

BUDGET RESERVE ACCOUNT AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Dean Sanpei

Senate Sponsor: Lyle W. Hillyard

LONG TITLE

General Description:

This bill modifies provisions of the Budgetary Procedures Act relating to budget-related restricted accounts.

Highlighted Provisions:

This bill:

- ▶ addresses the transfer limit for the General Fund Budget Reserve Account and the Education Fund Budget Reserve Account.

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 2012, Chapter 141

63J-1-313, as last amended by Laws of Utah 2012, Chapter 141

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

(1) As used in this section:

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

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

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

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

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

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

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

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

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

55 (ii) If the transfer of 25% of the General Fund revenue surplus to the General Fund
56 Budget Reserve Account would cause the balance in the account to exceed [~~8%~~] 9% of General
57 Fund appropriations for the fiscal year in which the revenue surplus occurred, the Division of

58 Finance shall transfer only those funds necessary to ensure that the balance in the account
59 equals [8%] 9% of General Fund appropriations for the fiscal year in which the General Fund
60 revenue surplus occurred.

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

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

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

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

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

78 (ii) If the transfer under Subsection (3)(b)(i) would cause the balance in the account to
79 exceed [8%] 9% of General Fund appropriations for the fiscal year in which the revenue
80 surplus occurred, the Division of Finance shall transfer only those funds necessary to ensure
81 that the balance in the account equals [8%] 9% of General Fund appropriations for the fiscal
82 year in which the revenue surplus occurred.

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

85 (A) after making the transfer of General Fund revenue surplus to the Medicaid Growth

86 Reduction and Budget Stabilization Account, as provided in Section 63J-1-315;

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

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

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

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

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

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

103 (c) pay retroactive tax refunds; or

104 (d) resolve an Education Fund budget deficit.

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

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

108 **63J-1-313. Establishing an Education Budget Reserve Account -- Providing for**
109 **deposits and expenditures from the account -- Providing for interest generated by the**
110 **account.**

111 (1) As used in this section:

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

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

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

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

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

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

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

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

134 (ii) If the transfer of 25% of the Education Fund revenue surplus to the Education Fund
135 Budget Reserve Account under Subsection (3)(a)(i) would cause the balance in the account to
136 exceed [~~9%~~] 11% of Education Fund appropriations for the fiscal year in which the Education
137 Fund revenue surplus occurred, the Division of Finance shall transfer only those funds
138 necessary to ensure that the balance in the account equals [~~9%~~] 11% of the Education Fund
139 appropriations for the fiscal year in which the Education Fund revenue surplus occurred.

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

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

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

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

155 (ii) If the transfer under Subsection (3)(b)(i) would cause the balance in the account to
156 exceed [~~9%~~] 11% of Education Fund appropriations for the fiscal year in which the Education
157 Fund revenue surplus occurred, the Division of Finance shall transfer only those funds
158 necessary to ensure that the balance in the account equals [~~9%~~] 11% of Education Fund
159 appropriations for the fiscal year in which the revenue surplus occurred.

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

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

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

167 (c) For appropriations made by the Legislature to the Education Fund Budget Reserve
168 Account, the Division of Finance shall treat those appropriations, unless specified otherwise in
169 the appropriation, as replacement funds for appropriations made from the account if funds were

170 appropriated from the account within the past 10 years and have not yet been replaced.

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

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

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