

Senator Curtis S. Bramble proposes the following substitute bill:

STATE SPENDING AND DEBT LIMITATIONS

AMENDMENTS

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Gregory H. Hughes

6	Douglas C. Aagard	David Clark	Dana C. Love
7	J. Stuart Adams	Greg J. Curtis	Michael T. Morley
8	Jeff Alexander	Margaret Dayton	Merlynn T. Newbold
9	Chad E. Bennion	Glenn A. Donnelson	Michael E. Noel
10	Ron Bigelow	James A. Ferrin	Darin G. Peterson
11	DeMar Bud Bowman	Wayne A. Harper	J. Morgan Philpot
12	Katherine M. Bryson	Eric K. Hutchings	Martin R. Stephens
13	Don E. Bush	Todd E. Kiser	Mike Thompson
14	Craig W. Buttar	Bradley G. Last	David Ure
15	LaVar Christensen	Rebecca D. Lockhart	Stephen H. Urquhart

LONG TITLE

General Description:

This bill modifies statutory appropriation and debt limits.

Highlighted Provisions:

This bill:

- ▶ modifies the formula for calculating the state appropriation limit and the state debt limit; and
- ▶ eliminates a portion of the existing formula.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None



29 **Utah Code Sections Affected:**

30 AMENDS:

31 **63-38c-103**, as last amended by Chapters 16 and 88, Laws of Utah 2003

32 **63-38c-201**, as renumbered and amended by Chapter 275, Laws of Utah 1996

33 **63-38c-202**, as last amended by Chapter 16, Laws of Utah 2003

34 **63-38c-402**, as last amended by Chapter 266, Laws of Utah 2002



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

37 Section 1. Section **63-38c-103** is amended to read:

38 **63-38c-103. Definitions.**

39 As used in this chapter:

40 (1) (a) "Appropriations" means actual unrestricted capital and operating appropriations
41 from unrestricted General Fund~~[, Uniform School Fund, and Transportation Fund]~~ sources and
42 from non-Uniform School Fund income tax revenues as presented in the governor's executive
43 budgets.

44 (b) "Appropriation" includes appropriations that are contingent upon available
45 surpluses in the General Fund~~[, Uniform School Fund, or Transportation Fund]~~.

46 ~~[(c) "Appropriation" includes appropriations made to the Centennial Highway Fund
47 from unrestricted General Fund and Transportation Fund revenues.]~~

48 ~~[(d)]~~ (c) "Appropriations" does not mean:

49 (i) debt service expenditures;

50 (ii) emergency expenditures;

51 (iii) expenditures from all other fund or subfund sources presented in the executive
52 budgets;

53 (iv) transfers into, or appropriations made to, the General Fund Budget Reserve
54 Account established in Section 63-38-2.5;

55 (v) transfers into, or appropriations made to, the Education Budget Reserve Account
56 established in Section 63-38-2.6;

57 (vi) monies appropriated to fund the total one-time project costs for the construction of
58 capital developments as defined in Section 63A-5-104; or

59 (vii) appropriations made to the Centennial Highway Fund ~~[from sources other than the~~

60 ~~unrestricted General Fund and Transportation Fund revenues]~~ created by Section 72-2-118.

61 (2) "Base year real per capita appropriations" means the result obtained for the state by
62 dividing the fiscal year 1985 actual appropriations of the state less debt monies, less \$55
63 million appropriated for flooding and less \$14.2 million appropriated for capital projects in
64 Section 3 of Chapter 265, Laws of Utah 1985 General Session, by:

65 (a) the state's July 1, 1983 population; and

66 (b) the fiscal year 1983 inflation index divided by 100.

67 (3) "Calendar year" means the time period beginning on January 1 of any given year
68 and ending on December 31 of the same year.

69 (4) "Fiscal emergency" means an extraordinary occurrence requiring immediate
70 expenditures and includes the settlement under Chapter 4, Laws of Utah 1988, Fourth Special
71 Session.

72 (5) "Fiscal year" means the time period beginning on July 1 of any given year and
73 ending on June 30 of the subsequent year.

74 (6) "Fiscal year 1985 actual base year appropriations" means fiscal year 1985 actual
75 capital and operations appropriations from general, uniform school, and transportation fund
76 sources, less debt monies, less \$55 million appropriated for flooding, and less \$14.2 million
77 appropriated for capital projects in Section 3, Chapter 265, Laws of Utah 1985.

78 (7) "Inflation index" means the change in the general price level of goods and services
79 as measured by the Gross National Product Implicit Price Deflator of the Bureau of Economic
80 Analysis, U.S. Department of Commerce calculated as provided in Section 63-38c-202.

81 (8) (a) "Maximum allowable appropriations limit" means the appropriations that could
82 be, or could have been, spent in any given year under the limitations of this chapter.

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

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

88 [~~(10) "Most recent fiscal year's personal income" means the fiscal year personal income~~
89 ~~two fiscal years previous to the fiscal year for which the maximum allowable personal income~~
90 ~~appropriations limit is being computed under this chapter.~~]

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

94 ~~[(12) "Personal income" means the total personal income of the state as calculated by
 95 the Governor's Office of Planning and Budget according to the procedures and requirements of
 96 Section 63-38c-202.]~~

97 ~~[(13)]~~ (11) "Population" means the number of residents of the state as of July 1 of each
 98 year as calculated by the Governor's Office of Planning and Budget according to the procedures
 99 and requirements of Section 63-38c-202.

