

1 **BUDGET AND REPORTING REQUIREMENTS AMENDMENTS**

2 2016 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Brad R. Wilson**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions relating to budget and reporting requirements.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ modifies the duties of the Office of the Legislative Fiscal Analyst;
- 13 ▶ repeals certain requirements for the governor's proposed budget to the Legislature;
- 14 ▶ enacts a requirement that the Office of the Legislative Fiscal Analyst and the

15 Governor's Office of Management and Budget annually submit a report on
16 comprehensive budget management over the business cycle to the Executive
17 Appropriations Committee;

- 18 ▶ specifies requirements for the report on comprehensive budget management over
- 19 the business cycle; and
- 20 ▶ makes technical corrections.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **36-12-13**, as last amended by Laws of Utah 2014, Chapters 344 and 430



28 **63J-1-201**, as last amended by Laws of Utah 2015, Chapters 175 and 407

29 ENACTS:

30 **63J-1-204.5**, Utah Code Annotated 1953

31

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

33 Section 1. Section **36-12-13** is amended to read:

34 **36-12-13. Office of the Legislative Fiscal Analyst established -- Powers, functions,**
35 **and duties -- Qualifications.**

36 (1) There is established an Office of the Legislative Fiscal Analyst as a permanent staff
37 office for the Legislature.

38 (2) The powers, functions, and duties of the Office of the Legislative Fiscal Analyst
39 under the supervision of the fiscal analyst are:

40 (a) to analyze in detail the state budget before the convening of each legislative session
41 and make recommendations to the Legislature on each item or program appearing in the
42 budget, including:

43 (i) funding for and performance of programs, acquisitions, and services currently
44 undertaken by state government to determine whether each department, agency, institution, or
45 program should:

- 46 (A) continue at its current level of expenditure;
- 47 (B) continue at a different level of expenditure; or
- 48 (C) be terminated; and

49 (ii) increases or decreases to spending authority and other resource allocations for the
50 current and future fiscal years;

51 (b) to prepare cost estimates on all proposed bills that anticipate state government
52 expenditures;

53 (c) to prepare cost estimates on all proposed bills that anticipate expenditures by
54 county, municipal, local district, or special service district governments;

55 (d) to prepare cost estimates on all proposed bills that anticipate direct expenditures by
56 any Utah resident or business, and the cost to the overall impacted Utah resident or business
57 population;

58 (e) to prepare a review and analysis of revenue estimates for existing and proposed

59 revenue acts[, which shall include a comparison of current estimates to 15-year trends by tax
60 type];

61 (f) to report instances in which the administration may be failing to carry out the
62 expressed intent of the Legislature;

63 (g) to propose and analyze statutory changes for more effective operational economies
64 or more effective administration;

65 (h) to prepare, before each annual general session of the Legislature, a summary
66 showing the current status of the following as compared to the past nine fiscal years:

67 (i) debt;

68 (ii) long-term liabilities;

69 (iii) contingent liabilities;

70 (iv) General Fund borrowing;

71 (v) reserves;

72 (vi) fund and nonlapsing balances; and

73 (vii) cash funded capital investments;

74 (i) to make recommendations for addressing the items described in Subsection (2)(h) in
75 the upcoming annual general session of the Legislature;

76 (j) to prepare, after each session of the Legislature, a summary showing the effect of
77 the final legislative program on the financial condition of the state;

78 (k) to conduct organizational and management improvement studies;

79 (l) to prepare and deliver upon request of any interim committee or the Legislative
80 Management Committee, reports on the finances of the state and on anticipated or proposed
81 requests for appropriations;

82 (m) to recommend areas for research studies by the executive department or the interim
83 committees;

84 (n) to appoint and develop a professional staff within budget limitations;

85 (o) to prepare and submit the annual budget request for the office;

86 (p) to develop a taxpayer receipt:

87 (i) available to taxpayers through a website; and

88 (ii) that allows a taxpayer to view on the website an estimate of how the taxpayer's tax
89 dollars are expended for government purposes; [and]

90 (q) to publish or provide other information on taxation and government expenditures
91 that may be accessed by the public[-];

92 (r) to prepare and submit a joint report with the Governor's Office of Management and
93 Budget on comprehensive budget management over the business cycle in accordance with
94 Section 63J-1-204.5; and

95 (s) to prepare and submit a joint revenue volatility report with the Governor's Office of
96 Management and Budget in accordance with Section 63J-1-205.

