



STATE SMALL BUSINESS CREDIT INITIATIVE PROGRAM FUND

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

As part of the reorganization of appropriations acts, the Analyst recommends that the committee vote to include the State Small Business Credit Initiative Program Fund. The Executive Appropriations Committee approved this reorganization of the appropriations acts on November 13, 2012. Based on current law (UCA 35A-8-1201) the State Small Business Credit Initiative Program Fund functions as an enterprise fund. The Fund ended FY 2012 with a balance of \$4,271,500. Expenditures from the Fund began at \$97,000 in FY 2012 and are estimated to rise to \$8.4 million by FY 2014.

LEGISLATIVE ACTION

- As part of the reorganization of appropriations acts, the Analyst recommends that the committee vote to include the State Small Business Credit Initiative Program Fund.

DISCUSSION AND ANALYSIS

Why Are we Proposing This Change?

On November 13 the Executive Appropriations Committee approved reorganization of appropriations acts so that they will more clearly identify different types of transactions. Under the reorganization, operating and capital appropriations – typically thought of as “the budget” – will be presented in separate subsections from items that approve business-like activities, review fiduciary funds, or simply move money from one account to another. The reorganization will not only more clearly communicate the legislature’s intent to state agencies and the Division of Finance, it will also allow readers to more easily compare appropriations acts to other budget documents like the Governor’s recommendations and Comprehensive Annual Financial Report.

The reorganization also allows legislative staff to present more and better information about certain types of financial activity. Because transactions are now presented and summarized by type, all activity in self-spending “restricted special revenue” funds and enterprise funds can be shown without risk of double-counting. This year, staff is expanding and improving reporting on funds and accounts previously included in appropriations acts, and will over time add other funds not previously shown.

What is the State Small Business Credit Initiative Program Fund?

One such fund is the State Small Business Credit Initiative Program Fund. This Fund receives revenue automatically as per UCA 35A-8-1201 indicates that revenues may come from “grants, pay backs, bonuses, entitlements, and other money received from the federal government to implement the State Small Business Credit Initiative; and transfers, grants, gifts, bequests, and other money made available from any source to implement this part.” All revenues thus far have come from federal funds from the U.S. Treasury Department. Expenditures from the Fund began at \$97,000 in FY 2012 and are estimated to rise to \$8.4 million by FY 2014.

The fund provides loan and loan guarantees for the federal government’s State Small Business Credit Initiative. The Fund ended FY 2012 with a balance of \$4,271,500. Part of the fund balance is used as the required reserve for the loan guarantee program.