

**BUDGET RESERVE ACCOUNT AMENDMENTS**

2012 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lyle W. Hillyard**

House Sponsor: Melvin R. Brown

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**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;
- ▶ 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

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

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

30           **63J-1-312. Establishing a General Fund Budget Reserve Account -- Providing for**  
31 **deposits and expenditures from the account -- Providing for interest generated by the**  
32 **account.**

33           (1) As used in this section:

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

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

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

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

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

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

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

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

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

58 Fund revenue surplus to the General Fund Budget Reserve Account.

59 (ii) If the transfer of 25% of the General Fund revenue surplus to the General Fund  
60 Budget Reserve Account would cause the balance in the account to exceed [~~6%~~] 8% of General  
61 Fund appropriations for the fiscal year in which the revenue surplus occurred, the Division of  
62 Finance shall transfer only those funds necessary to ensure that the balance in the account  
63 equals [~~6%~~] 8% of General Fund appropriations for the fiscal year in which the General Fund  
64 revenue surplus occurred.

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

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

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

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

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

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

86 year in which the revenue surplus occurred.

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

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

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

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

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

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

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

105 (b) pay some or all of state settlement agreements approved under Title 63G, Chapter  
106 10, State Settlement Agreements Act;

107 (c) pay retroactive tax refunds; or

108 (d) resolve an Education Fund budget deficit.

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

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

112 **63J-1-313. Establishing an Education Budget Reserve Account -- Providing for**  
113 **deposits and expenditures from the account -- Providing for interest generated by the**

114 **account.**

115 (1) As used in this section:

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

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

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

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

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

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

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

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

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

142 necessary to ensure that the balance in the account equals [~~7%~~] 9% of the Education Fund  
143 appropriations for the fiscal year in which the Education Fund revenue surplus occurred.

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

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

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

151 (b) (i) Except as provided in Subsection (3)(b)(ii), in addition to Subsection (3)(a)(i), if  
152 an Education Fund revenue surplus exists and if, within the last 10 years, the Legislature has  
153 appropriated any money from the Education Fund Budget Reserve Account that has not been  
154 replaced by appropriation or as provided in this Subsection (3)(b), the Division of Finance shall  
155 transfer up to 25% more of the Education Fund revenue surplus to the Education Fund Budget  
156 Reserve Account to replace the amounts appropriated, until direct legislative appropriations, if  
157 any, and transfers from the Education Fund revenue surplus under this Subsection (3)(b) have  
158 replaced the appropriations from the account.

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

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

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

169 (B) excluding any direct legislative appropriation made to the Education Fund Budget

170 Reserve Account for the fiscal year.

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

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

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

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

183 Section 3. Section **63J-1-314** is amended to read:

184 **63J-1-314. Deposits related to the Disaster Recovery Funding Act.**

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

187 (2) Except as provided under Subsection (3), at the end of each fiscal year, the Division  
188 of Finance shall, after the transfer of General Fund revenue surplus has been made to the  
189 Medicaid Growth Reduction and Budget Stabilization [~~Restricted~~] Account, as provided in  
190 Section 63J-1-315, and the General Fund Budget Reserve Account, as provided in Section  
191 63J-1-312, transfer an amount into the State Disaster Recovery Restricted Account, created in  
192 Section 53-2-403, from the General Fund revenue surplus as defined in Section 63J-1-312,  
193 calculated by:

194 (a) determining the amount of General Fund revenue surplus after the transfer to the  
195 Medicaid Growth Reduction and Budget Stabilization [~~Restricted~~] Account under Section  
196 63J-1-315 and the General Fund Budget Reserve Account under Section 63J-1-312;

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

198 (i) 25% of the amount determined under Subsection (2)(a); or  
199 (ii) 6% of the total of the General Fund appropriation amount for the fiscal year in  
200 which the surplus occurs; and  
201 (c) adding to the amount calculated under Subsection (2)(b) an amount equal to the  
202 lesser of:  
203 (i) 25% more of the amount described in Subsection (2)(a); or  
204 (ii) the amount necessary to replace, in accordance with this Subsection (2)(c), any  
205 amount appropriated from the State Disaster Recovery Restricted Account within 10 fiscal  
206 years before the fiscal year in which the surplus occurs if:  
207 (A) a surplus exists; and  
208 (B) the Legislature appropriates money from the State Disaster Recovery Restricted  
209 Account that is not replaced by appropriation or as provided in this Subsection (2)(c).  
210 (3) Notwithstanding Subsection (2), if, at the end of a fiscal year, the Division of  
211 Finance determines that an operating deficit exists, the division shall reduce the transfer to the  
212 State Disaster Recovery Restricted Account by the amount necessary to eliminate the operating  
213 deficit.