

1                   **APPROPRIATIONS AND BUDGETING AMENDMENTS**

2                                   2014 GENERAL SESSION

3                                   STATE OF UTAH

4                           **Chief Sponsor: Jacob L. Anderegg**

5                           Senate Sponsor: \_\_\_\_\_

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7   **LONG TITLE**

8   **General Description:**

9           This bill modifies the Budgetary Procedures Act by amending provisions relating to  
10 legislative review and approval requirements for internal service fund operations.

11 **Highlighted Provisions:**

12           This bill:

13           ▶ provides that if an internal service fund agency operates more than one internal  
14 service fund within the internal service fund agency, the internal service fund  
15 agency shall comply with the legislative review and approval requirements for each  
16 internal service fund;

17           ▶ requires legislative **H→ [approval] review ←H** for the number of full-time  
17a equivalent contract

18 employees of each internal service fund as part of the annual appropriation process;

18a           **H→ ▶ authorizes an internal service fund agency that begins a new service or introduces a**  
18b **new product between annual general sessions of the Legislature to acquire contract employees,**  
18c **if necessary, for that service or product;**

18d           ▶ **requires an internal service fund agency to report any change in the number of**  
18e **contract employees to the appropriate legislative appropriations subcommittee for review; ←H**

19           ▶ provides that if an internal service fund agency operates an internal service fund and  
20 does not get the required legislative approvals, the internal service fund agency shall  
21 rebate all rates, fees, and amounts collected to those who use the services for the  
22 rates, fees, and amounts collected that were not approved; and

23           ▶ makes conforming and technical changes.



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **63J-1-410**, as renumbered and amended by Laws of Utah 2009, Chapter 18331 

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32 *Be it enacted by the Legislature of the state of Utah:*33 Section 1. Section **63J-1-410** is amended to read:34 **63J-1-410. Internal service funds -- Governance and review.**

35 (1) For purposes of this section:

36 (a) "Agency" means a department, division, office, bureau, or other unit of state  
37 government, and includes any subdivision of an agency.38 (b) "Do not replace vehicles" means a vehicle accounted for in the Division of Fleet  
39 Operations for which charges to an agency for its use do not include amounts to cover  
40 depreciation or to accumulate assets to replace the vehicle at the end of its useful life.41 (c) "Internal service fund agency" means an agency that provides goods or services to  
42 other agencies of state government or to other governmental units on a capital maintenance and  
43 cost reimbursement basis, and which recovers costs through interagency billings.44 (d) "Revolving loan fund" means each of the revolving loan funds defined in Section  
45 63A-3-205.46 (2) An internal service fund agency is not subject to this section with respect to its  
47 administration of a revolving loan fund.48 (3) (a) An internal service fund agency may not bill another agency for services that it  
49 provides for each internal service fund operated by the agency, unless the Legislature has:50 ~~[(a)]~~ (i) reviewed and approved ~~[the]~~ each internal service ~~[fund-agency's]~~ fund's  
51 budget request;52 ~~[(b)]~~ (ii) reviewed and approved ~~[the]~~ each internal service ~~[fund-agency's]~~ fund's rates,  
53 fees, and other amounts that it charges those who use its services and included those rates, fees,  
54 and amounts in an appropriation act;55 ~~[(c)]~~ (iii) approved the number of full-time, permanent positions of ~~[the]~~ each internal  
56 service fund ~~[agency]~~ as part of the annual appropriation process; ~~[and]~~57 (iv) ~~H→~~ [approved] reviewed ←H the number of full-time equivalent contract employees  
57a of each internal  
58 service fund as part of the annual appropriation process; and

59           ~~(d)~~ (v) appropriated to the internal service fund agency ~~the~~ each internal service  
60 fund's estimated revenue based upon the rates and fee structure that are the basis for the  
61 estimate.

62           **(b) If an internal service fund agency operates more than one internal service fund**  
63 **within the internal service fund agency, the internal service fund agency shall comply with the**  
64 **review and approval requirements under Subsection (3)(a) for each internal service fund.**

65           **(c) If an internal service fund agency operates an internal service fund and does not get**  
66 **the approvals required under Subsection (3)(a) or (4)(b), the internal service fund agency shall**  
67 **rebate all rates, fees, and amounts collected to those who use the services for the rates, fees,**  
68 **and amounts collected that were not approved under Subsection (3)(a) or (4)(b).**

69           (4) (a) Except as provided in Subsection (4)(b), an internal service fund agency may  
70 not charge rates, fees, and other amounts that exceed the rates, fees, and amounts established  
71 by the Legislature in the appropriations act.

72           (b) (i) An internal service fund agency that begins a new service or introduces a new  
73 product between annual general sessions of the Legislature may ~~H→~~ **, for that service or product:**

73a           **(A) ←H** establish and charge an interim  
74 rate or amount ~~H→~~ **[for that service or product] ;**

74a           **(B) acquire contract employees, if necessary; or**

74b           **(C) do a combination of Subsections (4)(b)(i)(A) and (B) ←H .**

75           (ii) The internal service fund agency shall ~~H→~~ **[submit that] ;**

75a           **(A) submit the ←H** interim rate or amount ~~H→~~ **under Subsection (4)(b)(i) ←H** to the  
76 Legislature for approval at the next annual general session ~~H→~~ **; and**

76a           **(B) report any change in the number of contract employees under Subsection (4)(b)(i) to**  
76b **the appropriate legislative appropriations subcommittee for review ←H .**

77           (5) The internal service fund agency budget request shall separately identify the capital  
78 needs and the related capital budget.

79           (6) In the fiscal year that the accounting change referred to in Subsection 51-5-6(2) is  
80 implemented by the Division of Finance, the Division of Finance shall transfer equity created  
81 by that accounting change to any internal service fund agency up to the amount needed to  
82 eliminate any long-term debt and deficit working capital in the fund.

83           (7) No new internal service fund agency may be established unless reviewed and  
84 approved by the Legislature.

85           (8) (a) Except as provided in Subsection (8)(f), an internal service fund agency may not  
86 acquire capital assets unless legislative approval for acquisition of the assets has been included  
87 in an appropriations act for the internal service fund agency.

88           (b) An internal service fund agency may not acquire capital assets after the transfer  
89 mandated by Subsection (6) has occurred unless the internal service fund agency has adequate