

## HB0381S01 compared with HB0381

~~deleted text~~ shows text that was in HB0381 but was deleted in HB0381S01.

inserted text shows text that was not in HB0381 but was inserted into HB0381S01.

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Representative John Knotwell proposes the following substitute bill:

### LOCAL GOVERNMENT INTERFUND LOANS

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John Knotwell**

Senate Sponsor: \_\_\_\_\_

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#### LONG TITLE

##### General Description:

This bill amends provisions allowing local governments to authorize interfund loans.

##### Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ requires the terms and conditions of an interfund loan to be in writing;
- ▶ requires an interfund loan to be approved by ordinance or resolution in a public meeting;
- ▶ places restrictions on the interest rate;
- ▶ places restrictions on the length of the loan;
- ▶ requires notice and a public hearing with an exception to the requirements;
- ▶ provides an exemption from the requirements ~~if the aggregate amount of interfund~~

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~~loans from any one fund for a fiscal year is less than \$10,000}~~under certain circumstances; and

- ▶ makes technical corrections.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

~~{ None }~~ This bill coordinates with S.B. 18, Local Government General Fund Amendments, by providing technical amendments.

### Utah Code Sections Affected:

AMENDS:

10-5-120, as enacted by Laws of Utah 1983, Chapter 34

10-6-106, as last amended by Laws of Utah 2003, Chapter 292

10-6-132, as enacted by Laws of Utah 1979, Chapter 26

17-36-3, as last amended by Laws of Utah 2012, Chapter 17

17-36-30, as enacted by Laws of Utah 1975, Chapter 22

17B-1-601, as renumbered and amended by Laws of Utah 2007, Chapter 329

17B-1-626, as renumbered and amended by Laws of Utah 2007, Chapter 329

ENACTS:

10-5-102.5, Utah Code Annotated 1953

### Utah Code Sections Affected by Coordination Clause:

10-5-102.5, Utah Code Annotated 1953

10-6-106, as last amended by Laws of Utah 2003, Chapter 292

17-36-3, as last amended by Laws of Utah 2012, Chapter 17

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

Section 1. Section 10-5-102.5 is enacted to read:

#### 10-5-102.5. Definitions.

As used in this chapter:

(1) "Fund" is as defined by ~~{generally accepted accounting principles}~~the

Governmental Accounting Standards Board as reflected in the Uniform Accounting Manual for All Local Governments prepared by the Office of the Utah State Auditor.

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(2) "~~{Fund balance}~~General fund" is as defined by ~~{generally accepted accounting principles}~~the Governmental Accounting Standards Board as reflected in the Uniform Accounting Manual for All Local Governments prepared by the Office of the Utah State Auditor.

(3) ~~{(a)}~~ "Interfund loan" means a loan of cash from one fund to another, subject to future repayment.

~~{(b)} "Interfund loan" does not mean:~~

~~— (i) an expenditure or a use of:~~

~~— (A) retained earnings; or~~

~~— (B) a fund balance of a lending fund; or~~

~~— (ii) revenue to a borrowing fund.~~

~~— (4) "Retained earnings" is as defined by generally accepted accounting principles as reflected in the Uniform Accounting Manual for All Local Governments prepared by the Office of the Utah State Auditor.~~4) "Town general fund" means the general fund used by a town.

Section 2. Section **10-5-120** is amended to read:

### **10-5-120. Loans between funds -- Bonds purchased by funds.**

(1) Subject to this section, restrictions imposed by bond ordinance, ~~[statute,]~~ or other controlling regulations, the town council may ~~[(+)]~~:

(a) subject to the restrictions in Section 53-2a-605, authorize an interfund ~~[loans]~~ loan from one fund to another ~~[at such interest rates and upon such repayment terms and conditions as it may prescribe,];~~ and ~~[(2)]~~

(b) with available cash in any fund, purchase or otherwise acquire for investment an unmatured ~~[bonds]~~ bond of the town or of any fund of the town.

