

**JOINT RESOLUTION ON STATE SPENDING**

**LIMITATIONS**

2012 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Stuart C. Reid**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify a provision of the Revenue and Taxation Article relating to state expenditures.

**Highlighted Provisions:**

This resolution proposes to amend the Utah Constitution to:

▶ limit legislative appropriations or expenditures to the amount the state spent in the preceding fiscal year, adjusted by inflation or deflation and any change in population, unless three-fifths of both houses approve;

▶ require surplus state revenue to be used for debt service, for budget reserves, and for reserves for emergency preparedness and disaster relief, and require any remaining surplus revenue to be refunded to taxpayers;

▶ reduce the spending limit by the amount required to sustain funding levels for a program or service transferred from state to political subdivision responsibility, and increase the spending limit by the amount required to sustain funding levels for a program or service transferred from political subdivision to State responsibility; and

▶ make technical changes.

**Special Clauses:**

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides a contingent effective date of January 1, 2013 for this proposal.



28 **Utah Constitution Sections Affected:**

29 AMENDS:

30 **ARTICLE XIII, SECTION 5**



32 *Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each*  
33 *of the two houses voting in favor thereof:*

34 Section 1. It is proposed to amend Utah Constitution Article XIII, Section 5, to read:

35 **Article XIII, Section 5. [Use and amount of taxes and expenditures -- State**  
36 **spending limit.]**

37 (1) The Legislature shall provide by statute for an annual tax sufficient, with other  
38 revenues, to defray the estimated ordinary expenses of the State for each fiscal year.

39 (2) (a) Unless three-fifths of all the members of each house vote in favor of the  
40 appropriation or expenditure, and except for an increased appropriation or expenditure required  
41 by federal law, the Legislature may not make an appropriation or authorize an expenditure for  
42 any fiscal year if the appropriation or expenditure would cause the State to spend in that fiscal  
43 year an amount that exceeds the amount spent in the immediately preceding fiscal year,  
44 adjusted, as provided by statute, by inflation or deflation and an amount that is directly  
45 proportional to the change in the State's population.

46 (b) (i) State revenue prohibited from being appropriated or expended because of  
47 Subsection (2)(a) shall be used for debt service, for budget reserves, and for reserves for  
48 emergency preparedness and disaster relief, in that order of priority, until the debt service and  
49 reserves are funded to a level that the Legislature by statute determines to be adequate, and then  
50 any remaining State revenue shall be refunded to taxpayers.

51 (ii) Until debt service, budget reserves, and reserves for emergency preparedness and  
52 disaster relief are adequately funded, as provided in Subsection (2)(b)(i), the Legislature may  
53 not lower a tax rate if the effect is to reduce revenue to the State.

54 (c) If a program or service funded by State revenue becomes instead the financial  
55 responsibility of a political subdivision of the State, the amount of allowable appropriations or  
56 expenditures under Subsection (2)(a) for that fiscal year is reduced by the amount of funding  
57 that the program or service had while being funded by State revenue.

58 (d) If a program or service funded by one or more political subdivisions of the State

59 becomes the financial responsibility of the State, the amount of allowable appropriations or  
60 expenditures under Subsection (2)(a) for that fiscal year is increased by the amount that the  
61 State would be required to spend to maintain the same level of funding that the program or  
62 service had while being funded by the political subdivision or subdivisions of the State.

63 (e) An appropriation or expenditure of federal funds or for emergency preparedness or  
64 disaster relief may not be considered for any purpose under Subsection (2)(a).

65 [~~2~~] (3) (a) For any fiscal year, the Legislature may not make an appropriation or  
66 authorize an expenditure if the State's expenditure exceeds the total tax provided for by statute  
67 and applicable to the particular appropriation or expenditure.

68 (b) Subsection [~~2~~] (3)(a) does not apply to an appropriation or expenditure to  
69 suppress insurrection, defend the State, or assist in defending the United States in time of war.

70 [~~3~~] (4) For any debt of the State, the Legislature shall provide by statute for an annual  
71 tax sufficient to pay:

- 72 (a) the annual interest; and
- 73 (b) the principal within 20 years after the final passage of the statute creating the debt.

74 [~~4~~] (5) Except as provided in Article X, Section 5, Subsection (5)(a), the Legislature  
75 may not impose a tax for the purpose of a political subdivision of the State, but may by statute  
76 authorize political subdivisions of the State to assess and collect taxes for their own purposes.

77 [~~5~~] (6) All revenue from taxes on intangible property or from a tax on income shall  
78 be used to support the systems of public education and higher education as defined in Article  
79 X, Section 2.

80 [~~6~~] (7) Proceeds from fees, taxes, and other charges related to the operation of motor  
81 vehicles on public highways and proceeds from an excise tax on liquid motor fuel used to  
82 propel those motor vehicles shall be used for:

- 83 (a) statutory refunds and adjustments and costs of collection and administration;
- 84 (b) the construction, maintenance, and repair of State and local roads, including  
85 payment for property taken for or damaged by rights-of-way and for associated administrative  
86 costs;
- 87 (c) driver education;
- 88 (d) enforcement of state motor vehicle and traffic laws; and
- 89 (e) the payment of the principal of and interest on any obligation of the State or a city

90 or county, issued for any of the purposes set forth in Subsection [~~(6)~~] (7)(b) and to which any of  
91 the fees, taxes, or other charges described in this Subsection [~~(6)~~] (7) have been pledged,  
92 including any paid to the State or a city or county, as provided by statute.

93 [~~(7)~~] (8) Fees and taxes on tangible personal property imposed under Section 2,  
94 Subsection (6) of this article are not subject to Subsection [~~(6)~~] (7) of this Section 5 and shall  
95 be distributed to the taxing districts in which the property is located in the same proportion as  
96 that in which the revenue collected from real property tax is distributed.

97 [~~(8)~~] (9) A political subdivision of the State may share its tax and other revenues with  
98 another political subdivision of the State as provided by statute.

99 Section 2. **Submittal to voters.**

100 The lieutenant governor is directed to submit this proposed amendment to the voters of  
101 the state at the next regular general election in the manner provided by law.

102 Section 3. **Effective date.**

103 If the amendment proposed by this joint resolution is approved by a majority of those  
104 voting on it at the next regular general election, the amendment shall take effect on January 1,  
105 2013.

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Legislative Review Note  
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Office of Legislative Research and General Counsel