

**JOINT RESOLUTION ON STATE SPENDING**

**LIMITATIONS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Carl Wimmer**

Senate 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;
- ▶ require surplus state revenue to be used 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;
- ▶ allow the Legislature, upon a two-thirds vote and the governor's approval, to make an appropriation or expenditure that exceeds the limit; 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



28 proposal.

29 **Utah Constitution Sections Affected:**

30 AMENDS:

31 **ARTICLE XIII, SECTION 5**



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

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

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

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

40 (2) (a) For any fiscal year, the Legislature may not make an appropriation or authorize  
41 an expenditure if the appropriation or expenditure would cause the State to spend in that fiscal  
42 year an amount that exceeds the amount spent in the immediately preceding fiscal year,  
43 adjusted, as provided by statute, by inflation or deflation and an amount proportional to any  
44 change in population.

45 (b) Surplus State revenue remaining after application of Subsection (2)(a) shall be used  
46 for budget reserves and for reserves for emergency preparedness and disaster relief, in that  
47 order of priority, until those reserves are adequately funded, as determined by the Legislature,  
48 and any remaining surplus State revenue shall be refunded to taxpayers.

49 (c) If a program or service funded by state revenue becomes instead the financial  
50 responsibility of a political subdivision of the State, the amount of allowable appropriations or  
51 expenditures under Subsection (2)(a) for that fiscal year is reduced by the amount that the  
52 political subdivision would be required to spend to maintain the same level of funding that the  
53 program or service had while being funded by state revenue.

54 (d) The Legislature may make an appropriation or authorize an expenditure otherwise  
55 prohibited under Subsection (2)(a) if two-thirds of all the members elected to each house vote  
56 in favor of the appropriation or expenditure and the Governor approves.

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

59           ~~[(2)]~~ (3) (a) For any fiscal year, the Legislature may not make an appropriation or  
60 authorize an expenditure if the State's expenditure exceeds the total tax provided for by statute  
61 and applicable to the particular appropriation or expenditure.

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

64           ~~[(3)]~~ (4) For any debt of the State, the Legislature shall provide by statute for an annual  
65 tax sufficient to pay:

66           (a) the annual interest; and

67           (b) the principal within 20 years after the final passage of the statute creating the debt.

68           ~~[(4)]~~ (5) Except as provided in Article X, Section 5, Subsection (5)(a), the Legislature  
69 may not impose a tax for the purpose of a political subdivision of the State, but may by statute  
70 authorize political subdivisions of the State to assess and collect taxes for their own purposes.

71           ~~[(5)]~~ (6) All revenue from taxes on intangible property or from a tax on income shall  
72 be used to support the systems of public education and higher education as defined in Article  
73 X, Section 2.

74           ~~[(6)]~~ (7) Proceeds from fees, taxes, and other charges related to the operation of motor  
75 vehicles on public highways and proceeds from an excise tax on liquid motor fuel used to  
76 propel those motor vehicles shall be used for:

77           (a) statutory refunds and adjustments and costs of collection and administration;

78           (b) the construction, maintenance, and repair of State and local roads, including  
79 payment for property taken for or damaged by rights-of-way and for associated administrative  
80 costs;

81           (c) driver education;

82           (d) enforcement of state motor vehicle and traffic laws; and

83           (e) the payment of the principal of and interest on any obligation of the State or a city  
84 or county, issued for any of the purposes set forth in Subsection ~~[(6)]~~ (7)(b) and to which any of  
85 the fees, taxes, or other charges described in this Subsection ~~[(6)]~~ (7) have been pledged,  
86 including any paid to the State or a city or county, as provided by statute.

87           ~~[(7)]~~ (8) Fees and taxes on tangible personal property imposed under Section 2,  
88 Subsection (6) of this article are not subject to Subsection ~~[(6)]~~ (7) of this Section 5 and shall  
89 be distributed to the taxing districts in which the property is located in the same proportion as

90 that in which the revenue collected from real property tax is distributed.

91           ~~[(8)]~~ (9) A political subdivision of the State may share its tax and other revenues with  
92 another political subdivision of the State as provided by statute.

93           Section 2. **Submittal to voters.**

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

96           Section 3. **Effective date.**

97           If the amendment proposed by this joint resolution is approved by a majority of those  
98 voting on it at the next regular general election, the amendment shall take effect on January 1,  
99 2013.

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**Legislative Review Note**  
**as of 2-16-11 8:10 AM**

**Office of Legislative Research and General Counsel**

# FISCAL NOTE

H.J.R. 37

SHORT TITLE: Joint Resolution on State Spending Limitations

SPONSOR: Wimmer, C.

2011 GENERAL SESSION, STATE OF UTAH

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Publication and distribution costs to put this resolution on the ballot will cost the Lt. Governor's Office \$14,700 from the General Fund one-time in FY 2013.

### STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
Revenue	\$0	\$0	\$0
Expenditure:			
General Fund, One-Time	\$0	\$0	\$14,700
Total Expenditure	\$0	\$0	\$14,700
Net Impact, All Funds (Rev.-Exp.)	\$0	\$0	(\$14,700)
Net Impact, General/Education Funds	\$0	\$0	(\$14,700)

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.