97 [~~(3) The Office of Legislative Fiscal Analyst shall report the review and analysis~~
98 ~~required under Subsection (2)(e) to the Executive Appropriations Committee of the Legislature~~
99 ~~before each upcoming annual general session of the Legislature.~~]

100 [(4)] (3) The legislative fiscal analyst shall have a master's degree in public
101 administration, political science, economics, accounting, or the equivalent in academic or
102 practical experience.

103 [(5)] (4) In carrying out the duties provided for in this section, the legislative fiscal
104 analyst may obtain access to all records, documents, and reports necessary to the scope of the
105 legislative fiscal analyst's duties according to the procedures contained in Title 36, Chapter 14,
106 Legislative Subpoena Powers.

107 Section 2. Section **63J-1-201** is amended to read:

108 **63J-1-201. Governor's proposed budget to Legislature -- Contents -- Preparation**
109 **-- Appropriations based on current tax laws and not to exceed estimated revenues.**

110 (1) The governor shall deliver, not later than 30 days before the date the Legislature
111 convenes in the annual general session, a confidential draft copy of the governor's proposed
112 budget recommendations to the Office of the Legislative Fiscal Analyst according to the
113 requirements of this section.

114 (2) (a) When submitting a proposed budget, the governor shall, within the first three
115 days of the annual general session of the Legislature, submit to the presiding officer of each
116 house of the Legislature:

117 (i) a proposed budget for the ensuing fiscal year;

118 (ii) a schedule for all of the proposed changes to appropriations in the proposed budget,
119 with each change clearly itemized and classified; and

120 (iii) as applicable, a document showing proposed changes in estimated revenues that

121 are based on changes in state tax laws or rates.

122 (b) The proposed budget shall include:

123 (i) a projection of:

124 (A) estimated revenues by major tax type;

125 [~~(B) 15-year trends for each major tax type;~~]

126 [~~(C)~~] (B) estimated receipts of federal funds; and

127 [~~(D)~~] (C) appropriations for the next fiscal year;

128 (ii) the source of changes to all direct, indirect, and in-kind matching funds for all

129 federal grants or assistance programs included in the budget;

130 (iii) changes to debt service;

131 (iv) a plan of proposed changes to appropriations and estimated revenues for the next

132 fiscal year that is based upon the current fiscal year state tax laws and rates and considers

133 projected changes in federal grants or assistance programs included in the budget;

134 (v) an itemized estimate of the proposed changes to appropriations for:

135 (A) the Legislative Department as certified to the governor by the president of the

136 Senate and the speaker of the House;

137 (B) the Executive Department;

138 (C) the Judicial Department as certified to the governor by the state court

139 administrator;

140 (D) changes to salaries payable by the state under the Utah Constitution or under law

141 for lease agreements planned for the next fiscal year; and

142 (E) all other changes to ongoing or one-time appropriations, including dedicated

143 credits, restricted funds, nonlapsing balances, grants, and federal funds;

144 (vi) for each line item, the average annual dollar amount of staff funding associated

145 with all positions that were vacant during the last fiscal year;

146 (vii) deficits or anticipated deficits;

147 (viii) the recommendations for each state agency for new full-time employees for the

148 next fiscal year, which shall also be provided to the State Building Board as required by

149 Subsection [63A-5-103\(2\)](#);

150 (ix) a written description and itemized report submitted by a state agency to the

151 Governor's Office of Management and Budget under Section [63J-1-220](#), including:

152 (A) a written description and an itemized report provided at least annually detailing the
153 expenditure of the state money, or the intended expenditure of any state money that has not
154 been spent; and

155 (B) a final written itemized report when all the state money is spent;

156 (x) any explanation that the governor may desire to make as to the important features
157 of the budget and any suggestion as to methods for the reduction of expenditures or increase of
158 the state's revenue; and

159 (xi) information detailing certain fee increases as required by Section 63J-1-504.

160 (3) For the purpose of preparing and reporting the proposed budget:

161 (a) The governor shall require the proper state officials, including all public and higher
162 education officials, all heads of executive and administrative departments and state institutions,
163 bureaus, boards, commissions, and agencies expending or supervising the expenditure of the
164 state money, and all institutions applying for state money and appropriations, to provide
165 itemized estimates of changes in revenues and appropriations.

166 (b) The governor may require the persons and entities subject to Subsection (3)(a) to
167 provide other information under these guidelines and at times as the governor may direct,
168 which may include a requirement for program productivity and performance measures, where
169 appropriate, with emphasis on outcome indicators.