100 ~~[(14)]~~ (12) "Revenues" means the revenues of the state from every tax, penalty, receipt,
 101 and other monetary exaction and interest connected with it that are recorded as unrestricted
 102 revenue of the General Fund~~[- Uniform School Fund, and Transportation Fund,]~~ and from
 103 non-Uniform School income tax revenues, except as specifically exempted by this chapter.

104 ~~[(15)]~~ (13) "Security" means any bond, note, warrant, or other evidence of
 105 indebtedness, whether or not the bond, note, warrant, or other evidence of indebtedness is or
 106 constitutes an "indebtedness" within the meaning of any provision of the constitution or laws of
 107 this state.

108 Section 2. Section **63-38c-201** is amended to read:

109 **63-38c-201. Appropriations limit -- Formula.**

110 (1) There is established a state appropriations limit for each fiscal year beginning after
 111 June 30, 1988.

112 (2) For each of these fiscal years, the annual legislative appropriations for this state, its
 113 agencies, departments, and institutions may not exceed that sum determined by ~~[the average of~~
 114 ~~the two formulas specified in Subsections (2)(h) and (i)]~~ applying this formula $B * P * (I/100)$ in
 115 which:

116 ~~[(a) "Z" equals the most recent fiscal year's personal income;]~~

117 ~~[(b) "Y" equals personal income for the fiscal year just previous to "Z";]~~

118 ~~[(c) "A" equals the prior fiscal year's maximum allowable personal income~~
 119 ~~appropriations limit beginning with fiscal year 1985 actual base year appropriations;]~~

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

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

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

125 ~~[(g)]~~ (3) The revenues specified in Section 63-38c-205 are not subject to the limitation
126 in this section.

127 ~~[(h) Formula 1: $B * P * (I/100) = \text{Maximum Allowable Inflation and Population}$~~
128 ~~Appropriations Limit.]~~

129 ~~[(i) Formula 2: $A * (Z/Y) = \text{Maximum Allowable Personal Income Appropriations}$~~
130 ~~Limit.]~~

131 Section 3. Section **63-38c-202** is amended to read:

132 **63-38c-202. Computing formula elements.**

133 ~~[(1) For purposes of computing the most recent fiscal year's personal income, the~~
134 ~~Governor's Office of Planning and Budget shall use the quarterly data produced by the Bureau~~
135 ~~of Economic Analysis, U.S. Department of Commerce.]~~

136 ~~[(2)]~~ (1) For purposes of calculating fiscal year inflation indexes ~~[and fiscal year~~
137 ~~personal income]~~ for the previous fiscal year, the Governor's Office of Planning and Budget
138 shall use:

139 (a) the actual quarterly data released by the U.S. Department of Commerce as of
140 January 31 of each year; and

141 (b) the most recent U.S. Bureau of Census population estimates as of January 31 of
142 each year.

143 ~~[(3)]~~ (2) (a) For purposes of computing the inflation index, the Governor's Office of
144 Planning and Budget shall:

145 (i) assign the bureau's 1982 calendar year inflation index value of 100 to fiscal year
146 1989 for purposes of computing fiscal year index values;

147 (ii) compute all subsequent fiscal year inflation indexes after having assigned the fiscal
148 year 1989 inflation index a value of 100; and

149 (iii) use the quarterly index values published by the Bureau of Economic Analysis,
150 U.S. Department of Commerce, to compute fiscal year index values.

151 (b) If the bureau changes its calendar base year, appropriate adjustments are to be made
152 in this chapter to accommodate those changes.

153 [~~4~~] (3) (a) For purposes of computing the most recent fiscal year's population, the
154 Governor's Office of Planning and Budget shall convert the April 1 decennial census estimate
155 to a July 1 estimate, unless otherwise estimated by the Bureau of Census.

156 (b) If the bureau changes the state's July 1, 1983 base year population after it conducts
157 the 1990 Census, appropriate adjustments shall be made in this chapter to accommodate those
158 changes.

159 Section 4. Section **63-38c-402** is amended to read:

160 **63-38c-402. Debt limitation -- Vote requirement needed to exceed limitation --**

161 **Exceptions.**

162 (1) (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt
163 of the state may not exceed [~~20%~~] 50% of the maximum allowable appropriations limit unless
164 approved by more than a two-thirds vote of both houses of the Legislature.

165 (b) Notwithstanding the limitation contained in Subsection (1)(a), debt issued under the
166 authority of the following parts is not subject to the debt limitation established by this section:

167 (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond
168 Authorization;

169 (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;

170 (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond
171 Authorization;

172 (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note
173 Authorization;

174 (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond
175 Authorization;

176 (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note
177 Authorization;

178 (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;

179 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bond;

180 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond
181 Anticipation Notes;

182 (x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bond for Salt
183 Lake County; and

- 184 (xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond
- 185 Anticipation Notes for Salt Lake County Authorization.
- 186 (2) This section does not apply if contractual rights will be impaired.