

IN THE SENATE

SENATE BILL NO. 1208

BY FINANCE COMMITTEE

AN ACT

1 RELATING TO ENCUMBERING APPROPRIATIONS; REPEALING SECTION 67-3521, IDAHO  
2 CODE, RELATING TO ENCUMBERING APPROPRIATIONS; AMENDING CHAPTER 35, TI-  
3 TLE 67, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 67-3521, IDAHO CODE,  
4 TO PROVIDE FOR THE PURPOSES, REQUIREMENTS, LIMITATIONS, AND APPROVAL  
5 PROCESS FOR ENCUMBERING AN APPROPRIATION; AND PROVIDING AN EFFECTIVE  
6 DATE.  
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section [67-3521](#), Idaho Code, be, and the same is hereby  
10 repealed.

11 SECTION 2. That Chapter 35, Title 67, Idaho Code, be, and the same is  
12 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
13 ignated as Section 67-3521, Idaho Code, and to read as follows:

14 67-3521. ENCUMBERING APPROPRIATIONS. (1) For the purpose of this sec-  
15 tion, an encumbrance is a reservation of an appropriation that is carried  
16 forward or reappropriated from one fiscal year to the next fiscal year in or-  
17 der to fulfill the legal obligation of a signed contract for a specific prod-  
18 uct or service that is obligated in the current fiscal year but cannot be com-  
19 pleted or delivered until the succeeding fiscal year. An encumbrance shall  
20 not be used as a means of reserving a portion of the appropriation for a fis-  
21 cal year to be used in combination with the appropriation for the succeeding  
22 year.

23 (2) All purchase orders issued by the state purchasing agent, or pur-  
24 chase orders issued pursuant to a delegation of purchasing authority to  
25 specified state officers and employees, shall be pre-encumbered, and such  
26 pre-encumbrance shall not require the approval of the administrator of the  
27 division of financial management.

28 (3) An encumbrance shall be approved by the administrator of the divi-  
29 sion of financial management according to the provisions of this section.

30 (4) An agency requesting an encumbrance shall submit to the adminis-  
31 trator of the division of financial management proper identification of the  
32 accrued cost and legal obligation that must be adequately covered by spend-  
33 ing authority and unobligated cash in the fiscal year the encumbrance is ap-  
34 proved.

35 (5) The administrator of the division of financial management has the  
36 authority to reduce or cancel any encumbrance as necessary. At the end of  
37 each fiscal year, the administrator of the division of financial management  
38 shall decrease or eliminate the authorized amount of an encumbrance so as not  
39 to exceed available and unobligated cash on June 30.

40 (6) The agency shall record the encumbrance in the state's accounting  
41 system maintained by the office of the state controller. The administrator

1 of the division of financial management shall ensure that the data is entered  
2 into the accounting system, and the administrator shall notify the office  
3 of the state controller. Each encumbrance approved under the provisions of  
4 this section shall be carried forward or reappropriated for one (1) succeed-  
5 ing fiscal year.

6 (7) All original encumbrances approved on or after July 1, 2020, shall  
7 be considered part of the agency's total appropriation in the following fis-  
8 cal year and shall be counted as an expenditure against the total appropria-  
9 tion in the year it is liquidated. An encumbrance not liquidated in whole or  
10 in part by payment of the accrued cost or legal obligation shall revert to the  
11 fund from which it was originally encumbered.

12 (8) The administrator of the division of financial management has the  
13 authority to reauthorize or extend an encumbrance according to the provi-  
14 sions of this section.

15 (9) When purchase requisitions are submitted by agencies prior to the  
16 state purchasing agent's fiscal year-end cutoff date, but are not processed  
17 either due to workload or bid requirements, agencies may submit a request for  
18 an encumbrance to the administrator of the division of financial management.  
19 If an encumbrance is approved by the administrator, it shall be finalized ac-  
20 cording to the process provided in this section.

21 SECTION 3. This act shall be in full force and effect on and after July  
22 1, 2020.