

**Representative Mary Carlson** proposes to substitute the following bill:

**STATE DISCLOSURE OF TAX EXPENDITURES**

1998 GENERAL SESSION

STATE OF UTAH

**Sponsor: Mary Carlson**

AN ACT RELATING TO BUDGET PROCEDURES; REQUIRING THE GOVERNOR TO  
SUBMIT A TAX EXPENDITURE REPORT IN CONJUNCTION WITH HIS BUDGET;  
DEFINING THE CONTENTS OF THAT REPORT; AND MAKING TECHNICAL  
CORRECTIONS.

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

AMENDS:

**63-38-2**, as last amended by Chapter 136, Laws of Utah 1997

**63D-1-204**, as renumbered and amended by Chapter 73, Laws of Utah 1997

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

Section 1. Section **63-38-2** is amended to read:

**63-38-2. Governor to submit budget to Legislature -- Contents -- Preparation --  
Appropriations based on current tax laws and not to exceed estimated revenues.**

(1) As used in this section:

(a) "Tax expenditure" means any state law that exempts, in whole or in part, certain  
persons, entities, income, industries, goods, services, or property from the impact of established  
taxes.

(b) "Tax expenditure" includes each deduction, tax exclusion, tax subtraction, tax  
exemption, tax deferral, preferential tax rate, and tax credit.

~~[(1)]~~ (2) (a) The governor shall, within three days after the convening of the Legislature  
in the annual general session, ~~[submit a budget for the ensuing fiscal year by delivering it]~~ deliver  
to the presiding officer of each house of the Legislature ~~[together with];~~

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1           (i) a budget report;  
2           (ii) a tax expenditure report; and  
3           (iii) a schedule for all of the proposed appropriations of the budget, clearly itemized and  
4 classified.

5           (b) The budget [message] report shall include a projection of estimated revenues and  
6 expenditures for the next fiscal year.

7           [(2)] (c) At least 34 days before the submission of [any] the budget report, tax expenditure  
8 report, and appropriations schedule, the governor shall deliver [a] confidential draft [copy of his  
9 proposed budget recommendations] copies of the reports and schedule to the Office of the  
10 Legislative Fiscal Analyst.

11           (3) (a) The budget report shall contain:

12           (i) a complete plan of proposed expenditures and estimated revenues for the next fiscal  
13 year based upon the current fiscal year state tax laws and rates[-];

14           ~~[(b) The budget may be accompanied by a separate document showing proposed~~  
15 ~~expenditures and estimated revenues based on changes in state tax laws or rates.]~~

16           [(4)] (ii) [The budget shall be accompanied by] a statement showing:

17           ~~[(a)]~~ (A) the revenues and expenditures for the last fiscal year;

18           ~~[(b)]~~ (B) the current assets, liabilities, and reserves, surplus or deficit, and the debts and  
19 funds of the state;

20           ~~[(c)]~~ (C) an estimate of the state's financial condition as of the beginning and the end of  
21 the period covered by the budget;

22           ~~[(d)]~~ (D) a complete analysis of lease with an option to purchase arrangements entered into  
23 by state agencies;

24           ~~[(e)]~~ (E) the recommendations for each state agency for new full-time employees for the  
25 next fiscal year; [which recommendation should be provided also to the State Building Board  
26 under Subsection 63A-5-103(2);]

27           ~~[(f)]~~ (F) any explanation the governor may desire to make as to the important features of  
28 the budget and any suggestion as to methods for the reduction of expenditures or increase of the  
29 state's revenue; and

30           ~~[(g)]~~ (G) the information detailing certain regulatory fee increases required by Section  
31 63-38-3.2[-];

