

**INDEPENDENT ENTITY PRIVATIZATION
AMENDMENTS**

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Martin R. Stephens

This act modifies provisions of the Quasi-Governmental Entities Act and the Independent Entities Code by providing an exception to the prohibition on asset transfers to an interested party of a quasi-governmental or independent entity for loan program funds that meet specified requirements. This act provides an effective date.

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

AMENDS:

63-95-401, as renumbered and amended by Chapter 210, Laws of Utah 2000

63E-1-402 (Effective 07/01/02), as enacted by Chapter 201, Laws of Utah 2001

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

Section 1. Section **63-95-401** is amended to read:

63-95-401. Benefits to interested parties of a quasi-governmental entity.

(1) If a quasi-governmental entity is privatized, the following may not receive any benefit prohibited under Subsection (2):

- (a) an interested party of the quasi-governmental entity;
- (b) an entity in which an interested party holds a business interest;
- (c) a lobbyist of the quasi-governmental entity; or
- (d) an entity in which a lobbyist of the quasi-governmental entity holds a business interest.

(2) If a quasi-governmental entity is privatized:

(a) a person described in Subsection (1)(a) or (b) may not receive:

(i) compensation from a quasi-governmental entity that is conditioned in whole or in part

on:

(A) the passage, defeat, or amendment of legislative action related to privatization; or

(B) the approval, modification, or denial of an executive action related to privatization;

or

- (ii) any asset of the quasi-governmental entity or its successor; and
- (b) a person described in Subsection (1)(c) or (d) may not receive any:
 - (i) compensation that if received by the lobbyist would be in violation of Section 36-11-301;

or

- (ii) asset of the quasi-governmental entity or its successor.

(3) Subsection (2)(a)(ii) does not apply to funds in a loan program administered by a quasi-governmental entity if:

(a) the funds were provided by an entity other than the state or were derived from those funds, including loan payments, interest, and other charges paid by borrowers;

(b) the person described in Subsection (1)(a) or (b) who receives the funds assumes all duties and obligations of the quasi-governmental entity:

(i) under the contract with the entity that provided the initial funding; and

(ii) relating to the loan program;

(c) separate records have been maintained regarding the use of the funds;

(d) the funds may only be used for purposes specified in an agreement with the entity that provided the initial funding; and

(e) the funds may only be transferred to a person described in Subsection (1)(a) or (b) if the transfer is approved by the entity that provided the initial funding.

Section 2. Section **63E-1-402 (Effective 07/01/02)** is amended to read:

63E-1-402 (Effective 07/01/02). Benefits to interested parties of an independent entity.

(1) If an independent entity is privatized, the following may not receive any benefit prohibited under Subsection (2):

- (a) an interested party of the independent entity;
- (b) an entity in which an interested party holds a business interest;
- (c) a lobbyist of the independent entity; or
- (d) an entity in which a lobbyist of the independent entity holds a business interest.

(2) If an independent entity is privatized:

- (a) a person described in Subsection (1)(a) or (b) may not receive:

- (i) compensation from an independent entity that is conditioned in whole or in part on:
 - (A) the passage, defeat, or amendment of legislative action related to privatization; or
 - (B) the approval, modification, or denial of an executive action related to privatization; or
- (ii) any asset of the independent entity or its successor; and
- (b) a person described in Subsection (1)(c) or (d) may not receive any:
 - (i) compensation that if received by the lobbyist would be in violation of Section 36-11-301;

or

- (ii) asset of the independent entity or its successor.

(3) Subsection (2)(a)(ii) does not apply to funds in a loan program administered by an independent entity if:

(a) the funds were provided by an entity other than the state or were derived from those funds, including loan payments, interest, and other charges paid by borrowers;

(b) the person described in Subsection (1)(a) or (b) who receives the funds assumes all duties and obligations of the independent entity:

- (i) under the contract with the entity that provided the initial funding; and

- (ii) relating to the loan program;

- (c) separate records have been maintained regarding the use of the funds;

(d) the funds may only be used for purposes specified in an agreement with the entity that provided the initial funding; and

(e) the funds may only be transferred to a person described in Subsection (1)(a) or (b) if the transfer is approved by the entity that provided the initial funding.

Section 3. **Effective date.**

If approved by two-thirds of all the members elected to each house, this act takes effect upon approval by the governor, or the day following the constitutional time limit of Utah Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto, the date of veto override, except that the amendments to Section 63E-1-402 (Effective 07/01/02) take effect July 1, 2002.