

Representative Kory M. Holdaway proposes the following substitute bill:

GOVERNOR AND LEGISLATURES POWER TO

CUT STATE BUDGET

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Kory M. Holdaway

This act modifies the Budgetary Procedures Act by clarifying the governor's powers to reduce budgetary allotments, fund transfers, and work programs when estimated total revenues are less than total appropriations. This act prohibits the governor from making any reductions in budgetary allotments and fund transfers when the deficiency is ^h [\$25] \$50 ^h million

or more. This act prohibits the governor from interfering with established legislative priorities when reducing budgetary allotments and fund transfers. This act prohibits the governor from using his power to modify work programs to avoid the requirements of this act.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

63-38-10, as last amended by Chapter 61, Laws of Utah 1987

63-38-11, as last amended by Chapter 216, Laws of Utah 1994

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

Section 1. Section **63-38-10** is amended to read:

63-38-10. Overexpenditure of budget by agency -- Prorating budget income shortfall.

(1) In providing for appropriations, the Legislature intends that expenditures of departments, agencies, and institutions of state government be kept within revenues available for such expenditures.

(2) (a) The Legislature also intends that line items of appropriation not be overexpended.

(b) If an agency's line item is overexpended at the close of a fiscal year:



26 (i) the director of the Division of Finance may make payments from the line item to
 27 vendors for goods or services that were received on or before June 30; and

28 (ii) the director of the Division of Finance shall immediately reduce the agency's line item
 29 budget in the current year by the amount of the overexpenditure.

30 (c) Each agency with an overexpended line item shall produce a written report explaining
 31 the reasons for the overexpenditure and shall present the report to the Board of Examiners as
 32 required by Section 63-6-10.

33 (3) ~~[H]~~ (a) As used in this Subsection (3):

34 (i) "Estimated total revenues" means the estimated total of all revenues accruing in any
 35 given fiscal year to the General Fund, or any other major fund type, collections, ~~[or]~~ and dedicated
 36 credits, from which appropriations are made~~[-, are not sufficient to cover the appropriations made~~
 37 for that period, the governor shall reduce the budgetary allotments and transfer of funds by the
 38 amount of the deficiency] that are adopted by the Legislature's Executive Appropriations
 39 Committee.

40 (ii) "Total appropriations" means the total of all appropriations made for a particular fiscal
 41 year.

42 (b) (i) If the total appropriations exceed the estimated total revenues by less than ~~h~~[\$25]\$50
 43 ~~h~~ million, the governor may reduce budgetary allotments and transfers of funds by the amount of the
 44 deficiency.

45 (ii) Whenever the Legislature has, in an appropriation act or statute, listed or funded
 46 projects or programs in a priority order, the governor shall ensure that the projects are fully funded
 47 in the order established by the Legislature and may not reduce the appropriation or budgetary
 48 allotment for a project with a higher priority while maintaining the entire appropriation or
 49 allotment for a project with a lower priority.

50 (c) If the total appropriations exceed the estimated total revenues by ~~h~~ [\$25] \$50 ~~h~~ million
 50a or
 51 more,

52 the governor may not reduce budgetary allotments or transfers of funds, but shall allow the
 53 Legislature to resolve the deficiency ~~h~~ AS SOON AS POSSIBLE ~~h~~ .

54 (4) (a) No department may receive any advance allotment, or allotments in excess of
 55 regular monthly allotments, that cannot be covered by anticipated revenue within the work
 56 program of the fiscal year, unless the governor allocates moneys from his emergency
 appropriations.

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57 (b) All allocations made from the governor's emergency appropriations shall be reported
58 to the budget subcommittee of the Legislative Management Committee by notifying the Office of
59 the Legislative Fiscal Analyst at least 15 days before the effective date of the allocation.

60 (c) Emergency appropriations shall be allocated only to support activities having existing
61 legislative approval and appropriation, and may not be allocated to any activity or function rejected
62 directly or indirectly by the Legislature.

63 Section 2. Section **63-38-11** is amended to read:

64 **63-38-11. Director of finance to exercise accounting control -- Work programs --**

65 **Allotments and expenditures.**

66 (1) The director of finance shall exercise accounting control over all state departments,
67 institutions, and agencies other than the Legislature and legislative committees.

68 (2) (a) The director shall require the head of each department to submit, by May 15 of each
69 year, a work program for the next fiscal year.

70 (b) The director may require any department to submit a work program for any other
71 period.

72 (3) The work program shall include appropriations and all other funds from any source
73 made available to the department for its operation and maintenance for the period and program
74 authorized by the appropriation act.

75 (4) (a) The director of finance shall, upon request from the governor, revise, alter,
76 decrease, or change work programs.

77 (b) The governor may not request revisions, alterations, decreases, or changes in work
78 programs to avoid the requirements of Subsection 63-38-10(3).

79 (5) Notwithstanding the requirements of Title 63, Chapter 38a, Revenue Procedures and
80 Control Act, the aggregate of the work program changes may not exceed the total appropriations
81 or other funds from any source that are available to the department line item for the fiscal year in
82 question.

83 (6) The director of finance shall transmit a copy of the changes when approved by the
84 governor to the head of the department concerned and also a copy to the legislative analyst.

85 (7) Upon request, review, and approval by the governor, the director of finance shall
86 permit all expenditures to be made from the appropriations or other funds from any source on the
87 basis of those work programs.

88 (8) (a) Except as provided by Subsection (8)(c), the director shall, through statistical
89 sampling methods or other means, examine and approve or disapprove all requisitions and requests
90 for proposed expenditures of the departments.

91 (b) No requisitions of any of the departments shall be allowed nor shall any obligation be
92 created without the approval and the certification of the director.

93 (c) Notwithstanding the requirements of Subsection (8)(a), the director need only certify
94 the availability of funds when the requisitions or proposed expenditures are for the judicial branch
95 or to pay the salaries or compensation of officers fixed by law.