- 1           ~~[(5)]~~ ~~(iii)~~ ~~[The budget shall include]~~ an itemized estimate of the appropriations for:
- 2           ~~[(a)]~~ ~~(A)~~ the Legislative Department, as certified to the governor by the president of the
- 3 Senate and the speaker of the House;
- 4           ~~[(b)]~~ ~~(B)~~ the Executive Department;
- 5           ~~[(c)]~~ ~~(C)~~ the Judicial Department, as certified to the governor by the state court
- 6 administrator;
- 7           ~~[(d)]~~ ~~(D)~~ payment and discharge of the principal and interest of the indebtedness of the
- 8 state of Utah;
- 9           ~~[(e)]~~ ~~(E)~~ the salaries payable by the state under the Utah Constitution or under law for the
- 10 lease agreements planned for the next fiscal year;
- 11           ~~[(f)]~~ ~~(F)~~ other purposes that are set forth in the Utah Constitution or under law; and
- 12           ~~[(g)]~~ ~~(G)~~ all other appropriations~~[-]; and~~
- 13           ~~[(6) Deficits]~~ ~~(iv)~~ any deficits or anticipated deficits ~~[shall be included in the budget].~~
- 14           (b) The budget may be accompanied by a separate document showing proposed
- 15 expenditures and estimated revenues based on changes in state tax laws or rates.
- 16           (c) The governor shall deliver a copy of the recommendations for each state agency for
- 17 new full-time employees for the next fiscal year to the State Building Board.
- 18           (4) The tax expenditure report shall:
- 19           (a) list each tax expenditure;
- 20           (b) identify the statutory authority for each tax expenditure;
- 21           (c) describe the purpose of each tax expenditure;
- 22           (d) identify the persons and entities benefitted by each tax expenditure;
- 23           (e) list an estimate of the revenue loss caused by each tax expenditure in the last fiscal
- 24 year; and
- 25           (f) categorize each tax expenditure according to the programs or functions that the tax
- 26 expenditure supports.
- 27           ~~[(7)]~~ ~~(5)~~ (a) (i) For the purpose of preparing and reporting the budget, the governor shall
- 28 require itemized estimates of revenues and expenditures from the proper state officials, including:
- 29           (A) public and higher education officials[-];
- 30           (B) all heads of executive [and] departments, administrative departments [and], state
- 31 institutions, bureaus, boards, commissions, and agencies expending or supervising the expenditure

1 of the state moneys[;] and

2 ~~(C) all institutions applying for state moneys and appropriations[; itemized estimates of~~  
3 ~~revenues and expenditures].~~

4 ~~(ii) The governor may:~~

5 ~~(A) also require other information;~~

6 ~~(B) establish guidelines and formats for reporting the revenues and expenditures;~~

7 ~~(C) establish deadlines for reporting the information; and~~

8 ~~(D) include a requirement for program productivity and performance measures, where~~  
9 ~~appropriate, with emphasis on outcome indicators.~~

10 ~~(b) (i) The entities required by this subsection to submit itemized estimates of revenues~~  
11 ~~and expenditures to the governor[;] shall also report to the Utah Information Technology~~  
12 ~~Commission created in Title 63C, Chapter 2, before October 30 of each year.~~

13 ~~(ii) The report to the Information Technology Commission shall include the proposed~~  
14 ~~information technology expenditures and objectives, the proposed appropriation requests and other~~  
15 ~~sources of revenue necessary to fund the proposed expenditures, and an analysis of:~~

16 ~~(A) the entity's need for appropriations for information technology;~~

17 ~~(B) how the entity's development of information technology coordinates with other state~~  
18 ~~or local government entities;~~

19 ~~(C) any performance measures used by the entity for implementing information~~  
20 ~~technology goals; and~~

21 ~~(D) any efforts to develop public/private partnerships to accomplish information~~  
22 ~~technology goals.~~

23 ~~[(ii) (A) The governor may also require other information under these guidelines and at~~  
24 ~~times as the governor may direct.]~~

25 ~~[(B) These guidelines may include a requirement for program productivity and~~  
26 ~~performance measures, where appropriate, with emphasis on outcome indicators.]~~

