

1 **Unspent Funding Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ashlee Matthews

Senate Sponsor: Luz Escamilla

2 **LONG TITLE**3 **General Description:**

4 This bill modifies provisions related to unexpended balances.

5 **Highlighted Provisions:**

6 This bill:

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- 8 ▶ creates the Unspent Balances Restricted Account (restricted account);
- 9 ▶ directs the Division of Finance to annually transfer a specified percentage of all lapsing
- 10 balances and excess fund balances to the restricted account; and
- 11 ▶ provides the purposes for which money in the restricted account may be used.

12 **Money Appropriated in this Bill:**

13 None

14 **Other Special Clauses:**

15 None

16 **Utah Code Sections Affected:**17 **AMENDS:**18 **63J-1-601**, as last amended by Laws of Utah 2023, Chapter 33019 **ENACTS:**20 **63J-1-604**, Utah Code Annotated 1953

21 *Be it enacted by the Legislature of the state of Utah:*22 Section 1. Section **63J-1-601** is amended to read:23 **63J-1-601 . End of fiscal year -- Unexpended balances -- Funds not to be closed**24 **out -- Pending claims -- Transfer of amounts from item of appropriation -- Nonlapsing**25 **accounts and funds -- Institutions of higher education to report unexpended balances.**

26 (1) As used in this section:

27 (a) "Education grant subrecipient" means a nonfederal entity that:

28 (i) receives a subaward from the State Board of Education to carry out at least part of

29 a federal or state grant program; and

- (ii) does not include an individual who is a beneficiary of the federal or state grant program.
- (b) "Transaction control number" means the unique numerical identifier established by the Department of Health and Human Services to track each medical claim and indicates the date on which the claim is entered.
- [On] Except as provided in Section 63J-1-604, on or before August 31 of each fiscal year, the director of the Division of Finance shall close out to the proper fund or account all remaining unexpended and unencumbered balances of appropriations made by the Legislature, except:
 - (a) those funds classified under Title 51, Chapter 5, Funds Consolidation Act, as:
 - (i) enterprise funds;
 - (ii) internal service funds;
 - (iii) fiduciary funds;
 - (iv) capital projects funds;
 - (v) discrete component unit funds;
 - (vi) debt service funds; and
 - (vii) permanent funds;
 - (b) those appropriations from a fund or account or appropriations to a program that are designated as nonlapsing under Section 63J-1-602.1 or 63J-1-602.2;
 - (c) expendable special revenue funds, unless specifically directed to close out the fund in the fund's enabling legislation;
 - (d) acquisition and development funds appropriated to the Division of State Parks or the Division of Outdoor Recreation;
 - (e) funds encumbered to pay purchase orders issued before May 1 for capital equipment if delivery is expected before June 30; and
 - (f) unexpended and unencumbered balances of appropriations that meet the requirements of Section 63J-1-603.
- (a) Liabilities and related expenses for goods and services received on or before June 30 shall be recognized as expenses due and payable from appropriations made before June 30.
 - (b) The liability and related expense shall be recognized within time periods established by the Division of Finance but shall be recognized not later than August 31.
 - (c) Liabilities and expenses not so recognized may be paid from regular departmental appropriations for the subsequent fiscal year, if these claims do not exceed

65 unexpended and unencumbered balances of appropriations for the years in which the
66 obligation was incurred.

67 (d) Amounts may not be transferred from an item of appropriation of any department,
68 institution, or agency into the Capital Projects Fund or any other fund without the
69 prior express approval of the Legislature.

70 (4)(a) For purposes of this chapter, a claim processed under the authority of Title 26B,
71 Chapter 3, Health Care - Administration and Assistance:

72 (i) is not a liability or an expense to the state for budgetary purposes, unless the
73 Division of Integrated Healthcare receives the claim within the time periods
74 established by the Division of Finance under Subsection (3)(b); and
75 (ii) is not subject to Subsection (3)(c).

76 (b) The transaction control number that the Division of Integrated Healthcare records on
77 each claim invoice is the date of receipt.

78 (5)(a) For purposes of this chapter, a claim processed in accordance with Title 35A,
79 Chapter 13, Utah State Office of Rehabilitation Act:

80 (i) is not a liability or an expense to the state for budgetary purposes, unless the Utah
81 State Office of Rehabilitation receives the claim within the time periods
82 established by the Division of Finance under Subsection (3)(b); and
83 (ii) is not subject to Subsection (3)(c).

84 (b)(i) The Utah State Office of Rehabilitation shall mark each claim invoice with the
85 date on which the Utah State Office of Rehabilitation receives the claim invoice.

86 (ii) The date described in Subsection (5)(b)(i) is the date of receipt for purposes of
87 this section.

88 (6)(a) For purposes of this chapter, a reimbursement request received from an education
89 grant subrecipient:

90 (i) is not a liability or expense to the state for budgetary purposes, unless the State
91 Board of Education receives the claim within the time periods described in
92 Subsection (3)(b); and
93 (ii) is not subject to Subsection (3)(c).

94 (b) The transaction control number that the State Board of Education records on a claim
95 invoice is the date of receipt.

96 (7) Any balance from an appropriation to a state institution of higher education that remains
97 unexpended at the end of the fiscal year shall be reported to the Division of Finance by
98 the September 1 following the close of the fiscal year.

99 Section 2. Section **63J-1-604** is enacted to read:

100 **63J-1-604 . Unspent Balances Restricted Account.**

101 (1) As used in this section:

102 (a)(i) "Excess fund balance" means an amount in a fund or account at the close
103 fiscal year that:

104 (A) exceeds the amount statute allows to remain in the fund or account at the close
105 of the fiscal year; and

106 (B) statute directs be transferred to the General Fund at the close of a fiscal year.

107 (ii) "Excess fund balance" does not include a lapsing balance.

108 (b) "Lapsing balance" means any unexpended and unencumbered amount that would
109 otherwise lapse to the General Fund under Section 63J-1-601.

110 (c) "Paraeducator" means an employee of a school district or charter school who delivers
111 instruction under the direct supervision of a teacher.

112 (2) There is created within the General Fund a restricted account known as the Unspent

113 Balances Restricted Account.

114 (3) Notwithstanding any other provision of law, beginning with fiscal year 2026, the
115 Division of Finance shall deposit into the restricted account:

116 (a) 50% of all lapsing balances; and

117 (b) 50% of all excess fund balances.

118 (4) Subject to legislative appropriation:

119 (a) the Office of Child Care created in Section 35A-3-202 may use up to an amount
120 equal to 34% of the funds in the restricted account for child care subsidies or grants
121 as provided in Section 35A-3-209;

122 (b) the Utah Behavioral Health Commission created in Section 26B-5-702 may use up to
123 an amount equal to 33% of the funds in the restricted account to fulfill the
124 commission's duties; and

125 (c) the State Board of Education may use up to an amount equal to 33% of the funds in
126 the restricted account for salary support through bonuses for paraeducators.

127 Section 3. **Effective Date.**

128 This bill takes effect on May 6, 2026.