

BUDGETING REVISIONS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Don L. Ipson

House Sponsor: Jefferson Moss

LONG TITLE

General Description:

This bill modifies budgeting provisions relating to dedicated credits, expendable receipts, and grants.

Highlighted Provisions:

This bill:

- ▶ provides and amends definitions;
- ▶ provides that dedicated credits are subject to appropriations and certain restrictions;
- ▶ provides that expendable receipts are not limited by appropriations;
- ▶ provides that an agency may expend expendable receipts in accordance with the terms set by the nonstate entity that provides the funds;
- ▶ provides expenditure procedures and reporting requirements for an agency that receives expendable receipts revenue greater than the amount included in an appropriations act line item; 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:

63I-2-263, as last amended by Laws of Utah 2018, Chapters 38, 95, 382, and 469

63J-1-102, as last amended by Laws of Utah 2018, Chapter 469

30 **63J-1-105**, as enacted by Laws of Utah 2018, Chapter 469

31 **63J-1-206**, as last amended by Laws of Utah 2018, Chapters 415 and 469

32 **63J-7-101**, as enacted by Laws of Utah 2008, Chapter 195

33

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

35 Section 1. Section **63I-2-263** is amended to read:

36 **63I-2-263. Repeal dates, Title 63A to Title 63N.**

37 (1) On July 1, 2020:

38 (a) Subsection **63A-3-403(5)(a)(i)** is repealed; and

39 (b) in Subsection **63A-3-403(5)(a)(ii)**, the language that states "appointed on or after
40 May 8, 2018," is repealed.

41 (2) Title 63C, Chapter 19, Higher Education Strategic Planning Commission is
42 repealed July 1, 2020.

43 (3) Section **63H-7a-303** is repealed on July 1, 2022.

44 [~~(4) On July 1, 2019:~~]

45 [~~(a) in Subsection **63J-1-206(2)(c)(i)**, the language that states "Subsection(2)(c)(ii)
46 and" is repealed; and]~~

47 [~~(b) Subsection **63J-1-206(2)(c)(ii)** is repealed.]~~

48 [~~(5)~~] (4) Section **63J-4-708** is repealed January 1, 2023.

49 [~~(6)~~] (5) Subsection **63N-3-109(2)(f)(i)(B)** is repealed July 1, 2020.

50 [~~(7)~~] (6) Section **63N-3-110** is repealed July 1, 2020.

51 Section 2. Section **63J-1-102** is amended to read:

52 **63J-1-102. Definitions.**

53 As used in this chapter:

54 (1) "Agency" means a unit of accounting, typically associated with a department,
55 division, board, council, committee, institution, office, bureau, or other similar administrative
56 unit of state government, that includes line items and programs.

57 (2) "Budget execution plan" means a proposal submitted by an administrative unit of

58 state government to the Division of Finance enumerating expected revenues and authorized
59 expenditures within line items and among programs.

60 (3) "Debt service" means the money that is required annually to cover the repayment of
61 interest and principal on state debt.

62 (4) (a) "Dedicated credits" means collections by an agency that ~~[are deposited directly~~
63 ~~into an account for expenditure by the agency]~~ fund agency operations.

64 (b) "Dedicated credits" includes~~[collections from assessments, contributions,~~
65 ~~donations, fees, fines, licenses, penalties, rental, sales, non-federal grants, or other collections~~
66 ~~not:]~~:

67 (i) assessments;

68 (ii) sales of goods and materials;

69 (iii) sales of services;

70 (iv) permits, licenses, and other fees;

71 (v) fines, penalties, and forfeitures; and

72 (vi) rental revenue.

73 ~~[(i) otherwise designated by law for deposit into another fund or account; or]~~

74 ~~[(ii) specifically excluded from the definition.]~~

75 (c) "Dedicated credits" does not ~~[mean:]~~ include:

76 (i) expendable receipts;

77 (ii) revenues otherwise designated by law for deposit into another fund or account;

78 ~~[(i)]~~ (iii) federal revenues and the related pass through ~~[or the related state match paid~~
79 ~~by one agency to another]; or~~

80 ~~[(ii)]~~ (iv) revenues that are not deposited in governmental funds~~[-or].~~

81 ~~[(iii) revenues from any contracts.]~~

82 (5) (a) "Expendable receipts" means collections by an agency for expenditures that are
83 limited by a nonstate entity that provides the funds.

84 (b) "Expendable receipts" includes:

85 (i) grants;

86 (ii) state matches for federal revenues paid by a nonstate entity; and
87 (iii) rebates, including pharmacy rebates, that have similar restrictions on expenditures
88 as the original program.

89 (c) "Expendable receipts" does not include:

90 (i) dedicated credits;

91 (ii) revenues otherwise designated by law for deposit into another fund or account;

92 (iii) federal revenues and the related pass through; or

93 (iv) revenues that are not deposited into governmental funds.

94 ~~[(5)]~~ (6) "Federal revenues" means collections by an agency from a federal source that
95 are deposited into an account for expenditure by the agency.

96 ~~[(6)]~~ (7) "Free revenue" includes:

97 (a) collections that are required by law to be deposited in:

98 (i) the General Fund;

99 (ii) the Education Fund;

100 (iii) the Uniform School Fund; or

101 (iv) the Transportation Fund;

102 (b) collections that are not otherwise designated by law;

103 (c) collections that are not externally restricted; and

104 (d) collections that are not included in an approved ~~[work program.]~~ budget execution
105 plan.

106 (8) "Grant" means the same as that term is defined in Section [63J-7-101](#).

107 ~~[(7)]~~ (9) (a) "Item of appropriation" means an authorization of expenditure contained in
108 legislation that appropriates funds and includes the following:

109 (i) the name of the agency and line item to which authorization is granted; and

110 (ii) sources of finance from which authorization is granted and associated amounts
111 authorized.

112 (b) "Item of appropriation" also includes:

113 (i) a schedule of programs;

- 114 (ii) intent language;
- 115 (iii) approved full-time equivalent employment;
- 116 (iv) authorized capital outlay; and
- 117 (v) other conditions of appropriation.

118 ~~[(8)]~~ (10) "Line item" means a unit of accounting, typically representing an
119 administrative unit of state government within an agency, that contains one or more programs.

120 ~~[(9)]~~ (11) "Major revenue types" means:

- 121 (a) free revenue;
- 122 (b) federal revenue;
- 123 ~~[(b)]~~ (c) restricted revenue; ~~[and]~~
- 124 ~~[(c)]~~ (d) dedicated credits~~[-];~~ and
- 125 (e) expendable receipts.

126 ~~[(10)]~~ (12) "Program" means a unit of accounting included on a schedule of programs
127 within a line item used to track budget authorizations, collections, and expenditures on specific
128 purposes or functions.

129 ~~[(11)]~~ (13) "Restricted revenue" means collections that are:

- 130 (a) deposited, by law, into a separate fund, subfund, or account; and
- 131 (b) designated for a specific program or purpose.

132 ~~[(12)]~~ (14) "Schedule of programs" means a list of programs and associated
133 authorization amounts within an item of appropriation.

134 Section 3. Section **63J-1-105** is amended to read:

135 **63J-1-105. Revenue types -- Disposition of dedicated credits and expendable**
136 **receipts.**

137 (1) (a) Dedicated credits are subject to appropriations and the restrictions in this
138 chapter.

139 (b) An agency may expend dedicated credits for any purpose within the program or line
140 item.

141 (2) Except as provided in Subsections (3) and (4), an agency may not expend dedicated

142 credits in excess of the amount appropriated to a line item as dedicated credits by the
143 Legislature.

144 (3) Each agency that receives dedicated credits revenue greater than the amount
145 appropriated to a line item by the Legislature in the annual appropriations acts may expend the
146 excess up to 25% of the amount appropriated if the expenditure is included in a revised budget
147 execution plan ~~[approved]~~ submitted as provided in Section 63J-1-209.