170 (c) The governor may require representatives of public and higher education, state
171 departments and institutions, and other institutions or individuals applying for state
172 appropriations to attend budget meetings.

173 (4) (a) The Governor's Office of Management and Budget shall provide to the Office of
174 the Legislative Fiscal Analyst, as soon as practicable, but no later than 30 days before the date
175 the Legislature convenes in the annual general session, data, analysis, or requests used in
176 preparing the governor's budget recommendations, notwithstanding the restrictions imposed on
177 such recommendations by available revenue.

178 (b) The information under Subsection (4)(a) shall include:

179 (i) actual revenues and expenditures for the fiscal year ending the previous June 30;

180 (ii) estimated or authorized revenues and expenditures for the current fiscal year;

181 (iii) requested revenues and expenditures for the next fiscal year;

182 (iv) detailed explanations of any differences between the amounts appropriated by the

183 Legislature in the current fiscal year and the amounts reported under Subsections (4)(b)(ii) and
184 (iii);

185 (v) a statement of agency and program objectives, effectiveness measures, and program
186 size indicators; and

187 (vi) other budgetary information required by the Legislature in statute.

188 (c) The budget information under Subsection (4)(a) shall cover:

189 (i) all items of appropriation, funds, and accounts included in appropriations acts for
190 the current and previous fiscal years; and

191 (ii) any new appropriation, fund, or account items requested for the next fiscal year.

192 (d) The information provided under Subsection (4)(a) may be provided as a shared
193 record under Section 63G-2-206 as considered necessary by the Governor's Office of
194 Management and Budget.

195 (5) (a) In submitting the budget for the Department of Public Safety, the governor shall
196 include a separate recommendation in the governor's budget for maintaining a sufficient
197 number of alcohol-related law enforcement officers to maintain the enforcement ratio equal to
198 or below the number specified in Subsection 32B-1-201(2).

199 (b) If the governor does not include in the governor's budget an amount sufficient to
200 maintain the number of alcohol-related law enforcement officers described in Subsection
201 (5)(a), the governor shall include a message to the Legislature regarding the governor's reason
202 for not including that amount.

203 (6) (a) The governor may revise all estimates, except those relating to the Legislative
204 Department, the Judicial Department, and those providing for the payment of principal and
205 interest to the state debt and for the salaries and expenditures specified by the Utah
206 Constitution or under the laws of the state.

207 (b) The estimate for the Judicial Department, as certified by the state court
208 administrator, shall also be included in the budget without revision, but the governor may make
209 separate recommendations on the estimate.

210 (7) The total appropriations requested for expenditures authorized by the budget may
211 not exceed the estimated revenues from taxes, fees, and all other sources for the next ensuing
212 fiscal year.

213 (8) If any item of the budget as enacted is held invalid upon any ground, the invalidity

214 does not affect the budget itself or any other item in it.

215 Section 3. Section **63J-1-204.5** is enacted to read:

216 **63J-1-204.5. Comprehensive review of budget management over the business**
217 **cycle -- Report to Executive Appropriations Committee.**

218 (1) The Office of the Legislative Fiscal Analyst and the Governor's Office of
219 Management and Budget shall annually submit a joint report on comprehensive budget
220 management over the business cycle to the Executive Appropriations Committee before the
221 committee's December meeting.

222 (2) The Office of the Legislative Fiscal Analyst and the Governor's Office of
223 Management and Budget shall ensure that the report required under Subsection (1):

224 (a) examines the short-term and long-term trends in revenues for the state's major tax
225 types, including:

226 (i) information on economic and policy factors that influence the state's revenues; and

227 (ii) estimates of how revenues may respond under alternative economic scenarios;

228 (b) examines the short-term and long-term trends in the state's major expenditure
229 categories, including:

230 (i) information on economic and policy factors that influence the state's expenditures;
231 and

232 (ii) estimates of how major categories of expenditure may respond under alternative
233 economic scenarios;

234 (c) compares estimates of revenues and expenditures for the current and next fiscal
235 years to short-term and long-term trends for revenues and expenditures;

236 (d) provides a summary of formal and informal budget reserves and other alternatives
237 the state may utilize to balance the state's budget during an economic downturn; and

238 (e) provides information on the state's existing outstanding bonds and available
239 bonding capacity under Utah Constitution, Article XIV, Section 1, and statutory bonding limits.