

1 **RESOLUTION DIRECTING USE OF**
2 **INTEREST ON STATE SCHOOL FUND**

3 2002 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Matt Throckmorton**

6 **This joint resolution proposes to amend the Utah Constitution to require interest on the State**
7 **School Fund to be distributed to schools. This joint resolution eliminates a requirement that**
8 **a portion of interest earnings, equal to the rate of inflation, be retained in the State School**
9 **Fund. This joint resolution directs the lieutenant governor to submit the proposal to voters,**
10 **makes technical changes, and provides an effective date.**

11 This resolution proposes to change the Utah Constitution as follows:

12 AMENDS:

13 **ARTICLE X, SECTION 5**

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

16 Section 1. It is proposed to amend Utah Constitution Article X, Section 5, to read:

17 **Article X, Section 5. [State School Fund and Uniform School Fund -- Establishment**
18 **and use -- Debt guaranty.]**

19 (1) There is established a permanent State School Fund which shall consist of revenue
20 from the following sources:

21 (a) proceeds from the sales of all lands granted by the United States to this state for the
22 support of the public elementary and secondary schools;

23 (b) 5% of the net proceeds from the sales of United States public lands lying within this
24 state;

25 (c) all revenues derived from nonrenewable resources on state lands, other than sovereign
26 lands and lands granted for other specific purposes;

27 (d) all revenues derived from the use of school trust lands;



28 (e) revenues appropriated by the Legislature; and
29 (f) other revenues and assets received by the fund under any other provision of law or by
30 bequest or donation.

31 (2) (a) The State School Fund principal shall be safely invested and held by the state in
32 perpetuity. Only the interest received from investment of the State School Fund may be expended
33 for the support of the public education system as defined in Article X, Section 2 of this
34 constitution, as provided in Subsection (2)(d).

35 (b) The Legislature may make appropriations from school trust land revenues to provide
36 funding necessary for the proper administration and management of those lands consistent with
37 the state's fiduciary responsibilities towards the beneficiaries of the school land trust. Unexpended
38 balances remaining from the appropriation at the end of each fiscal year shall be deposited in the
39 State School Fund. [~~A portion of the interest earnings of the State School Fund, in an amount equal
40 to the total balance in the State School Fund at the close of each calendar year multiplied by the
41 annual rate of inflation for the preceding year, as determined by the state treasurer, shall be retained
42 in the State School Fund and added to the principal.~~]

43 (c) The State School Fund shall be guaranteed by the state against loss or diversion.

44 (d) At the end of each fiscal year, all interest earned during that fiscal year from the State
45 School Fund shall be distributed, as provided by statute, to each public school through the State
46 Office of Education.

47 (3) There is established a Uniform School Fund which shall consist of revenue from the
48 following sources:

49 [~~(a) interest from the State School Fund remaining after deduction of the amount retained
50 in the State School Fund to protect the fund against losses due to inflation;~~]

51 [~~(b)~~] (a) revenues appropriated by the Legislature; and

52 [~~(c)~~] (b) other revenues received by the fund under any other provision of law or by
53 donation.

54 (4) The Uniform School Fund shall be maintained and used for the support of the state's
55 public education system as defined in Article X, Section 2 of this constitution and apportioned as
56 the Legislature shall provide.

57 (5) (a) The state may guarantee the debt of school districts created in accordance with
58 Article XIV, Section 3, and may guarantee debt incurred to refund the school district debt. Any

59 debt guaranty, the school district debt guaranteed thereby, or any borrowing of the state undertaken
60 to facilitate the payment of the state's obligation under any debt guaranty shall not be included as
61 a debt of the state for purposes of the 1.5% limitation of Article XIV, Section 1.

62 (b) The Legislature may provide that reimbursement to the state shall be obtained from
63 monies which otherwise would be used for the support of the educational programs of the school
64 district which incurred the debt with respect to which a payment under the state's guaranty was
65 made.

66 Section 2. **Submittal to voters.**

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

69 Section 3. **Effective date.**

70 If the amendment proposed by this joint resolution is approved by a majority of those
71 voting on it at the next regular general election, the amendment shall take effect on January 1,
72 2003.

Legislative Review Note
as of 11-1-01 8:52 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel