

1 **APPROPRIATIONS LIMIT FORMULA AMENDMENTS**

2 2015 GENERAL SESSION

3 STATE OF UTAH

4

5 **LONG TITLE**

6 **General Description:**

7 This bill recodifies and clarifies the state appropriations limit formula.

8 **Highlighted Provisions:**

9 This bill:

- 10 ▶ recodifies and clarifies the state appropriations limit formula; and
- 11 ▶ makes technical and conforming amendments.

12 **Money Appropriated in this Bill:**

13 None

14 **Other Special Clauses:**

15 None

16 **Utah Code Sections Affected:**

17 AMENDS:

18 **63J-3-103**, as last amended by Laws of Utah 2014, Chapter 63

19 **63J-3-201**, as renumbered and amended by Laws of Utah 2008, Chapter 382

20 REPEALS:

21 **63J-3-202**, as last amended by Laws of Utah 2013, Chapter 310

22

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

24 Section 1. Section **63J-3-103** is amended to read:

25 **63J-3-103. Definitions.**

26 As used in this chapter:

27 (1) (a) "Appropriations" means actual unrestricted capital and operating appropriations
28 from unrestricted General Fund and Education Fund sources.

29 (b) "Appropriations" includes appropriations that are contingent upon available
30 surpluses in the General Fund and Education Fund.

31 (c) "Appropriations" does not mean:

- 32 (i) public education expenditures;

- 33 (ii) Utah Education and Telehealth Network expenditures in support of public
34 education;
- 35 (iii) Utah College of Applied Technology expenditures in support of public education;
- 36 (iv) Tax Commission expenditures related to collection of income taxes in support of
37 public education;
- 38 (v) debt service expenditures;
- 39 (vi) emergency expenditures;
- 40 (vii) expenditures from all other fund or subfund sources;
- 41 (viii) transfers or appropriations from the Education Fund to the Uniform School Fund;
- 42 (ix) transfers into, or appropriations made to, the General Fund Budget Reserve
43 Account established in Section 63J-1-312;
- 44 (x) transfers into, or appropriations made to, the Education Budget Reserve Account
45 established in Section 63J-1-313;
- 46 (xi) transfers in accordance with Section 63J-1-314 into, or appropriations made to the
47 State Disaster Recovery Restricted Account created in Section 53-2a-603;
- 48 (xii) money appropriated to fund the total one-time project costs for the construction of
49 capital developments as defined in Section 63A-5-104;
- 50 (xiii) transfers or deposits into or appropriations made to the Centennial Highway Fund
51 created by Section 72-2-118;
- 52 (xiv) transfers or deposits into or appropriations made to the Transportation Investment
53 Fund of 2005 created by Section 72-2-124;
- 54 (xv) transfers or deposits into or appropriations made to:
- 55 (A) the Department of Transportation from any source; or
- 56 (B) any transportation-related account or fund from any source; or
- 57 (xvi) supplemental appropriations from the General Fund to the Division of Forestry,
58 Fire, and State Lands to provide money for wildland fire control expenses incurred during the
59 current or previous fire years.
- 60 ~~[(2) "Base year real per capita appropriations" means the result obtained for the state by~~
61 ~~dividing the fiscal year 1985 actual appropriations of the state less debt money by:]~~
- 62 ~~[(a) the state's July 1, 1983 population, and]~~
- 63 ~~[(b) the fiscal year 1983 inflation index divided by 100:]~~

64 ~~[(3)]~~ (2) "Calendar year" means the time period beginning on January 1 of any given
65 year and ending on December 31 of the same year.

66 ~~[(4)]~~ (3) "Fiscal emergency" means an extraordinary occurrence requiring immediate
67 expenditures and includes the settlement under Laws of Utah 1988, Fourth Special Session,
68 Chapter 4.

69 ~~[(5)]~~ (4) "Fiscal year" means the time period beginning on July 1 of any given year and
70 ending on June 30 of the subsequent year.

71 ~~[(6) "Fiscal year 1985 actual base year appropriations" means fiscal year 1985 actual
72 capital and operations appropriations from General Fund and non-Uniform School Fund
73 income tax revenue sources, less debt money.]~~

74 ~~[(7) "Inflation index" means the change in the general price level of goods and services
75 as measured by the Gross National Product Implicit Price Deflator of the Bureau of Economic
76 Analysis, U.S. Department of Commerce calculated as provided in Section 63J-3-202.]~~

77 ~~[(8)]~~ (5) (a) "Maximum allowable appropriations limit" means the appropriations that
78 could be, or could have been, spent in any given year under the limitations of this chapter.

79 (b) "Maximum allowable appropriations limit" does not mean actual appropriations
80 spent or actual expenditures.

81 ~~[(9) "Most recent fiscal year's inflation index" means the fiscal year inflation index two
82 fiscal years previous to the fiscal year for which the maximum allowable inflation and
83 population appropriations limit is being computed under this chapter.]~~

84 ~~[(10) "Most recent fiscal year's population" means the fiscal year population two fiscal
85 years previous to the fiscal year for which the maximum allowable inflation and population
86 appropriations limit is being computed under this chapter.]~~

87 ~~[(11) "Population" means the number of residents of the state as of July 1 of each year
88 as calculated by the Governor's Office of Management and Budget according to the procedures
89 and requirements of Section 63J-3-202.]~~

90 ~~[(12)]~~ (6) "Revenues" means the revenues of the state from every tax, penalty, receipt,
91 and other monetary exaction and interest connected with it that are recorded as unrestricted
92 revenue of the General Fund and from non-Uniform School Fund income tax revenues, except
93 as specifically exempted by this chapter.

94 ~~[(13)]~~ (7) "Security" means any bond, note, warrant, or other evidence of indebtedness,

95 whether or not the bond, note, warrant, or other evidence of indebtedness is or constitutes an
 96 "indebtedness" within the meaning of any provision of the constitution or laws of this state.

97 (8) "State appropriations limit" means the maximum amount the Legislature may
 98 appropriate in a given fiscal year, as described in Section 63J-3-201, and as calculated using
 99 the formula in Subsection 63J-3-201(3).

100 Section 2. Section **63J-3-201** is amended to read:

101 **63J-3-201. Appropriations limit -- Formula.**

102 [~~(1) There is established a state appropriations limit for each fiscal year beginning after~~
 103 ~~June 30, 1988.].~~

104 [~~(2)~~ (1) For each [~~of these fiscal years~~] fiscal year, the annual legislative
 105 appropriations for [~~this~~] the state, its agencies, departments, and institutions may not exceed
 106 [~~that sum determined by applying the formula B* P* (I/100) in which:~~] the state appropriations
 107 limit that is calculated using the formula in Subsection (3).

108 [(a) "B" equals the base year real per capita appropriations for the state, its agencies,
 109 departments, and institutions;]

110 [(b) "P" equals the most recent fiscal year's population; and]

111 [(c) "I" equals the most recent fiscal year's inflation index adjusted to reflect fiscal year
 112 1989 as having an index value of 100.]

113 [~~(3)~~ (2) The revenues specified in Section 63J-3-205 are not subject to the limitation
 114 in this section.

115 (3) The state appropriations limit for a given fiscal year, FY, shall be calculated by

116
$$AppropLimit_{FY} = PerCapitaBase_{1985} \times Pop_{FY-2} \times Inflate_{FY-2} + SumAdjust_{FY}$$

117 where:

118 (a)
$$Inflate_{Base} = \frac{GNP\ Index_{vintage,1988}}{GNP\ Index_{vintage,1989}} = \frac{(100.8+101.7+102.5+103.3)/4}{(121.9+123.3+124.5+125.9)/4} = \frac{102.075}{123.900}$$

119 (b)
$$Inflate_{FY-2} = \frac{GNP\ Index_{FY-2}}{GNP\ Index_{1985}} \times Inflate_{Base}$$

120 (c)
$$PerCapitaBase_{1985} = \frac{Appropriations_{1985} - Debt_{1985}}{Pop_{1983} \times Inflate_{Base}} = \frac{734,333,000 - 52,273,100}{1,594,943 \times \left(\frac{102.075}{123.900}\right)}$$

121 (d) $SumAdjust_{FY} = \sum_{i=1985}^{FY} \left[Adjust_i \times \left(\frac{Inflate_{FY-2}}{Inflate_{i-2}} \right) \times \left(\frac{Pop_{FY-2}}{Pop_{i-2}} \right) \right]$; and

122 (e) where, as used in the state appropriations limit formula:

123 (i) i is a variable representing a given fiscal year;

124 (ii) $Adjust_i$ is the net adjustments to the state appropriations limit for a given fiscal
 125 year due to program or service adjustments, as required under Section 63J-3-203;

126 (iii) $Appropriations_{1985}$ is the state capital and operations appropriations from the
 127 General Fund and non-Uniform School fund in fiscal year 1985;

128 (iv) $Debt_{1985}$ is the amount the state paid in debt payments in fiscal year 1985;

129 (v) $GNP Index_{FY-2}$ is the average of the quarterly values of the Gross National
 130 Product Implicit Price Deflator for the fiscal year two fiscal years before FY, as published by
 131 the United States Federal Reserve by January 31 of each year;

132 (vi) $GNP Index_{vintage,i}$ is the average of the quarterly values of the Gross National
 133 Product Implicit Price Deflator for a given fiscal year, as measured by the Gross National
 134 Product Implicit Price Deflator from the vintage series published by the United States
 135 Department of Commerce on January 26, 1990;

136 (vii) $Inflate_{i-2}$ is the change in the general price level of goods and services
 137 nationally from 1983 to two fiscal years before a given fiscal year, as measured by the most
 138 current Gross National Product Implicit Price Deflator series published by the United States
 139 Federal Reserve, adjusted to a 1989 basis;

140 (viii) $PerCapitaBase_{1985}$ is the amount of real per capita state appropriations for
 141 fiscal year 1985; and

142 (ix) Pop_{i-2} is:

143 (A) the population as of July 1 in the fiscal year two fiscal years before a given fiscal
 144 year, as estimated by the United States Census Bureau by January 31 of each year; or

145 (B) if the estimate described in Subsection (3)(e)(ix)(A) is not available, an amount
 146 determined by the Governor's Office of Management and Budget, estimated by adjusting an

147 available April 1 decennial census count or by adjusting a fiscal year population estimate
148 available from the United States Census Bureau.

149 Section 3. **Repealer.**

150 This bill repeals:

151 Section **63J-3-202, Computing formula elements.**