

**K-12 PUBLIC EDUCATION FUNDING ALLOCATION**

**ASSURANCE**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: LaVar Christensen**

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 an annual allocation from the Education Fund for K-12 education as a minimum funding level assurance of at least 90%; 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.



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

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

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

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

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

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

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

44 (2) Major Fund Type Titles:

45 (a) General Fund;

46 (b) Special Revenue Funds;

47 (c) Capital Projects Funds;

48 (d) Debt Service Funds;

49 (e) Permanent Funds;

50 (f) Enterprise Funds;

51 (g) Internal Service Funds;

52 (h) Trust and Agency Funds; and

53 (i) Discrete Component Unit Funds.

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

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

58 (a) (i) The Education Fund is a Special Revenue Fund that:

59            [(i)] (A) receives all revenues from taxes on intangible property or from a tax on  
60 income; and

61            [(ii)] (B) subject to Subsection (4)(a)(ii), is designated for public and higher education.

62            (ii) The annual allocation of the revenue described in Subsection (4)(a)(i)(A) between  
63 K-12 education and higher education:

64            (A) shall include a minimum funding level assurance of at least 90% for K-12 public  
65 education; and

66            (B) the remaining Education Fund balance shall be allocated between K-12 public  
67 education and higher education as determined by the Legislature.

68            (iii) The state income tax since its inception has been intended to:

69            (A) provide a dedicated, reliable, and ongoing source of funding for K-12 public  
70 education;

71            (B) achieve the state's commitment to the college, career, and civic readiness of Utah's  
72 children; and

73            (C) support the dedicated teachers and education professionals of the state.

74            (iv) The provisions of Subsection (4)(a)(ii) do not take effect until July 1, 2019, in  
75 order to provide time to identify and assemble additional offsetting funding sources for higher  
76 education as may be necessary.

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

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

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

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

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

88            (ii) An Expendable Special Revenue Fund may only be created by contractual  
89 relationship with external parties when the sources of revenue for the fund are donated

90 revenues or federal revenues.

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

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

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

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

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

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

106 (a) operations, financed and operated in a manner similar to private business  
107 enterprises, where the Legislature intends that the costs of providing goods or services to the  
108 public are financed or recovered primarily through user charges;

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

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

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

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

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

119 (b) Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and  
120 Agency Funds are Trust and Agency Funds.

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

123 Section 2. **Effective date.**

124 This bill takes effect on July 1, 2019.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**