

**Unspent Funding Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ashlee Matthews**

Senate Sponsor: Luz Escamilla

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**LONG TITLE****General Description:**

This bill modifies provisions related to unexpended balances.

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**63J-1-601**, as last amended by Laws of Utah 2023, Chapter 330

ENACTS:

**63J-1-604**, Utah Code Annotated 1953

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **63J-1-601** is amended to read:

**63J-1-601 . End of fiscal year -- Unexpended balances -- Funds not to be closed out -- Pending claims -- Transfer of amounts from item of appropriation -- Nonlapsing accounts and funds -- Institutions of higher education to report unexpended balances.**

(1) As used in this section:

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

- (i) receives a subaward from the State Board of Education to carry out at least part of a federal or state grant program; and

- 31 (ii) does not include an individual who is a beneficiary of the federal or state grant  
32 program.
- 33 (b) "Transaction control number" means the unique numerical identifier established by  
34 the Department of Health and Human Services to track each medical claim and  
35 indicates the date on which the claim is entered.
- 36 (2) [On] Except as provided in Section 63J-1-604, on or before August 31 of each fiscal  
37 year, the director of the Division of Finance shall close out to the proper fund or account  
38 all remaining unexpended and unencumbered balances of appropriations made by the  
39 Legislature, except:
- 40 (a) those funds classified under Title 51, Chapter 5, Funds Consolidation Act, as:
- 41 (i) enterprise funds;  
42 (ii) internal service funds;  
43 (iii) fiduciary funds;  
44 (iv) capital projects funds;  
45 (v) discrete component unit funds;  
46 (vi) debt service funds; and  
47 (vii) permanent funds;
- 48 (b) those appropriations from a fund or account or appropriations to a program that are  
49 designated as nonlapsing under Section 63J-1-602.1 or 63J-1-602.2;
- 50 (c) expendable special revenue funds, unless specifically directed to close out the fund in  
51 the fund's enabling legislation;
- 52 (d) acquisition and development funds appropriated to the Division of State Parks or the  
53 Division of Outdoor Recreation;
- 54 (e) funds encumbered to pay purchase orders issued before May 1 for capital equipment  
55 if delivery is expected before June 30; and
- 56 (f) unexpended and unencumbered balances of appropriations that meet the requirements  
57 of Section 63J-1-603.
- 58 (3)(a) Liabilities and related expenses for goods and services received on or before June  
59 30 shall be recognized as expenses due and payable from appropriations made before  
60 June 30.
- 61 (b) The liability and related expense shall be recognized within time periods established  
62 by the Division of Finance but shall be recognized not later than August 31.
- 63 (c) Liabilities and expenses not so recognized may be paid from regular departmental  
64 appropriations for the subsequent fiscal year, if these claims do not exceed

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

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

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

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

(ii) is not subject to Subsection (3)(c).

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

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

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

(ii) is not subject to Subsection (3)(c).

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

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

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

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

(ii) is not subject to Subsection (3)(c).

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

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

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

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

(1) As used in this section:

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

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

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

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

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

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

(2) There is created within the General Fund a restricted account known as the Unspent Balances Restricted Account.

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

(a) 50% of all lapsing balances; and

(b) 50% of all excess fund balances.

(4) Subject to legislative appropriation:

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

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

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

**Section 3. Effective Date.**

This bill takes effect on May 6, 2026.