

BUDGET RESERVE ACCOUNT AMENDMENTS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lyle W. Hillyard

House Sponsor: Melvin R. Brown

LONG TITLE

General Description:

This bill modifies the Budgetary Procedures Act to address limits on budget reserve accounts.

Highlighted Provisions:

This bill:

- ▶ modifies the limits on the General Fund Budget Reserve Account;
- ▶ modifies the limits on the Education Budget Reserve Account; ~~§~~→ [and]
- ▶ corrects references to the Medicaid Growth Reduction and Budget Stabilization

Account; and ←~~§~~

- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63J-1-312, as last amended by Laws of Utah 2011, Chapters 211, 303, and 342

63J-1-313, as last amended by Laws of Utah 2011, Chapter 303

~~§~~→ **63J-1-314**, as last amended by Laws of Utah 2011, Chapters 211 and 303 ←~~§~~

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

Section 1. Section **63J-1-312** is amended to read:

63J-1-312. Establishing a General Fund Budget Reserve Account -- Providing for



28 **deposits and expenditures from the account -- Providing for interest generated by the**
29 **account.**

30 (1) As used in this section:

31 (a) "Education Fund budget deficit" means a situation where appropriations made by
32 the Legislature from the Education Fund for a fiscal year exceed the estimated revenues
33 adopted by the Executive Appropriations Committee of the Legislature for the Education Fund
34 in that fiscal year.

35 (b) "General Fund appropriations" means the sum of the spending authority for a fiscal
36 year that is:

37 (i) granted by the Legislature in all appropriation acts and bills; and

38 (ii) identified as coming from the General Fund.

39 (c) "General Fund budget deficit" means a situation where General Fund appropriations
40 made by the Legislature for a fiscal year exceed the estimated revenues adopted by the
41 Executive Appropriations Committee of the Legislature for the General Fund in that fiscal year.

42 (d) "General Fund revenue surplus" means a situation where actual General Fund
43 revenues collected in a completed fiscal year exceed the estimated revenues for the General
44 Fund for that fiscal year that were adopted by the Executive Appropriations Committee of the
45 Legislature.

46 (e) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund
47 balance in the General Fund is less than zero.

48 (2) There is created within the General Fund a restricted account to be known as the
49 General Fund Budget Reserve Account, which is designated to receive the legislative
50 appropriations and the surplus revenue required to be deposited into the account by this section.

51 (3) (a) (i) Except as provided in Subsection (3)(a)(ii), at the end of any fiscal year in
52 which the Division of Finance, in consultation with the Legislative Fiscal Analyst and in
53 conjunction with the completion of the annual audit by the state auditor, determines that there
54 is a General Fund revenue surplus, the Division of Finance shall transfer 25% of the General
55 Fund revenue surplus to the General Fund Budget Reserve Account.

56 (ii) If the transfer of 25% of the General Fund revenue surplus to the General Fund
57 Budget Reserve Account would cause the balance in the account to exceed [~~6%~~] 8% of General
58 Fund appropriations for the fiscal year in which the revenue surplus occurred, the Division of

59 Finance shall transfer only those funds necessary to ensure that the balance in the account
60 equals [~~6%~~] 8% of General Fund appropriations for the fiscal year in which the General Fund
61 revenue surplus occurred.

62 (iii) The Division of Finance shall calculate the amount to be transferred under this
63 Subsection (3)(a):

64 (A) after making the transfer of General Fund revenue surplus to the Medicaid Growth
65 Reduction and Budget Stabilization [~~Restricted~~] Account, as provided in Section 63J-1-315;

66 (B) before transferring from the General Fund revenue surplus any other year-end
67 contingency appropriations, year-end set-asides, or other year-end transfers required by law;
68 and

69 (C) excluding any direct legislative appropriation made to the General Fund Budget
70 Reserve Account for the fiscal year.

71 (b) (i) Except as provided in Subsection (3)(b)(ii), in addition to Subsection (3)(a)(i), if
72 a General Fund revenue surplus exists and if, within the last 10 years, the Legislature has
73 appropriated any money from the General Fund Budget Reserve Account that has not been
74 replaced by appropriation or as provided in this Subsection (3)(b), the Division of Finance shall
75 transfer up to 25% more of the General Fund revenue surplus to the General Fund Budget
76 Reserve Account to replace the amounts appropriated, until direct legislative appropriations, if
77 any, and transfers from the General Fund revenue surplus under this Subsection (3)(b) have
78 replaced the appropriations from the account.