(2) An interfund loan under Subsection (1)(a) shall be in writing and specify the terms and conditions of the loan, including the:

(a) effective date of the loan;

(b) name of the fund loaning the money;

(c) name of the fund receiving the money;

(d) amount of the loan;

(e) subject to Subsection (3), term of and repayment schedule for the loan;

(f) subject to Subsection (4), interest rate of the loan;

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(g) method of calculating interest applicable to the loan;

(h) procedures for:

(i) applying interest to the loan; and

(ii) paying interest on the loan; and

(i) other terms and conditions the town council determines applicable.

(3) The term and repayment schedule specified under Subsection (2)(e) may not exceed 10 years.

(4) (a) In determining the interest rate of the loan specified under Subsection (2)(f), the town council shall apply an interest rate that reflects the rate of potential gain had the funds been deposited or invested in a comparable investment.

(b) Notwithstanding Subsection (4)(a), the interest rate of the loan specified under Subsection (2)(f):

(i) if the term of the loan under Subsection (2)(e) is one year or less, may not be less than the rate offered by the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(ii) if the term of the loan under Subsection (2)(e) is more than one year, may not be less than the greater of the rate offered by:

(A) the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(B) a United States Treasury note of a comparable term.

(5) (a) For an interfund loan under Subsection (1)(a), the town council shall:

(i) hold a public hearing;

(ii) prepare a written notice of the date, time, place, and purpose of the hearing, and the proposed terms and conditions of the interfund loan under Subsection (2);

(iii) provide notice of the public hearing in the same manner as required under Subsection 10-5-108(2) as if the hearing were a budget hearing; and

(iv) authorize the interfund loan by ordinance or resolution in a public meeting.

(b) The notice and hearing requirements in Subsection (5)(a) are satisfied if the interfund loan is included in an original budget or in a subsequent budget amendment previously approved by the town council for the current fiscal year.

(6) Subsections (2) through (5) do not apply to an interfund loan if the [aggregate](#)

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amount of }interfund {loans from any one fund of a town for a fiscal year is less than \$10,000.} loan is:

(a) a loan from the town general fund to any other fund of the town; or

(b) a short term advance from the town's cash and investment pool to individual funds that are repaid by the end of the fiscal year.

Section 3. Section 10-6-106 is amended to read:

### **10-6-106. Definitions.**

As used in this chapter:

(1) "Account group" is defined by generally accepted accounting principles as reflected in the Uniform Accounting Manual for Utah Cities.

(2) "Appropriation" means an allocation of money by the governing body for a specific purpose.

(3) (a) "Budget" means a plan of financial operations for a fiscal period which embodies estimates of proposed expenditures for given purposes and the proposed means of financing them.

(b) "Budget" may refer to the budget of a particular fund for which a budget is required by law or it may refer collectively to the budgets for all such funds.

(4) "Budgetary fund" means a fund for which a budget is required.

(5) "Budget officer" means the city auditor in a city of the first and second class, the mayor or some person appointed by the mayor with the approval of the city council in a city of the third, fourth, or fifth class, the mayor in the council-mayor optional form of government, or the person designated by the charter in a charter city.

(6) "Budget period" means the fiscal period for which a budget is prepared.

(7) "Check" means an order in a specific amount drawn upon a depository by an authorized officer of a city.

(8) "City general fund" means the general fund used by a city.

[(8)] (9) "Current period" means the fiscal period in which a budget is prepared and adopted, i.e., the fiscal period next preceding the budget period.

[(9)] (10) "Department" means any functional unit within a fund that carries on a specific activity, such as a fire or police department within a General Fund.

[(10)] (11) "Encumbrance system" means a method of budgetary control in which part

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of an appropriation is reserved to cover a specific expenditure by charging obligations, such as purchase orders, contracts, or salary commitments to an appropriation account at their time of origin. Such obligations cease to be encumbrances when paid or when the actual liability is entered on the city's books of account.

