

Ashlee Matthews proposes the following substitute bill:

Unspent Funding Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ashlee Matthews

Senate Sponsor: Luz Escamilla

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 account balance transfers 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

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

- 30 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) [Øn] 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
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) "Account balance transfer" means an amount in a fund or account at the close
103 of a 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) "Account balance transfer" does not include a lapsing balance.

108 (b) "Excess account balance transfer" means the greater of:

109 (i) the difference between:

110 (A) a fund's or account's account balance transfer; and

111 (B) the fund's or account's expected account balance transfer based on the most
112 recent General Fund revenue estimate adopted by the Executive Appropriations
113 Committee; and

114 (ii) \$0.

115 (c) "General Fund revenue surplus" means the same as that term is defined in Section
116 63J-1-312.

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

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

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

123 (3) Notwithstanding any other provision of law, beginning with fiscal year 2026, the
124 Division of Finance shall comply with Subsection (4) for each fiscal year in which:

125 (a) there is a General Fund revenue surplus; and

126 (b)(i) there is not an Income Tax Fund revenue deficit; or

127 (ii) if there is an Income Tax Fund revenue deficit, the General Fund revenue surplus
128 is equal to or exceeds the Income Tax Fund deficit.

129 (4) For each fiscal year described in Subsection (3), the Division of Finance shall deposit
130 into the restricted account:

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

- 132 (b) 50% of all excess account balance transfers.
- 133 (5) Subject to legislative appropriation:
- 134 (a) the Office of Child Care created in Section 35A-3-202 may use up to an amount
- 135 equal to 34% of the funds in the restricted account for child care subsidies or grants
- 136 as provided in Section 35A-3-209;
- 137 (b) the Utah Behavioral Health Commission created in Section 26B-5-702 may use up to
- 138 an amount equal to 33% of the funds in the restricted account to fulfill the
- 139 commission's duties; and
- 140 (c) the State Board of Education may use up to an amount equal to 33% of the funds in
- 141 the restricted account for salary support through bonuses for paraeducators.
- 142 Section 3. **Effective Date.**
- 143 This bill takes effect on May 6, 2026.