

Representative Glenn L. Way proposes the following substitute bill:

DEBT SERVICE AND RAINY DAY FUND AMENDMENTS

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Parley G. Hellewell

This act modifies the Budgetary Procedures Act by requiring that monies appropriated from the Budget Reserve Account be replaced from surpluses that occur in subsequent years and by authorizing the Division of Finance to hold back monies for debt service.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

63-38-2.5, as last amended by Chapter 6, Laws of Utah 1996, Second Special Session

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

Section 1. Section **63-38-2.5** is amended to read:

63-38-2.5. Establishing a Budget Reserve Account -- Providing for deposits and expenditures from the account.

(1) There is created within the General Fund a restricted account to be known as the Budget Reserve Account, which is designated to receive the surplus revenue required by this section.

(2) (a) (i) ~~[Beginning June 30, 1993, at]~~ At the end of any fiscal year in which the Division of Finance, in conjunction with the completion of the annual audit by the state auditor, determines that there is a General Fund surplus, 25% of the surplus shall be transferred to the Budget Reserve Account, except that the amount in the Budget Reserve Account may not exceed 8% of the General Fund appropriation amount for the fiscal year in which the surplus occurred.

(ii) In addition to Subsection (2)(a)(i), if a surplus exists and if, within the last ten years, the Legislature has appropriated any money from the Budget Reserve Account that has not been replaced by appropriation or as provided in this Subsection (2)(a)(ii), the Division of Finance shall,



26 before any contingent appropriations or other transfers required by law are made, transfer up to
27 25% more of the surplus to the Budget Reserve Account to replace the amounts appropriated until
28 transfers of the surplus under this Subsection (2)(a)(ii) have replaced the appropriations from the
29 fund.

30 (b) The amount to be transferred to the Budget Reserve Account shall be determined
31 before any other contingency appropriation using surplus funds.

32 (3) (a) If, at the close of any fiscal year, there appear to be insufficient monies to pay
33 additional debt service for bonded debt authorized during the last annual general session and any
34 special session, the Division of Finance may hold back monies from any General Fund surplus
35 sufficient to pay the additional debt service requirements resulting from issuance of bonded debt
36 that was authorized by the Legislature in the last annual general session and any special session.

37 (b) The Division of Finance may not spend the hold back amount for debt service under
38 Subsection (3)(a) unless and until it is appropriated by the Legislature.

39 (c) If, after calculating the amount for transfers to the Budget Reserve Account, the
40 remaining surplus is insufficient to cover the hold back for debt service required by Subsection
41 (3)(a), the Division of Finance shall reduce the transfer to the Budget Reserve Account by the
42 amount necessary to cover the debt service hold back.

43 (d) Notwithstanding Subsection (2), the Division of Finance shall hold back the General
44 Fund balance for debt service authorized by this Subsection (3) before making any transfers to the
45 Budget Reserve Account or any other designation or allocation of surplus.

46 [~~3~~] (4) (a) Any appropriation made by the Legislature from the Budget Reserve Account
47 may only be used to cover operating deficits or retroactive tax refunds.

48 (b) The Budgetary Reserve Account is available for appropriation to fund operating
49 deficits in public education appropriations.

50 [~~4~~] (5) All interest generated from investments of money in the Budget Reserve Account
51 shall be deposited into the account.