

1                                   **GOVERNOR AND LEGISLATURES POWER TO**  
2                                                           **CUT STATE BUDGET**  
3                                                           2002 GENERAL SESSION  
4                                                           STATE OF UTAH

5                                   **Sponsor: Kory M. Holdaway**

6   **This act modifies the Budgetary Procedures Act by clarifying the governor's powers to**  
7   **reduce budgetary allotments, fund transfers, and work programs when estimated total**  
8   **revenues are less than total appropriations. This act prohibits the governor from making**  
9   **any reductions in budgetary allotments and fund transfers when the deficiency is \$25 million**  
10 **or more. This act prohibits the governor from using his power to modify work programs to**  
11 **avoid the requirements of this act.**

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

13 AMENDS:

14           **63-38-10**, as last amended by Chapter 61, Laws of Utah 1987

15           **63-38-11**, as last amended by Chapter 216, Laws of Utah 1994

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

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

18           **63-38-10. Overexpenditure of budget by agency -- Prorating budget income shortfall.**

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

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

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

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

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



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

31 (3) ~~[Hf]~~ (a) As used in this Subsection (3):

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

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

40 (b) If the total appropriations exceed the estimated total revenues by \$25 million or more,  
41 the governor may not reduce budgetary allotments or transfers of funds, but shall allow the  
42 Legislature to resolve the deficiency.

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

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

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

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

54 **63-38-11. Director of finance to exercise accounting control -- Work programs --**  
55 **Allotments and expenditures.**

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

58 (2) (a) The director shall require the head of each department to submit, by May 15 of each

59 year, a work program for the next fiscal year.

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

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

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

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

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

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

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

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

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

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

**Legislative Review Note**  
**as of 1-10-02 8:18 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**