148 (4) Notwithstanding the requirements of Subsection (3), when an agency's dedicated
149 credits revenue represents over 90% of the budget of the line item for which the dedicated
150 credits are collected, the agency may expend 100% of the excess of the amount appropriated if
151 the ~~[expenditure is authorized by an amended]~~ agency submits a revised budget execution plan
152 ~~[approved]~~ as provided in Subsection (3) and Section 63J-1-209.

153 (5) An expenditure of dedicated credits in excess of amounts appropriated to a line
154 item as dedicated credits by the Legislature may not be used to permanently increase personnel
155 within the agency unless:

156 (a) the increase is approved by the Legislature; or

157 (b) the money is deposited as a dedicated credit in a line item covering tuition or
158 federal vocational funds at an institution of higher education.

159 (6) (a) All excess dedicated credits not received or expended in compliance with
160 Subsection (3), (4), or (7) lapse to the General Fund or other appropriate fund as free or
161 restricted revenue at the end of the fiscal year.

162 (b) The Division of Finance shall determine the appropriate fund into which the
163 dedicated credits lapse.

164 (7) (a) When an agency has a line item that is funded by more than one major revenue
165 type, one of which is dedicated credits, the agency shall completely expend authorized
166 dedicated credits within the current fiscal year and allocate unused spending authorization
167 among other funding sources based upon a proration of the amounts appropriated from each of
168 those major revenue types not attributable to dedicated credits, unless the Legislature has
169 designated a portion of the dedicated credits as nonlapsing, in which case the agency shall

170 completely expend within the current fiscal year authorized dedicated credits minus the portion
171 of dedicated credits designated as nonlapsing, and allocate unused spending authorization
172 among the other funding sources based upon a proration of the amounts appropriated from each
173 of those major revenue types not attributable to dedicated credits.

174 (b) Nothing in Subsection (7)(a) shall be construed to allow an agency to receive and
175 expend dedicated credits in excess of legislative appropriations to a line item without
176 complying with Subsection (3) or (4).

177 (c) Each agency that receives dedicated credits shall report, to the Division of Finance,
178 any balances remaining in those funds at the conclusion of each fiscal year.

179 (8) Each agency shall include in its annual budget request estimates of dedicated
180 credits revenue that is identified by, collected for, or set by the agency.

181 (9) Each agency may expend expendable receipts in accordance with the terms set by a
182 nonstate entity that provides the funds.

183 (10) (a) Expendable receipts are not limited by appropriations.

184 (b) Each agency that receives expendable receipts revenue greater than the amount
185 included for a line item by the Legislature in the annual appropriations acts may expend the
186 excess if the expenditure is included in a revised budget execution plan submitted as provided
187 in Section [63J-1-209](#).

188 (c) If an agency receives excess expendable receipts revenue that is more than 25%
189 greater than the amount included for a line item by the Legislature in the annual appropriations
190 acts, the agency shall report the excess amount, the source of the expendable receipts, and the
191 purpose for which the expendable receipts will be expended to the Governor's Office of
192 Management and Budget, the legislative fiscal analyst, and the Executive Appropriations
193 Committee within 60 days of submitting a revised budget execution plan as provided in Section
194 [63J-1-209](#).

195 Section 4. Section **63J-1-206** is amended to read:

196 **63J-1-206. Appropriations governed by chapter -- Restrictions on expenditures --**
197 **Transfer of funds -- Exclusion.**

198 (1) (a) Except as provided in [~~Subsection (2)(b), (3)(e),~~] Subsections (1)(b) and (2)(e),
199 or where expressly exempted in the appropriating act:

200 (i) all money appropriated by the Legislature is appropriated upon the terms and
201 conditions set forth in this chapter; and

202 (ii) any department, agency, or institution that accepts money appropriated by the
203 Legislature does so subject to the requirements of this chapter.

204 (b) This section does not apply to:

205 (i) the Legislature and its committees; and

206 (ii) the Investigation Account of the Water Resources Construction Fund, which is
207 governed by Section [73-10-8](#).

208 (2) (a) Each item of appropriation is to be expended subject to any schedule of
209 programs and any restriction attached to the item of appropriation, as designated by the
210 Legislature.