79 (ii) If the transfer under Subsection (3)(b)(i) would cause the balance in the account to
80 exceed [~~6%~~] 8% of General Fund appropriations for the fiscal year in which the revenue
81 surplus occurred, the Division of Finance shall transfer only those funds necessary to ensure
82 that the balance in the account equals [~~6%~~] 8% of General Fund appropriations for the fiscal
83 year in which the revenue surplus occurred.

84 (iii) The Division of Finance shall calculate the amount to be transferred under this
85 Subsection (3)(b):

86 (A) after making the transfer of General Fund revenue surplus to the Medicaid Growth
87 Reduction and Budget Stabilization [~~Restricted~~] Account, as provided in Section 63J-1-315;

88 (B) before transferring from the General Fund revenue surplus any other year-end
89 contingency appropriations, year-end set-asides, or other year-end transfers required by law;

90 and

91 (C) excluding any direct legislative appropriation made to the General Fund Budget
92 Reserve Account for the fiscal year.

93 (c) For appropriations made by the Legislature to the General Fund Budget Reserve
94 Account, the Division of Finance shall treat those appropriations, unless otherwise specified in
95 the appropriation, as replacement funds for appropriations made from the account if funds were
96 appropriated from the General Fund Budget Reserve Account within the past 10 years and have
97 not yet been replaced.

98 (4) The Legislature may appropriate money from the General Fund Budget Reserve
99 Account only to:

100 (a) resolve a General Fund budget deficit, for the fiscal year in which the General Fund
101 budget deficit occurs;

102 (b) pay some or all of state settlement agreements approved under Title 63G, Chapter
103 10, State Settlement Agreements Act;

104 (c) pay retroactive tax refunds; or

105 (d) resolve an Education Fund budget deficit.

106 (5) Interest generated from investments of money in the General Fund Budget Reserve
107 Account shall be deposited into the General Fund.

108 Section 2. Section **63J-1-313** is amended to read:

109 **63J-1-313. Establishing an Education Budget Reserve Account -- Providing for**
110 **deposits and expenditures from the account -- Providing for interest generated by the**
111 **account.**

112 (1) As used in this section:

113 (a) "Education Fund appropriations" means the sum of the spending authority for a
114 fiscal year that is:

115 (i) granted by the Legislature in all appropriation acts and bills; and

116 (ii) identified as coming from the Education Fund.

117 (b) "Education Fund budget deficit" means a situation where appropriations made by
118 the Legislature from the Education Fund for a fiscal year exceed the estimated revenues
119 adopted by the Executive Appropriations Committee of the Legislature for the Education Fund
120 in that fiscal year.

121 (c) "Education Fund revenue surplus" means a situation where actual Education Fund
122 revenues collected in a completed fiscal year exceed the estimated revenues for the Education
123 Fund in that fiscal year that were adopted by the Executive Appropriations Committee of the
124 Legislature.

125 (d) "Operating deficit" means that, at the end of the fiscal year, the unassigned fund
126 balance in the Education Fund is less than zero.

127 (2) There is created within the Education Fund a restricted account to be known as the
128 Education Fund Budget Reserve Account, which is designated to receive the legislative
129 appropriations and the surplus revenue required to be deposited into the account by this section.

130 (3) (a) (i) Except as provided in Subsection (3)(a)(ii), at the end of any fiscal year in
131 which the Division of Finance, in consultation with the Legislative Fiscal Analyst and in
132 conjunction with the completion of the annual audit by the state auditor, determines that there
133 is an Education Fund revenue surplus, the Division of Finance shall transfer 25% of the
134 Education Fund revenue surplus to the Education Fund Budget Reserve Account.

135 (ii) If the transfer of 25% of the Education Fund revenue surplus to the Education Fund
136 Budget Reserve Account under Subsection (3)(a)(i) would cause the balance in the account to
137 exceed [~~7%~~] 9% of Education Fund appropriations for the fiscal year in which the Education
138 Fund revenue surplus occurred, the Division of Finance shall transfer only those funds
139 necessary to ensure that the balance in the account equals [~~7%~~] 9% of the Education Fund
140 appropriations for the fiscal year in which the Education Fund revenue surplus occurred.

141 (iii) The Division of Finance shall calculate the amount to be transferred under this
142 Subsection (3)(a):

143 (A) before transferring from the Education Fund revenue surplus any other year-end
144 contingency appropriations, year-end set-asides, or other year-end transfers required by law;
145 and

146 (B) excluding any direct legislative appropriation made to the Education Fund Budget
147 Reserve Account for the fiscal year.