27 ~~[(b) (c) (i) The estimate for the Legislative Department as certified by the presiding~~  
28 ~~officers of both houses shall be included in the budget without revision by the governor.~~

29 ~~(ii) Before preparing the estimates for the Legislative Department, the Legislature shall~~  
30 ~~report to the Information Technology Commission the proposed information technology~~  
31 ~~expenditures and objectives, the proposed appropriation requests, and other sources of revenue~~

1 necessary to fund the proposed expenditures, including an analysis of:

2       [(i)] (A) the Legislature's implementation of information technology goals;

3       [(ii)] (B) any coordination of information technology with other departments of state and  
4 local government;

5       [(iii)] (C) any efforts to develop public/private partnerships to accomplish information  
6 technology goals; and

7       [(iv)] (D) any performance measures used by the entity for implementing information  
8 technology goals.

9       [(e)] (i) The estimate for the Judicial Department, as certified by the state court  
10 administrator, shall also be included in the budget without revision, but the governor may make  
11 separate recommendations on it.

12       (ii) Before preparing the estimates for the Judicial Department, the state court  
13 administrator shall report to the Information Technology Commission the proposed information  
14 technology expenditures and objectives, the proposed appropriation requests, and other sources  
15 of revenue necessary to fund the proposed expenditures, including an analysis of:

16       [(i)] (A) the Judicial Department's information technology goals;

17       [(ii)] (B) coordination of information technology statewide between all courts;

18       [(iii)] (C) any efforts to develop public/private partnerships to accomplish information  
19 technology goals; and

20       [(iv)] (D) any performance measures used by the entity for implementing information  
21 technology goals.

22       [(f)] (e) Before preparing the estimates for the State Office of Education, the state  
23 superintendent shall report to the Information Technology Commission the proposed information  
24 technology expenditures and objectives, the proposed appropriation requests, and other sources  
25 of revenue necessary to fund the proposed expenditures, including an analysis of:

26       [(i)] (A) the Office of Education's information technology goals;

27       [(ii)] (B) coordination of information technology statewide between all public schools;

28       [(iii)] (C) any efforts to develop public/private partnerships to accomplish information  
29 technology goals; and

30       [(iv)] (D) any performance measures used by the Office of Education for implementing  
31 information technology goals.

1           ~~[(e)]~~ (f) Before preparing the estimates for the state system of Higher Education, the  
2 commissioner shall report to the Information Technology Commission the proposed information  
3 technology expenditures and objectives, the proposed appropriation requests, and other sources  
4 of revenue necessary to fund the proposed expenditures, including an analysis of:

5           ~~[(i)]~~ (A) Higher Education's information technology goals;

6           ~~[(ii)]~~ (B) coordination of information technology statewide within the state system of  
7 higher education;

8           ~~[(iii)]~~ (C) any efforts to develop public/private partnerships to accomplish information  
9 technology goals; and

10           ~~[(iv)]~~ (D) any performance measures used by the state system of higher education for  
11 implementing information technology goals.

12           ~~[(f)]~~ (g) The governor may require the attendance at budget meetings of representatives  
13 of public and higher education, state departments and institutions, and other institutions or  
14 individuals applying for state appropriations.

15           ~~[(g)]~~ (h) The governor may revise all estimates, except those:

16           (i) relating to the Legislative Department~~[,] and~~ the Judicial Department~~[,] and those];~~

17           (ii) providing for the payment of principal and interest to the state debt; and

18           (iii) providing for the salaries and expenditures specified by the Utah Constitution or  
19 ~~[under]~~ the laws of ~~[the state]~~ Utah.

20           ~~[(8)]~~ (6) The total appropriations requested for expenditures authorized by the budget may  
21 not exceed the estimated revenues from taxes, fees, and all other sources for the next ensuing fiscal  
22 year.

