

FUNDING FOR PUBLIC EDUCATION

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Bird

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Alcoholic Beverage Control Act and the Funds Consolidation Act to allocate certain gross revenues from the sale of liquor to support public education.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ directs the deposit of a portion of liquor revenues to the Education Fund;
- ▶ provides for the distribution of liquor revenues to local educational agencies;
- ▶ establishes that the money may be used for teacher salaries or benefits; and
- ▶ addresses money deposited into the Education Fund.

Money Appropriated in this Bill:

This bill appropriates:

- ▶ to the State Board of Education, as an ongoing appropriation:
 - from the Education Fund, \$37,551,000 subject to intent language that states that the appropriation is to be distributed as provided in statute.

Other Special Clauses:

This bill takes effect on July 1, 2013.

Utah Code Sections Affected:

AMENDS:

51-5-4, as last amended by Laws of Utah 2010, Chapter 278



28 ENACTS:

29 **32B-2-307**, Utah Code Annotated 1953



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

32 Section 1. Section **32B-2-307** is enacted to read:

33 **32B-2-307. Public education deposit of certain liquor profits.**

34 (1) As used in this section:

35 (a) "Local education agency" means a local education agency in Utah that has
36 administrative control and direction for public education.

37 (b) "Weighted pupil units or WPU" is as defined in Section 53A-17a-103.

38 (2) The department shall deposit 10% of the total gross revenue from sales of liquor
39 with the state treasurer to be credited to the Education Fund to be distributed to local education
40 agencies as provided in Subsection (3).

41 (3) For a fiscal year beginning on or after July 1, 2013, the State Board of Education
42 shall annually distribute the total gross revenue described in Subsection (2) to local education
43 agencies based on the number of WPU in the local education agency as compared to the state
44 total.

45 (4) The money distributed under Subsection (3) may be used by a local education
46 agency for teachers' salaries and benefits.

47 Section 2. Section **51-5-4** is amended to read:

48 **51-5-4. Funds established -- Titles of funds -- Fund functions.**

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

50 (ii) All resources and financial transactions of Utah state government shall be
51 accounted for within one of these major fund types.

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

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

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

59 (c) The Division of Finance shall determine the accounting classification that complies
60 with generally accepted accounting principles for all funds, subfunds, or accounts created by
61 the Legislature.

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

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

66 (2) Major Fund Type Titles:

67 (a) General Fund;

68 (b) Special Revenue Funds;

69 (c) Capital Projects Funds;

70 (d) Debt Service Funds;

71 (e) Permanent Funds;

72 (f) Enterprise Funds;

73 (g) Internal Service Funds;

74 (h) Trust and Agency Funds; and

75 (i) Discrete Component Unit Funds.

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

78 (4) Special Revenue Funds account for proceeds of specific revenue sources, other than
79 permanent funds, trust and agency funds, or major capital projects, that are legally restricted to
80 expenditures for a specific purpose.

81 (a) The Education Fund is a Special Revenue Fund that:

82 (i) receives all revenues from taxes on intangible property [or], from a tax on income,
83 or money transferred to the fund under Section 32B-2-307; and

84 (ii) is designated for public and higher education.

85 (b) The Transportation Investment Fund of 2005 is a Special Revenue Fund that
86 accounts for revenues that are required by law to be expended for the maintenance,
87 construction, reconstruction, or renovation of certain state and federal highways.

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

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

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

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

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

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

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

104 (5) Capital Projects Funds account for financial resources to be expended for the
105 acquisition or construction of major capital facilities, except that when financing for the
106 acquisition or construction of a major capital facility is obtained from a trust fund or a
107 proprietary type fund within one of the major fund types, the money shall be accounted for in
108 those accounts.

109 (6) Debt Service Funds account for the accumulation of resources for, and the payment
110 of, the principal and interest on general long-term obligations.

111 (7) Permanent Funds account for assets that are legally restricted to the extent that only
112 earnings, and not principal, may be used for a specific purpose.

113 (8) Enterprise Funds are designated to account for the following:

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

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

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

120 (d) operations that are financed with debt that is secured solely by a pledge of the net

121 revenues from fees and charges of the operations.

122 (9) Internal Service Funds account for the financing of goods or services provided by
123 one department, division, or agency to other departments, divisions, or agencies of the state, or
124 to other governmental units, on a cost-reimbursement basis.

125 (10) (a) Trust and Agency Funds account for assets held by the state as trustee or agent
126 for individuals, private organizations, or other governmental units.

127 (b) Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and
128 Agency Funds are Trust and Agency Funds.

129 (11) Discrete Component Unit Funds account for the financial resources used to
130 operate the state's colleges and universities and other discrete component units.

131 Section 3. **Appropriation.**

132 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, for
133 the fiscal year beginning July 1, 2013, and ending June 30, 2014, the following sums of money
134 are appropriated from resources not otherwise appropriated, or reduced from amounts
135 previously appropriated, out of the funds or accounts indicated. These sums of money are in
136 addition to any amounts previously appropriated for fiscal year 2014.

137 To Related to Basic Programs

138 From Education Fund \$37,551,000

139 Schedule of Programs:

140 Liquor Revenues Allocation \$37,551,000

141 It is the intent of the Legislature that the State Board of Education shall allocate the
142 money appropriated under this item in accordance with Section 32B-2-307.

143 Section 4. **Effective date.**

144 This bill takes effect on July 1, 2013.