

1 **JOINT RESOLUTION ON USE OF STATE TAX REVENUE**

2 2013 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Gregory H. Hughes**

5 Senate Sponsor: _____

6

7 **LONG TITLE**

8 **General Description:**

9 This joint resolution of the Legislature proposes to amend the Utah Constitution to
10 enact a provision relating to the use of state tax revenue.

11 **Highlighted Provisions:**

12 This resolution proposes to amend the Utah Constitution to:

13 ▶ require certain state tax revenue that exceeds a base year's appropriations and
14 expenditures, adjusted by inflation or deflation and an amount based on population
15 changes, to be used to protect the State against potential fiscal risks; and

16 ▶ require remaining state tax revenue to be used for tax relief, as provided by statute,
17 unless three-fifths of both houses of the Legislature vote to appropriate or expend
18 the revenue.

19 **Special Clauses:**

20 This resolution directs the lieutenant governor to submit this proposal to voters.

21 This resolution provides a contingent effective date of January 1, 2015 for this proposal.

22 **Utah Constitution Sections Affected:**

23 AMENDS:

24 **ARTICLE XIII, SECTION 5**

25

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



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

29 **Article XIII, Section 5. [Use and amount of taxes and expenditures.]**

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

32 (2) (a) (i) For any fiscal year, state tax revenue that exceeds the actual amount of state
33 tax revenue appropriated or expended during fiscal year 2013, adjusted as provided in
34 Subsection (2)(a)(ii), shall be used to protect the state against potential fiscal risks, including a
35 high amount of public debt, economic recession, natural disaster, and a loss of federal funds,
36 until the protection is adequate, as the Legislature determines by statute.

37 (ii) For purposes of making calculations under Subsection (2)(a)(i), the amount of state
38 tax revenue appropriated or expended during fiscal year 2013 shall be adjusted, as provided by
39 statute, by the sum of an amount based on a single measure of inflation or deflation and an
40 amount based on the percentage change in the State's population.

41 (b) Because all tax revenue originates from and belongs to taxpayers, any state tax
42 revenue remaining after application of Subsection (2)(a) shall be used for tax relief, as provided
43 by statute, unless three-fifths of all members of each house of the Legislature vote in favor of
44 legislation that:

45 (i) appropriates or expends that revenue;

46 (ii) plainly states for the public's knowledge that the Legislature is appropriating or
47 expending that revenue rather than using it for tax relief; and

48 (iii) states the rationale behind the decision to appropriate or expend the revenue rather
49 than use it for tax relief.

50 ~~[(2)] (3) (a) For any fiscal year, the Legislature may not make an appropriation or~~
51 ~~authorize an expenditure if the State's expenditure exceeds the total tax provided for by statute~~
52 ~~and applicable to the particular appropriation or expenditure.~~

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

55 ~~[(3)] (4) For any debt of the State, the Legislature shall provide by statute for an annual~~
56 ~~tax sufficient to pay:~~

57 ~~(a) the annual interest; and~~

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

59 ~~[(4)]~~ (5) Except as provided in Article X, Section 5, Subsection ~~[(5)]~~ (4)(a), the
60 Legislature may not impose a tax for the purpose of a political subdivision of the State, but may
61 by statute authorize political subdivisions of the State to assess and collect taxes for their own
62 purposes.

63 ~~[(5)]~~ (6) All revenue from taxes on intangible property or from a tax on income shall
64 be used to support the systems of public education and higher education as defined in Article
65 X, Section 2.

66 ~~[(6)]~~ (7) Proceeds from fees, taxes, and other charges related to the operation of motor
67 vehicles on public highways and proceeds from an excise tax on liquid motor fuel used to
68 propel those motor vehicles shall be used for:

- 69 (a) statutory refunds and adjustments and costs of collection and administration;
- 70 (b) the construction, maintenance, and repair of State and local roads, including
71 payment for property taken for or damaged by rights-of-way and for associated administrative
72 costs;
- 73 (c) driver education;
- 74 (d) enforcement of state motor vehicle and traffic laws; and
- 75 (e) the payment of the principal of and interest on any obligation of the State or a city
76 or county, issued for any of the purposes set forth in Subsection ~~[(6)]~~ (7)(b) and to which any of
77 the fees, taxes, or other charges described in this Subsection ~~[(6)]~~ (7) have been pledged,
78 including any paid to the State or a city or county, as provided by statute.

79 ~~[(7)]~~ (8) Fees and taxes on tangible personal property imposed under Section 2,
80 Subsection ~~[(6)]~~ (7) of this article are not subject to Subsection ~~[(6)]~~ (7) of this Section 5 and
81 shall be distributed to the taxing districts in which the property is located in the same
82 proportion as that in which the revenue collected from real property tax is distributed.

83 ~~[(8)]~~ (9) A political subdivision of the State may share its tax and other revenues with
84 another political subdivision of the State as provided by statute.

85 ~~[(9)]~~ (10) Beginning July 1, 2016, the aggregate annual revenue from all severance
86 taxes, as those taxes are defined by statute, except revenue that by statute is used for purposes
87 related to any federally recognized Indian tribe, shall be deposited annually into the permanent
88 State trust fund under Article XXII, Section 4, as follows:

- 89 (a) 25% of the first \$50,000,000 of aggregate annual revenue;

90 (b) 50% of the next \$50,000,000 of aggregate annual revenue; and

91 (c) 75% of the aggregate annual revenue that exceeds \$100,000,000.

92 Section 2. **Submittal to voters.**

93 The lieutenant governor is directed to submit this proposed amendment to the voters of

94 the state at the next regular general election in the manner provided by law.

95 Section 3. **Contingent effective date.**

96 If the amendment proposed by this joint resolution is approved by a majority of those

97 voting on it at the next regular general election, the amendment shall take effect on January 1,

98 2015.

Legislative Review Note

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Office of Legislative Research and General Counsel