~~[(11)]~~ (12) "Estimated revenue" means the amount of revenue estimated to be received from all sources during the budget period in each fund for which a budget is being prepared.

~~[(12)]~~ (13) "Financial officer" means the mayor in the council-mayor optional form of government or the city official as authorized by Section 10-6-158.

~~[(13)]~~ (14) "Fiscal period" means the annual or biennial period for accounting for fiscal operations in each city.

~~[(14)]~~ (15) "Fund" is as defined by generally accepted accounting principles as reflected in the Uniform Accounting Manual for Utah Cities.

~~[(15)]~~ (16) "Fund balance," "retained earnings," and "deficit" have the meanings commonly accorded such terms under generally accepted accounting principles as reflected in the Uniform Accounting Manual for Utah Cities.

(17) "General fund" is as defined by the Governmental Accounting Standards Board as reflected in the Uniform Accounting Manual for All Local Governments prepared by the Office of the Utah State Auditor.

~~[(16)]~~ (18) "Governing body" means a city council, or city commission, as the case may be, but the authority to make any appointment to any position created by this chapter is vested in the mayor in the council-mayor optional form of government.

~~[(17)]~~ (19) "Interfund loan" means a loan of cash from one fund to another, subject to future repayment ~~[and does not constitute an expenditure or a use of retained earnings or fund balance of the lending fund or revenue to the borrowing fund]~~.

~~[(18)]~~ (20) "Last completed fiscal period" means the fiscal period next preceding the current period.

~~[(19)]~~ (21) "Public funds" means any money or payment collected or received by an officer or employee of the city acting in an official capacity and includes money or payment to the officer or employee for services or goods provided by the city, or the officer or employee while acting within the scope of employment or duty. Public funds do not include money or payments collected or received by an officer or employee of a city for charitable purposes if the

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mayor or city council has consented to the officer's or employee's participation in soliciting contributions for a charity.

~~[(20)]~~ (22) "Special fund" means any fund other than the General Fund.

~~[(21)]~~ (23) "Warrant" means an order drawn upon the city treasurer, in the absence of sufficient money in the city's depository, by an authorized officer of a city for the purpose of paying a specified amount out of the city treasury to the person named or to the bearer as money becomes available.

Section ~~(3)~~ 4. Section **10-6-132** is amended to read:

### **10-6-132. Loans by one fund to another -- Acquiring bonds for investment.**

(1) Subject to this section, restrictions imposed by bond ordinance, ~~[statute]~~ or other controlling regulations, the governing body of a city may ~~[(+)]~~:

(a) subject to the restrictions in Section 53-2a-605, authorize an interfund [loans] loan from one fund to another [at such interest rates and upon such repayment terms and conditions as it may prescribe,]; and [(2)]

(b) with available cash in any fund, purchase or otherwise acquire for investment an unmatured ~~[bonds]~~ bond of the city or of any fund of the city.

(2) An interfund loan under Subsection (1)(a) shall be in writing and specify the terms and conditions of the loan, including the:

(a) effective date of the loan;

(b) name of the fund loaning the money;

(c) name of the fund receiving the money;

(d) amount of the loan;

(e) subject to Subsection (3), term of and repayment schedule for the loan;

(f) subject to Subsection (4), interest rate of the loan;

(g) method of calculating interest applicable to the loan;

(h) procedures for:

(i) applying interest to the loan; and

(ii) paying interest on the loan; and

(i) other terms and conditions the governing body determines applicable.

(3) The term and repayment schedule specified under Subsection (2)(e) may not exceed 10 years.

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(4) (a) In determining the interest rate of the loan specified under Subsection (2)(f), the governing body shall apply an interest rate that reflects the rate of potential gain had the funds been deposited or invested in a comparable investment.

