

EDUCATION FUND DESIGNATION RATIO

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Marsha Judkins

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to the Education Fund.

Highlighted Provisions:

This bill:

▶ provides that no more than $\hat{H} \rightarrow [15\%] \underline{20\%} \leftarrow \hat{H}$ 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

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

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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 ~~H~~→ [15%]
59a 20% ←H 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.