

**EDUCATION FUND DESIGNATION RATIO**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Marsha Judkins**

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

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**LONG TITLE**

**General Description:**

This bill amends provisions related to the Education Fund.

**Highlighted Provisions:**

This bill:

- ▶ provides that no more than 15% of Education Fund revenue may be designated for higher education; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**51-5-4**, as last amended by Laws of Utah 2013, Chapter 400

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

Section 1. Section **51-5-4** is amended to read:

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

- (1) (a) (i) The funds enumerated in this section are established as major fund types.
- (ii) All resources and financial transactions of Utah state government shall be



28 accounted for within one of these major fund types.

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

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

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

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

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

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

43 (2) Major Fund Type Titles:

44 (a) General Fund;

45 (b) Special Revenue Funds;

46 (c) Capital Projects Funds;

47 (d) Debt Service Funds;

48 (e) Permanent Funds;

49 (f) Enterprise Funds;

50 (g) Internal Service Funds;

51 (h) Trust and Agency Funds; and

52 (i) Discrete Component Unit Funds.

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

55 (4) Special Revenue Funds are used to account for and report proceeds of specific  
56 revenue sources that are restricted or committed to be expended for a specified purpose.

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

58 (i) receives all revenues from taxes on intangible property or from a tax on income; and

59 (ii) is designated for public and higher education, except that no more than 15% of the  
60 revenue received into the Education Fund in a fiscal year may be designated for higher  
61 education.

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

64 (c) (i) An Expendable Special Revenue Fund is a Special Revenue Fund created by  
65 legislation or contractual relationship with parties external to the state that:

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

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

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

73 (ii) An Expendable Special Revenue Fund may only be created by contractual  
74 relationship with external parties when the sources of revenue for the fund are donated  
75 revenues or federal revenues.

76 (iii) Expendable Special Revenue Funds are subject to annual legislative review by the  
77 appropriate legislative appropriations subcommittee.

78 (5) (a) Capital Projects Funds account for financial resources to be expended for the  
79 acquisition or construction of capital outlays, including the acquisition or construction of a  
80 capital facility and other capital assets. Capital Projects Funds exclude those types of  
81 capital-related outflows financed by proprietary funds or for assets that will be held in trust for  
82 individuals, private organizations, or other governments.

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

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

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

90 (8) Enterprise Funds are designated to account for the following:  
91 (a) operations, financed and operated in a manner similar to private business  
92 enterprises, where the Legislature intends that the costs of providing goods or services to the  
93 public are financed or recovered primarily through user charges;

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

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

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

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

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

104 (b) Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and  
105 Agency Funds are Trust and Agency Funds.

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

108 **Section 2. Effective date.**

109 This bill takes effect on July 1, 2019.