(b) Notwithstanding Subsection (4)(a), the interest rate of the loan specified under Subsection (2)(f):

(i) if the term of the loan under Subsection (2)(e) is one year or less, may not be less than the rate offered by the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(ii) if the term of the loan under Subsection (2)(e) is more than one year, may not be less than the greater of the rate offered by:

(A) the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(B) a United States Treasury note of a comparable term.

(5) (a) For an interfund loan under Subsection (1)(a), the governing body shall:

(i) hold a public hearing;

(ii) prepare a written notice of the date, time, place, and purpose of the hearing, and the proposed terms and conditions of the interfund loan under Subsection (2);

(iii) provide notice of the public hearing in the same manner as required under Section 10-6-113 as if the hearing were a budget hearing; and

(iv) authorize the interfund loan by ordinance or resolution in a public meeting.

(b) The notice and hearing requirements in Subsection (5)(a) are satisfied if the interfund loan is included in an original budget or in a subsequent budget amendment previously approved by the governing body for the current fiscal year.

(6) Subsections (2) through (5) do not apply to an interfund loan if the ~~aggregate amount of~~ interfund ~~loans from any one fund of a city for a fiscal year is less than \$10,000.~~ loan is:

(a) a loan from the city general fund to any other fund of the city; or

(b) a short term advance from the city's cash and investment pool to individual funds that are repaid by the end of the fiscal year.

Section 5. Section 17-36-3 is amended to read:

**17-36-3. Definitions.**



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As used in this chapter:

(1) "Accrual basis of accounting" means a method where revenues are recorded when earned and expenditures recorded when they become liabilities notwithstanding that the receipt of the revenue or payment of the expenditure may take place in another accounting period.

(2) "Appropriation" means an allocation of money for a specific purpose.

(3) (a) "Budget" means a plan for financial operations for a fiscal period, embodying estimates for proposed expenditures for given purposes and the means of financing the expenditures.

(b) "Budget" may refer to the budget of a fund for which a budget is required by law, or collectively to the budgets for all those funds.

(4) "Budgetary fund" means a fund for which a budget is required, such as those described in Section 17-36-8.

(5) "Budget officer" means:

(a) for a county of the second, third, fourth, fifth, or sixth class, the county auditor, county clerk, or county executive as provided in Subsection 17-19-19(1); or

(b) for a county of the first class, a person described in Section 17-19a-203.

(6) "Budget period" means the fiscal period for which a budget is prepared.

(7) "Check" means an order in a specific amount drawn upon the depository by any authorized officer in accordance with Section 17-19-3, 17-19a-301, 17-24-1, or 17-24-1.1, as applicable.

(8) "County general fund" means the general fund used by a county.

~~[(8)]~~ (9) "Countywide service" means a service provided in both incorporated and unincorporated areas of a county.

~~[(9)]~~ (10) "Current period" means the fiscal period in which a budget is prepared and adopted.

~~[(10)]~~ (11) "Department" means any functional unit within a fund which carries on a specific activity.

~~[(11)]~~ (12) "Encumbrance system" means a method of budgetary control where part of an appropriation is reserved to cover a specific expenditure by charging obligations, such as purchase orders, contracts, or salary commitments to an appropriation account. An expenditure ceases to be an encumbrance when paid or when the actual liability is entered in the books of

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account.

~~[(12)]~~ [(13)] "Estimated revenue" means any revenue estimated to be received during the budget period in any fund for which a budget is prepared.

~~[(13)]~~ [(14)] "Fiscal period" means the annual or biennial period for recording county fiscal operations.

~~[(14)]~~ [(15)] "Fund" means an independent fiscal and accounting entity comprised of a sum of money or other resources segregated for a specific purpose or objective.

~~[(15)]~~ [(16)] "Fund balance" means the excess of the assets over liabilities, reserves, and contributions, as reflected by its books of account.

~~[(16)]~~ [(17)] "Fund deficit" means the excess of liabilities, reserves, and contributions over its assets, as reflected by its books of account.