23           ~~[(9)]~~ (7) If any item of the budget as enacted is held invalid upon any ground, the  
24 invalidity does not affect the budget itself or any other item in it.

25           ~~[(10)]~~ (8) (a) In submitting the budget for the Departments of Health and Human Services,  
26 the governor shall consider a separate recommendation in his budget for funds to be contracted to:

27           (i) local mental health authorities under Section 17A-3-606;

28           (ii) local substance abuse authorities under Section 62A-8-110.5;

29           (iii) area agencies on aging under Section 62A-3-104.2;

30           (iv) programs administered directly by and for operation of the Divisions of Mental  
31 Health, Substance Abuse, and Aging and Adult Services; and

(v) local health departments under Title 26A, Chapter 1, Local Health Departments.

(b) In his budget recommendations under Subsections (8)(a)(i), (ii), and (iii), the governor shall consider an amount sufficient to grant local health departments, local mental health authorities, local substance abuse authorities, and area agencies on aging the same percentage increase for wages and benefits that he includes in his budget for persons employed by the state.

(c) If the governor does not include in his budget an amount sufficient to grant the increase described in Subsection (8)(b), he shall include a message to the Legislature regarding his reason for not including that amount.

~~[(11)]~~ (9) (a) In submitting the budget for the Division of Services for People with Disabilities within the Department of Human Services, the governor shall consider an amount sufficient to grant employees of private nonprofit corporations that contract with that division, the same percentage increase for cost-of-living that he includes in his budget for persons employed by the state.

(b) If the governor does not include in his budget an amount sufficient to grant the increase described in Subsection (9)(a), he shall include a message to the Legislature regarding his reason for not including that amount.

~~[(12)]~~ (10) The governor shall include the projected revenues and expenditures for collecting the uniform fee and other motor vehicle fees under Section 59-2-406 in the 1996-97 fiscal year budget.

~~[(13)]~~ (11) (a) The Families, Agencies, and Communities Together Council may propose to the governor under Subsection 63-75-4(3)(e) a budget recommendation for collaborative service delivery systems operated under Section 63-75-6.5.

(b) The Legislature may, through a specific program schedule, designate funds appropriated for collaborative service delivery systems operated under Section 63-75-6.5.

~~[(14)]~~ (12) The governor shall include in his budget the state's portion of the budget for the Utah Communications Agency Network established in Title 63C, Chapter 7, Utah Communications Agency Network Act.

Section 2. Section **63D-1-204** is amended to read:

**63D-1-204. Purpose -- Duties -- Quorum.**

(1) The commission shall:

(a) study Utah's present and future information technology needs;

1 (b) make recommendations regarding the coordination and governance of the information  
2 technology needs for the Executive, Legislative, and Judicial Departments;

3 (c) solicit and consider recommendations made by the governor, Judiciary, Legislature,  
4 and the public regarding information technology;

5 (d) consider the scope of the Public Service Commission's authority to regulate  
6 information technology;

7 (e) consider issues of economic development with regard to information technology;

8 (f) (i) receive reports concerning expenditures for information technology and  
9 appropriation requests from:

10 (A) the Executive Department as provided in [~~Subsections 63-38-2(7)(a)(i) and Section~~  
11 ~~63D-3-301~~] Section 63-38-2; and

12 (B) the Judicial and Legislative Departments; and

13 (ii) make recommendations to Executive Appropriations and the appropriate  
14 appropriations subcommittees of the Legislature;

15 (g) review, analyze, and study any issue concerning or related to information technology  
16 or practice that is of interest to the commission;

17 (h) submit to the Legislature before the annual general session its reports and  
18 recommendations for information technology projects or legislation; and

19 (i) if needed, prepare legislation concerning information technology for submission to the  
20 Legislature in its annual general session.

21 (2) Eleven members shall be a quorum for the conduct of business.

22 (3) The commission is authorized to prepare, publish, and distribute reports of its studies,  
23 recommendations, and statements.