148 (b) (i) Except as provided in Subsection (3)(b)(ii), in addition to Subsection (3)(a)(i), if
149 an Education Fund revenue surplus exists and if, within the last 10 years, the Legislature has
150 appropriated any money from the Education Fund Budget Reserve Account that has not been
151 replaced by appropriation or as provided in this Subsection (3)(b), the Division of Finance shall

152 transfer up to 25% more of the Education Fund revenue surplus to the Education Fund Budget
 153 Reserve Account to replace the amounts appropriated, until direct legislative appropriations, if
 154 any, and transfers from the Education Fund revenue surplus under this Subsection (3)(b) have
 155 replaced the appropriations from the account.

156 (ii) If the transfer under Subsection (3)(b)(i) would cause the balance in the account to
 157 exceed [7%] 9% of Education Fund appropriations for the fiscal year in which the Education
 158 Fund revenue surplus occurred, the Division of Finance shall transfer only those funds
 159 necessary to ensure that the balance in the account equals [7%] 9% of Education Fund
 160 appropriations for the fiscal year in which the revenue surplus occurred.

161 (iii) The Division of Finance shall calculate the amount to be transferred under this
 162 Subsection (3)(b):

163 (A) before transferring from the Education Fund revenue surplus any other year-end
 164 contingency appropriations, year-end set-asides, or other year-end transfers required by law;
 165 and

166 (B) excluding any direct legislative appropriation made to the Education Fund Budget
 167 Reserve Account for the fiscal year.

168 (c) For appropriations made by the Legislature to the Education Fund Budget Reserve
 169 Account, the Division of Finance shall treat those appropriations, unless specified otherwise in
 170 the appropriation, as replacement funds for appropriations made from the account if funds were
 171 appropriated from the account within the past 10 years and have not yet been replaced.

172 (4) Notwithstanding Subsection (3), if, at the end of a fiscal year, the Division of
 173 Finance determines that an operating deficit exists, the Division of Finance may reduce the
 174 transfer to the Education Fund Budget Reserve Account by the amount necessary to eliminate
 175 the operating deficit.

176 (5) The Legislature may appropriate money from the Education Fund Budget Reserve
 177 Account only to resolve an Education Fund budget deficit.

178 (6) Interest generated from investments of money in the Education Fund Budget
 179 Reserve Account shall be deposited into the Education Fund.

179a **§→Section 3. Section 63J-1-314 is amended to read:**

179b **63J-1-314. Deposits related to the Disaster Recovery Funding Act.**

179c **(1) As used in this section, "operating deficit" means that, at the end of the fiscal year, the**
 179d **unassigned fund balance in the General Fund is less than zero.**

179e **(2) Except as provided under Subsection (3), at the end of each fiscal year, the Division of**
 179f **Finance shall, after the transfer of General Fund revenue surplus has been made to the Medicaid**
 179g **Budget Growth Reduction and Stabilization Restricted Account, as provided in Section 63J-1-315,←§**

179h **§→**and the General Fund Budget Reserve Account, as provided in Section 63J-1-312, transfer an
 179i amount
 179i into the State Disaster Recovery Restricted Account, created in Section 53-2-403, from the General
 179j Fund revenue surplus as defined in Section 63J-1-312, calculated by:

179k (a) determining the amount of General Fund revenue surplus after the transfer to the
 179l Medicaid Growth Reduction and Budget Stabilization [Restricted] Account under Section 63J-1-315
 179m and the General Fund Budget Reserve Account under Section 63J-1-312;

179n (b) calculating an amount equal to the lesser of:

179o (i) 25% of the amount determined under Subsection (2)(a); or
 179p (ii) 6% of the total of the General Fund appropriation amount for the fiscal year in which the
 179q surplus occurs; and

179r (c) adding to the amount calculated under Subsection (2)(b) an amount equal to the lesser of:

179s (i) 25% more of the amount described in Subsection (2)(a); or
 179t (ii) the amount necessary to replace, in accordance with this Subsection (2)(c), any amount
 179u appropriated from the State Disaster Recovery Restricted Account within 10 fiscal years before the
 179v fiscal year in which the surplus occurs if:

179w (A) a surplus exists; and
 179x (B) the Legislature appropriates money from the State Disaster Recovery Restricted Account
 179y that is not replaced by appropriation or as provided in this Subsection (2)(c).
 179z (3) Notwithstanding Subsection (2), if, at the end of a fiscal year, the Division of Finance
 179aa determines that an operating deficit exists, the division shall reduce the transfer to the State Disaster
 179ab Recovery Restricted Account by the amount necessary to eliminate the operating deficit.←§

Legislative Review Note
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Office of Legislative Research and General Counsel