~~[(17)]~~ [(18)] "General Fund" ~~[means the fund used to account for all receipts, disbursements, assets, liabilities, reserves, fund balances, revenues, and expenditures not required to be accounted for in other funds]~~ is as defined by the Governmental Accounting Standards Board as reflected in the Uniform Accounting Manual for All Local Governments prepared by the Office of the Utah State Auditor.

~~[(18)]~~ [(19)] "Interfund loan" means a loan of cash from one fund to another, subject to future repayment~~[- but it does not constitute an expenditure or a use of retained earnings, fund balance, or unappropriated surplus of the lending fund].~~

~~[(19)]~~ [(20)] "Last completed fiscal period" means the fiscal period next preceding the current period.

~~[(20)]~~ [(21)] "Modified accrual basis of accounting" means a method under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when they become measurable and available to finance expenditures of the current period.

~~[(21)]~~ [(22)] "Municipal capital project" means the acquisition, construction, or improvement of capital assets that facilitate providing municipal service.

~~[(22)]~~ [(23)] "Municipal service" means a service not provided on a countywide basis and not accounted for in an enterprise fund, and includes police patrol, fire protection, culinary or irrigation water retail service, water conservation, local parks, sewers, sewage treatment and disposal, cemeteries, garbage and refuse collection, street lighting, airports, planning and

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zoning, local streets and roads, curb, gutter, and sidewalk maintenance, and ambulance service.

~~[(23)]~~ (24) "Retained earnings" means that part of the net earnings retained by an enterprise or internal service fund which is not segregated or reserved for any specific purpose.

~~[(24)]~~ (25) "Special fund" means any fund other than the General Fund, such as those described in Section 17-36-6.

~~[(25)]~~ (26) "Unappropriated surplus" means that part of a fund which is not appropriated for an ensuing budget period.

~~[(26)]~~ (27) "Warrant" means an order in a specific amount drawn upon the treasurer by the auditor.

Section ~~(4)~~ 6. Section **17-36-30** is amended to read:

### **17-36-30. Interfund loans -- Acquisition of issued unmatured bonds.**

~~[The]~~ (1) Subject to this section, restrictions imposed by bond covenants, or other controlling regulations, the governing body may ~~[(+)]~~:

(a) subject to the restrictions in Section 53-2a-605, authorize an interfund ~~[loans]~~ loan from one fund to another ~~[at such interest rates and subject to such terms for repayment as it may prescribe]~~; and ~~[may~~ ~~(2)]~~

(b) with available cash in any fund, purchase or otherwise acquire for investment ~~[- issued]~~ an unmatured ~~[bonds]~~ bond of the county or of any county fund.

(2) An interfund loan under Subsection (1)(a) shall be in writing and specify the terms and conditions of the loan, including the:

(a) effective date of the loan;

(b) name of the fund loaning the money;

(c) name of the fund receiving the money;

(d) amount of the loan;

(e) subject to Subsection (3), term of and repayment schedule for the loan;

(f) subject to Subsection (4), interest rate of the loan;

(g) method of calculating interest applicable to the loan;

(h) procedures for:

(i) applying interest to the loan; and

(ii) paying interest on the loan; and

(i) other terms and conditions the governing body determines applicable.

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(3) The term and repayment schedule specified under Subsection (2)(e) may not exceed 10 years.

(4) (a) In determining the interest rate of the loan specified under Subsection (2)(f), the governing body shall apply an interest rate that reflects the rate of potential gain had the funds been deposited or invested in a comparable investment.

(b) Notwithstanding Subsection (4)(a), the interest rate of the loan specified under Subsection (2)(f):

(i) if the term of the loan under Subsection (2)(e) is one year or less, may not be less than the rate offered by the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(ii) if the term of the loan under Subsection (2)(e) is more than one year, may not be less than the greater of the rate offered by:

(A) the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(B) a United States Treasury note of a comparable term.

