



28 accounted for within one of these major fund types.

29 (b) (i) All funds or subfunds shall be consolidated into one of the state's major fund  
30 types.

31 (ii) Where a specific statute requires that a restricted fund be established, that fund  
32 shall be accounted for as an individual fund or subfund within the major fund type to meet  
33 generally accepted accounting principles.

34 (iii) Existing and new activities of state government authorized by the Legislature shall  
35 be accounted for within the framework of the major fund types established in this section.

36 (c) The Division of Finance shall determine the accounting classification that complies  
37 with generally accepted accounting principles for all funds or subfunds created by the  
38 Legislature.

39 (d) (i) Major fund types shall be added by amending this chapter.

40 (ii) Whenever a new act creates or establishes a fund without amending this chapter,  
41 the reference to a fund in the new act shall be classified within one of the major fund types  
42 established by this section.

43 (2) Major Fund Type Titles:

44 (a) General Fund;

45 (b) Education Fund;

46 [~~(b)~~] (c) Special Revenue Funds;

47 [~~(c)~~] (d) Capital Projects Funds;

48 [~~(d)~~] (e) Debt Service Funds;

49 [~~(e)~~] (f) Permanent Funds;

50 [~~(f)~~] (g) Enterprise Funds;

51 [~~(g)~~] (h) Internal Service Funds;

52 [~~(h)~~] (i) Trust and Agency Funds;

53 [~~(i)~~] (j) General Fixed Assets Account Group;

54 [~~(j)~~] (k) General Long-Term Obligation Account Group; and

55 [~~(k)~~] (l) College and University Funds.

56 (3) The General Fund shall receive all revenues and account for all expenditures not  
57 otherwise provided for by law in any other fund.

58 (4) The Education Fund shall receive all revenues from taxes on intangible property or

59 from a tax on income ~~H~~→ **and shall be designated for public and higher education** ←~~H~~ .

60 [~~(4)~~] (5) Special Revenue Funds account for proceeds of specific revenue sources,  
61 other than permanent funds, trust and agency funds, or major capital projects, that are legally  
62 restricted to expenditures for a specific purpose.

63 (a) The Uniform School Fund is a Special Revenue Fund that accounts for all revenues  
64 that are required by law to be expended for the public school programs of the state.

65 (b) The Transportation Fund is a Special Revenue Fund that accounts for all revenues  
66 that are required by law to be expended for highway purposes.

67 (c) (i) A Restricted Special Revenue Fund is a Special Revenue Fund created by  
68 legislation or contractual relationship with parties external to the state that:

69 (A) identifies specific revenues collected from fees, taxes, dedicated credits, donations,  
70 federal funds, or other sources;

71 (B) defines the use of the money in the fund for a specific function of government or  
72 program within an agency; and

73 (C) delegates spending authority or authorization to use the fund's assets to a governing  
74 board, administrative department, or other officials as defined in the enabling legislation or  
75 contract establishing the fund.

76 (ii) A Restricted Special Revenue Fund may only be created by contractual relationship  
77 with external parties when the sources of revenue for the fund are donated revenues or federal  
78 revenues.

79 (iii) Restricted Special Revenue Funds are subject to annual legislative review by the  
80 appropriate legislative appropriations subcommittee.

81 [~~(5)~~] (6) Capital Projects Funds account for financial resources to be expended for the  
82 acquisition or construction of major capital facilities, except that when financing for the  
83 acquisition or construction of a major capital facility is obtained from a trust fund or a  
84 proprietary type fund within one of the major fund types, the monies shall be accounted for in  
85 those accounts.

86 [~~(6)~~] (7) Debt Service Funds account for the accumulation of resources for, and the  
87 payment of, the principal and interest on general long-term obligations.

88 [~~(7)~~] (8) Permanent Funds account for assets that are legally restricted to the extent that  
89 only earnings, and not principal, may be used for a specific purpose.

90            [~~(8)~~] (9) Enterprise Funds are designated to account for the following:

91            (a) operations, financed and operated in a manner similar to private business  
92 enterprises, where the Legislature intends that the costs of providing goods or services to the  
93 public are financed or recovered primarily through user charges;

94            (b) operations where the Legislature requires periodic determination of revenues  
95 earned, expenses incurred, and net income;

96            (c) operations for which a fee is charged to external users for goods or services; or

97            (d) operations that are financed with debt that is secured solely by a pledge of the net  
98 revenues from fees and charges of the operations.

99            [~~(9)~~] (10) Internal Service Funds account for the financing of goods or services  
100 provided by one department, division, or agency to other departments, divisions, or agencies of  
101 the state, or to other governmental units, on a cost-reimbursement basis.

102            [~~(10)~~] (11) (a) Trust and Agency Funds account for assets held by the state as trustee or  
103 agent for individuals, private organizations, or other governmental units.

104            (b) Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and  
105 Agency Funds are Trust and Agency Funds.

106            [~~(11)~~] (12) The General Fixed Assets Account Group accounts for all fixed assets  
107 acquired or constructed for use by the state, except for the fixed assets accounted for in the  
108 Internal Service, Enterprise, Trust and Agency, and College and University Funds.

109            [~~(12)~~] (13) The General Long-Term Obligation Account Group accounts for general  
110 obligation bonds, revenue bonds, capital lease obligations, accrued annual and compensatory  
111 leave, and other long-term obligations not otherwise recorded in Internal Service, Enterprise,  
112 Trust and Agency, and College and University Funds.

113            [~~(13)~~] (14) College and University Funds account for the financial resources used to  
114 operate the state's colleges and universities.

**Legislative Review Note**  
as of 1-16-06 2:30 PM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

**Office of Legislative Research and General Counsel**

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**Fiscal Note**  
**Bill Number HB0294**

**Creation of Education Fund**

*25-Jan-06*

*10:38 AM*

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**State Impact**

Provisions of this bill can be implemented within existing resources.

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**Individual and Business Impact**

No fiscal impact.

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**Office of the Legislative Fiscal Analyst**