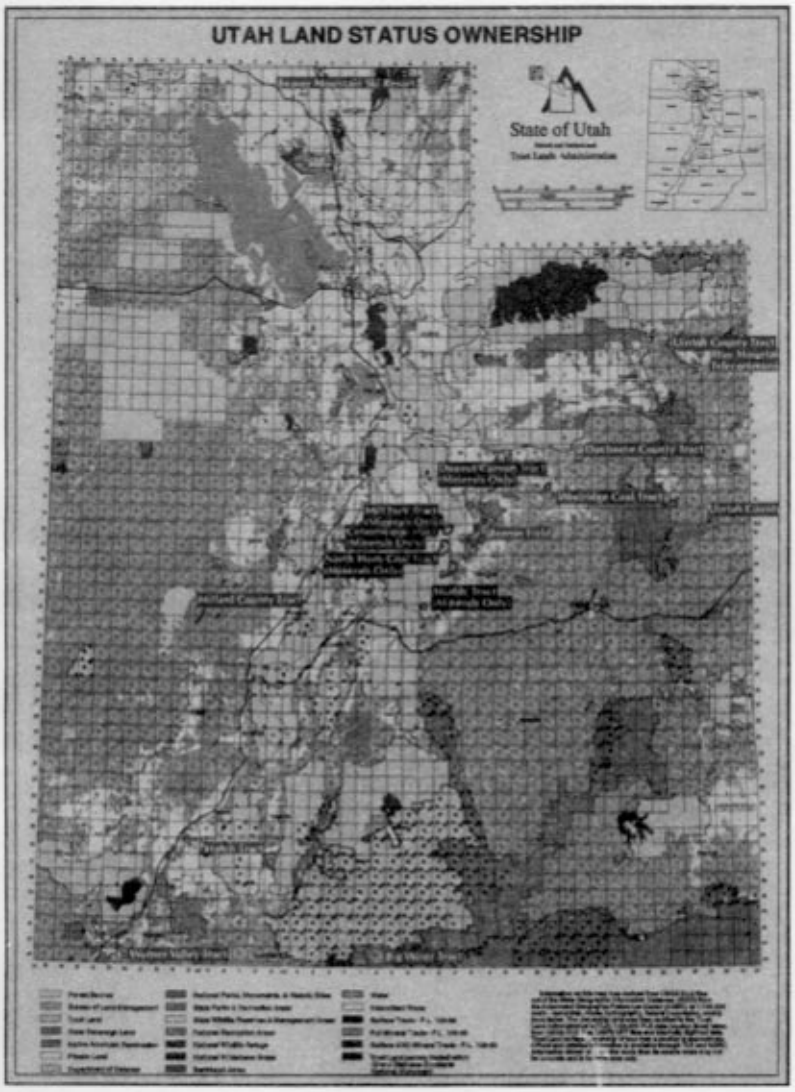
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