(5) (a) For an interfund loan under Subsection (1)(a), the governing body shall:

(i) hold a public hearing;

(ii) prepare a written notice of the date, time, place, and purpose of the hearing, and the proposed terms and conditions of the interfund loan under Subsection (2);

(iii) provide notice of the public hearing in the same manner as required under Section 17-36-12 as if the hearing were a budget hearing; and

(iv) authorize the interfund loan by ordinance or resolution in a public meeting.

(b) The notice and hearing requirements in Subsection (5)(a) are satisfied if the interfund loan is included in an original budget or in a subsequent budget amendment previously approved by the governing body for the current fiscal year.

(6) Subsections (2) through (5) do not apply to an interfund loan if the ~~aggregate amount of~~ interfund ~~loans from any one fund of a county for a fiscal year is less than \$10,000.~~ loan is:

(a) a loan from the county general fund to any other fund of the county; or

(b) a short term advance from the county's cash and investment pool to individual funds that are repaid by the end of the fiscal year.

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### Section 7. Section 17B-1-601 is amended to read:

#### **17B-1-601. Definitions.**

As used in this part:

- (1) "Appropriation" means an allocation of money by the board of trustees for a specific purpose.
- (2) "Budget" means a plan of financial operations for a fiscal year which embodies estimates of proposed expenditures for given purposes and the proposed means of financing them, and may refer to the budget of a particular fund for which a budget is required by law or it may refer collectively to the budgets for all such funds.
- (3) "Budget officer" means the person appointed by the local district board of trustees to prepare the budget for the district.
- (4) "Budget year" means the fiscal year for which a budget is prepared.
- (5) "Calendar year entity" means a local district whose fiscal year begins January 1 and ends December 31 of each calendar year as described in Section 17B-1-602.
- (6) "Current year" means the fiscal year in which a budget is prepared and adopted, which is the fiscal year next preceding the budget year.
- (7) "Deficit" has the meaning given under generally accepted accounting principles as reflected in the Uniform Accounting Manual for Local Districts.
- (8) "Estimated revenue" means the amount of revenue estimated to be received from all sources during the budget year in each fund for which a budget is being prepared.
- (9) "Financial officer" means the official under Section 17B-1-642.
- (10) "Fiscal year" means the annual period for accounting for fiscal operations in each district.
- (11) "Fiscal year entity" means a local district whose fiscal year begins July 1 of each year and ends on June 30 of the following year as described in Section 17B-1-602.
- (12) "Fund" has the meaning given under generally accepted accounting principles as reflected in the Uniform Accounting Manual for Local Districts.
- (13) "Fund balance" has the meaning given under generally accepted accounting principles as reflected in the Uniform Accounting Manual for Local Districts.
- (14) "General fund" is as defined by the Governmental Accounting Standards Board as reflected in the Uniform Accounting Manual for All Local Governments prepared by the Office

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### of the Utah State Auditor.

~~[(14)]~~ (15) "Governmental funds" means the general fund, special revenue fund, debt service fund, and capital projects fund of a local district.

~~[(15)]~~ (16) "Interfund loan" means a loan of cash from one fund to another, subject to future repayment. ~~[It does not constitute an expenditure or a use of retained earnings or fund balance of the lending fund or revenue to the borrowing fund.]~~

~~[(16)]~~ (17) "Last completed fiscal year" means the fiscal year next preceding the current fiscal year.

(18) "Local district general fund" means the general fund used by a local district.

~~[(17)]~~ (19) "Proprietary funds" means enterprise funds and the internal service funds of a local district.

~~[(18)]~~ (20) "Public funds" means any money or payment collected or received by an officer or employee of a local district acting in an official capacity and includes money or payment to the officer or employee for services or goods provided by the district, or the officer or employee while acting within the scope of employment or duty.

~~[(19)]~~ (21) "Retained earnings" has the meaning given under generally accepted accounting principles as reflected in the Uniform Accounting Manual for Local Districts.

