

**ALCOHOLIC BEVERAGE CONTROL ACT - LIQUOR
REVENUES FOR PUBLIC EDUCATION**

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Bird

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Alcoholic Beverage Control 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 to local educational agencies;
- ▶ establishes that the money may be used for operations, capital facilities, or debt service; 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, \$31,580,833 subject to intent language that states that the appropriation is to be distributed as provided in statute.

Other Special Clauses:

None

Utah Code Sections Affected:



28 AMENDS:

29 **51-5-4**, as last amended by Laws of Utah 2010, Chapter 278

30 ENACTS:

31 **32B-2-306**, Utah Code Annotated 1953



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

34 Section 1. Section **32B-2-306** is enacted to read:

35 **32B-2-306. Public education deposit of certain liquor profits.**

36 (1) As used in this section, "local education agency" means a public authority legally
37 constituted by the state as an administrative agency to provide control of and direction for
38 kindergarten through grade 12 public educational institutions.

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

42 (3) For a fiscal year beginning on or after July 1, 2012, the State Board of Education
43 shall annually allocate the total gross revenue described in Subsection (2) on or after October 1
44 of the fiscal year as follows:

45 (a) local education agencies combined shall receive 10% of the money on an equal
46 basis; and

47 (b) the remaining 90% of the money shall be distributed on a per student basis, with
48 each local education agency receiving its allocation on the basis of the number of students
49 enrolled in the local education agency on the previous October 1 as compared to the state total.

50 (4) The money distributed under Subsection (3) may be used by a local education
51 agency for operations, capital facilities, or debt service.

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

53 **51-5-4. Funds established -- Titles of funds -- Fund functions.**

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

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

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

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

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

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

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

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

71 (2) Major Fund Type Titles:

72 (a) General Fund;

73 (b) Special Revenue Funds;

74 (c) Capital Projects Funds;

75 (d) Debt Service Funds;

76 (e) Permanent Funds;

77 (f) Enterprise Funds;

78 (g) Internal Service Funds;

79 (h) Trust and Agency Funds; and

80 (i) Discrete Component Unit Funds.

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

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

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

87 (i) receives all revenues from taxes on intangible property [σ], from a tax on income,
88 or money transferred to the fund under Section 32B-2-306; and

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

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

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

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

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

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

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

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

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

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

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

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

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

119 (a) operations, financed and operated in a manner similar to private business
120 enterprises, where the Legislature intends that the costs of providing goods or services to the

121 public are financed or recovered primarily through user charges;

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

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

125 (d) operations that are financed with debt that is secured solely by a pledge of the net
126 revenues from fees and charges of the operations.

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

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

132 (b) Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and
133 Agency Funds are Trust and Agency Funds.

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

136 Section 3. **Appropriation.**

137 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
138 following sums of money are appropriated from resources not otherwise appropriated, or
139 reduced from amounts previously appropriated, out of the funds or fund accounts indicated for
140 distribution to local education agencies for the fiscal year beginning July 1, 2012, and ending
141 June 30, 2013. These appropriations are additions to amounts previously appropriated for
142 fiscal year 2012-13.

143 To Related to Basic Programs

144 From Education Fund

\$31,580,833

145 Schedule of Programs:

146 Liquor Revenues Allocation

\$31,580,833

147 It is the intent of the Legislature that the State Board of Education shall allocate the
148 money appropriated under this item in accordance with Section 32B-2-306.

Legislative Review Note
as of 1-6-12 1:55 PM

Office of Legislative Research and General Counsel