

1 **CREATION OF EDUCATION FUND**

2 2006 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Jeff Alexander**

5 Senate Sponsor: Howard A. Stephenson

7 **LONG TITLE**

8 **General Description:**

9 This bill creates an Education Fund to account for certain revenues.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ creates an Education Fund to receive all revenues from taxes on intangible property
13 or from a tax on income; and

14 ▶ makes technical corrections.

15 **Monies Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **51-5-4**, as last amended by Chapter 256, Laws of Utah 2002

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

24 Section 1. Section **51-5-4** is amended to read:

25 **51-5-4. Funds established -- Titles of funds -- Fund functions.**

26 (1) (a) (i) The funds enumerated in this section are established as major fund types.

27 (ii) All resources and financial transactions of Utah state government shall be
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 and shall be designated for public and higher education.

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.