~~[(20)]~~ (22) "Special fund" means any local district fund other than the local district's general fund.

Section ~~{5}~~8. Section **17B-1-626** is amended to read:

### **17B-1-626. Loans by one fund to another.**

(1) Subject to this section, restrictions imposed by bond covenants, ~~[statute,]~~ restrictions in Section 53-2a-605, or other controlling regulations, the board of trustees of a local district may authorize an interfund ~~[loans]~~ loan from one fund to another ~~[at interest rates, repayment terms, and conditions prescribed by the board of trustees].~~

(2) An interfund loan under Subsection (1) shall be in writing and specify the terms and conditions of the loan, including the:

- (a) effective date of the loan;
- (b) name of the fund loaning the money;
- (c) name of the fund receiving the money;
- (d) amount of the loan;

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(e) subject to Subsection (3), term of and repayment schedule for the loan;

(f) subject to Subsection (4), interest rate of the loan;

(g) method of calculating interest applicable to the loan;

(h) procedures for:

(i) applying interest to the loan; and

(ii) paying interest on the loan; and

(i) other terms and conditions the board of trustees determines applicable.

(3) The term and repayment schedule specified under Subsection (2)(e) may not exceed 10 years.

(4) (a) In determining the interest rate of the loan specified under Subsection (2)(f), the board of trustees shall apply an interest rate that reflects the rate of potential gain had the funds been deposited or invested in a comparable investment.

(b) Notwithstanding Subsection (4)(a), the interest rate of the loan specified under Subsection (2)(f):

(i) if the term of the loan under Subsection (2)(e) is one year or less, may not be less than the rate offered by the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(ii) if the term of the loan under Subsection (2)(e) is more than one year, may not be less than the greater of the rate offered by:

(A) the Public Treasurers' Investment Fund that was created for public funds transferred to the state treasurer in accordance with Section 51-7-5; or

(B) a United States Treasury note of a comparable term.

(5) (a) For an interfund loan under Subsection (1), the board of trustees shall:

(i) hold a public hearing;

(ii) prepare a written notice of the date, time, place, and purpose of the hearing, and the proposed terms and conditions of the interfund loan under Subsection (2);

(iii) provide notice of the public hearing in the same manner as required under Section 17B-1-609 as if the hearing were a budget hearing; and

(iv) authorize the interfund loan by resolution in a public meeting.

(b) The notice and hearing requirements in Subsection (5)(a) are satisfied if the interfund loan is included in an original budget or in a subsequent budget amendment

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previously approved by the board of trustees for the current fiscal year.

(6) Subsections (2) through (5) do not apply to an interfund loan if the ~~aggregate amount of~~ interfund ~~loans~~ loan is:

(a) a loan from ~~any one fund of a~~ the local district ~~for a fiscal year is less than~~ \$10,000.

### Legislative Review Note

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~~general fund to any other fund of the local district; or~~

(b) a short term advance from the local district's cash and investment pool to individual funds that are repaid by the end of the fiscal year.

### Section 9. Coordinating H.B. 381 with S.B. 18 -- Technical amendments.

If this H.B. 381 and S.B. 18, Local Government General Fund Amendments, both pass and become law, the Legislature intends that the Office of Legislative Research and General Counsel, in preparing the Utah Code database for publication, make the following changes:

(1) Section 10-5-102.5 in this H.B. 381 supersedes Section 10-5-102.5 in S.B. 18;

(2) Subsection 10-6-106(8) in this H.B. 381 supersedes Subsection 10-6-106(8) in S.B.

18;

(3) Subsection 17-36-3(8) in this H.B. 381 supersedes Subsection 17-36-3(8) in S.B.

18; and

(4) the definition of "General Fund" in Subsection 17-36-3(18) in this H.B. 381 supersedes the changes to the definition of "General Fund" in Subsection 17-36-3(17) in S.B.

18.