211 (b) Each schedule of programs or restriction attached to an appropriation item:

212 (i) is a restriction or limitation upon the expenditure of the respective appropriation
213 made;

214 (ii) does not itself appropriate any money; and

215 (iii) is not itself an item of appropriation.

216 (c) (i) Except as provided in Subsection (2)(c)(ii) [~~and Subsection (2)(c)(iii)~~], an
217 appropriation or any surplus of any appropriation may not be diverted from any department,
218 agency, institution, division, or line item to any other department, agency, institution, division,
219 or line item.

220 [~~(ii) Until July 1, 2019, the Department of Workforce Services may transfer or divert~~
221 ~~money to another department, agency, institution, division, or line item only for the purposes of~~
222 ~~law enforcement, adjudication, corrections, and providing and addressing services for homeless~~
223 ~~individuals and families.]~~

224 [~~(iii)~~] (ii) The state superintendent may transfer money appropriated for the Minimum
225 School Program between line items in accordance with Section [53F-2-205](#).

226 (d) The money appropriated subject to a schedule of programs or restriction may be
227 used only for the purposes authorized.

228 (e) In order for a department, agency, or institution to transfer money appropriated to it
229 from one program to another program within a line item, the department, agency, or institution
230 shall revise its budget execution plan as provided in Section 63J-1-209.

231 (f) (i) The procedures for transferring money between programs within a line item as
232 provided by Subsection (2)(e) do not apply to money appropriated to the State Board of
233 Education for the Minimum School Program or capital outlay programs created in Title 53F,
234 Chapter 3, State Funding -- Capital Outlay Programs.

235 (ii) The state superintendent may transfer money appropriated for the programs
236 specified in Subsection (2)(f)(i) only as provided by Section 53F-2-205.

237 Section 5. Section 63J-7-101 is amended to read:

238 **63J-7-101. Definitions.**

239 (1) As used in this chapter:

240 (a) (i) "Agency" means a department, division, committee, commission, council, court,
241 or other administrative subunit of the state.

242 (ii) "Agency" includes executive branch entities and judicial branch entities.

243 (iii) "Agency" does not mean higher education institutions or political subdivisions.

244 (b) (i) "Grant" means cash or other money donated to an agency [~~by a grantor~~].

245 (ii) "Grant" includes:

246 (A) a reauthorization of an existing grant[-]; and

247 (B) a donation, regardless of whether it is subject to a formal grant agreement.

248 (iii) "Grant" does not mean:

249 (A) money appropriated to an agency by the Legislature;

250 (B) money received from the United States government;

251 (C) money legally required to be paid to the state; [~~or~~]

252 (D) money legally required to be repaid by the state[-]; or

253 (E) revenues otherwise designated by law for deposit into another fund or account.

254 (c) "Grantor" means the individual, group of individuals, foundation, corporation, or
255 public or private organization making the grant.

256 (d) "Grant reauthorization" means the formal submission from an agency to the grantor
257 applying for reauthorization or seeking reauthorization of a grant.

258 (e) "Grant summary" means a document detailing:

259 (i) the amount of money that is being requested or is available to be received by the
260 agency from a grant;

261 (ii) the duration of the grant and provisions for its reauthorization or extension, if any;

262 (iii) the name of the grantor;

263 (iv) the purpose of the grant, including, in detail, any programs, resources, and
264 positions required to be funded by the grant;

265 (v) any requirements that the agency must meet as a condition to receive or participate
266 in the grant; and

267 (vi) the amount of state money, if any, that will be required in order to obtain the grant.

268 (f) "New state money" means money, whether specifically appropriated by the
269 Legislature or not, that the grantor requires Utah to expend as a condition for receiving the
270 grant.

271 (g) "State" means the state of Utah and all of its agencies, and any administrative
272 subunits of those agencies.

273 (2) When this chapter describes an employee as a "permanent full-time employee" or a
274 "permanent part-time employee," it is not intended to, and may not be construed to, affect the
275 employee's status as an at-will employee.

276 **Section 6. Effective date.**

277 This bill takes effect on July 1, 2019.