

**Representative Craig Hall** proposes the following substitute bill:

**RECODIFICATION OF APPROPRIATIONS LIMIT**

**FORMULA**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Craig Hall**

Senate Sponsor: Curtis S. Bramble

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**LONG TITLE**

**General Description:**

This bill recodifies the state appropriations limit.

**Highlighted Provisions:**

This bill:

- ▶ recodifies and clarifies the state appropriations limit formula; and
- ▶ makes technical and conforming amendments.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**63J-3-103**, as last amended by Laws of Utah 2013, Chapters 295, 310, and 400

**63J-3-201**, as renumbered and amended by Laws of Utah 2008, Chapter 382

REPEALS:

**63J-3-202**, as last amended by Laws of Utah 2013, Chapter 310

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

27 Section 1. Section **63J-3-103** is amended to read:

28 **63J-3-103. Definitions.**

29 As used in this chapter:

30 (1) (a) "Appropriations" means actual unrestricted capital and operating appropriations  
31 from unrestricted General Fund and Education Fund sources.

32 (b) "Appropriations" includes appropriations that are contingent upon available  
33 surpluses in the General Fund and Education Fund.

34 (c) "Appropriations" does not mean:

35 (i) public education expenditures;

36 (ii) Utah Education Network expenditures in support of public education;

37 (iii) Utah College of Applied Technology expenditures in support of public education;

38 (iv) Tax Commission expenditures related to collection of income taxes in support of  
39 public education;

40 (v) debt service expenditures;

41 (vi) emergency expenditures;

42 (vii) expenditures from all other fund or subfund sources;

43 (viii) transfers or appropriations from the Education Fund to the Uniform School Fund;

44 (ix) transfers into, or appropriations made to, the General Fund Budget Reserve

45 Account established in Section [63J-1-312](#);

46 (x) transfers into, or appropriations made to, the Education Budget Reserve Account  
47 established in Section [63J-1-313](#);

48 (xi) transfers in accordance with Section [63J-1-314](#) into, or appropriations made to the  
49 State Disaster Recovery Restricted Account created in Section [53-2a-603](#);

50 (xii) money appropriated to fund the total one-time project costs for the construction of  
51 capital developments as defined in Section [63A-5-104](#);

52 (xiii) transfers or deposits into or appropriations made to the Centennial Highway Fund  
53 created by Section [72-2-118](#);

54 (xiv) transfers or deposits into or appropriations made to the Transportation Investment  
55 Fund of 2005 created by Section [72-2-124](#);

56 (xv) transfers or deposits into or appropriations made to:

57 (A) the Department of Transportation from any source; or

58 (B) any transportation-related account or fund from any source; or  
59 (xvi) supplemental appropriations from the General Fund to the Division of Forestry,  
60 Fire, and State Lands to provide money for wildland fire control expenses incurred during the  
61 current or previous fire years.

62 [~~(2) "Base year real per capita appropriations" means the result obtained for the state by~~  
63 ~~dividing the fiscal year 1985 actual appropriations of the state less debt money by:~~]

64 [~~(a) the state's July 1, 1983 population; and]~~

65 [~~(b) the fiscal year 1983 inflation index divided by 100.]~~

66 [~~(3)~~] (2) "Calendar year" means the time period beginning on January 1 of any given  
67 year and ending on December 31 of the same year.

68 [~~(4)~~] (3) "Fiscal emergency" means an extraordinary occurrence requiring immediate  
69 expenditures and includes the settlement under Laws of Utah 1988, Fourth Special Session,  
70 Chapter 4.

71 [~~(5)~~] (4) "Fiscal year" means the time period beginning on July 1 of any given year and  
72 ending on June 30 of the subsequent year.

73 [~~(6) "Fiscal year 1985 actual base year appropriations" means fiscal year 1985 actual~~  
74 ~~capital and operations appropriations from General Fund and non-Uniform School Fund~~  
75 ~~income tax revenue sources, less debt money.]~~

76 [~~(7) "Inflation index" means the change in the general price level of goods and services~~  
77 ~~as measured by the Gross National Product Implicit Price Deflator of the Bureau of Economic~~  
78 ~~Analysis, U.S. Department of Commerce calculated as provided in Section [63J-3-202](#).]~~

79 [~~(8)~~] (5) (a) "Maximum allowable appropriations limit" means the appropriations that  
80 could be, or could have been, spent in any given year under the limitations of this chapter.

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

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

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

89 [(11)] (6) "Population" means the number of residents of the state as of July 1 of each  
 90 year as calculated by the Governor's Office of Management and Budget according to the  
 91 procedures and requirements of Section 63J-3-202.

92 [(12)] (7) "Revenues" means the revenues of the state from every tax, penalty, receipt,  
 93 and other monetary exaction and interest connected with it that are recorded as unrestricted  
 94 revenue of the General Fund and from non-Uniform School Fund income tax revenues, except  
 95 as specifically exempted by this chapter.

96 [(13)] (8) "Security" means any bond, note, warrant, or other evidence of indebtedness,  
 97 whether or not the bond, note, warrant, or other evidence of indebtedness is or constitutes an  
 98 "indebtedness" within the meaning of any provision of the constitution or laws of this state.

99 Section 2. Section 63J-3-201 is amended to read:

100 **63J-3-201. Appropriations limit -- Formula.**

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

103 ~~[(2) For each of these fiscal years, the annual legislative appropriations for this state, its~~  
 104 ~~agencies, departments, and institutions may not exceed that sum determined by applying the~~  
 105 ~~formula  $B * P * (I/100)$  in which:]~~

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

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

109 ~~[(c) "I" equals the most recent fiscal year's inflation index adjusted to reflect fiscal year~~  
 110 ~~1989 as having an index value of 100.]~~

111 (2) For each fiscal year, the Legislature's appropriations may not exceed the state  
 112 appropriations limit that is calculated using the formula in Subsection (4).

113 (3) The revenues specified in Section 63J-3-205 are not subject to the limitation in this  
 114 section.

115 (4) The state appropriations limit for each fiscal year shall be calculated by:

116 (a)  $Alimit_{FY} = Base_{1985} \times Pop_{FY-2} \times Inflation_{FY-2} + \sum_{i=1985}^{FY} Adjust_i \times Chain_i$

117 where:

118 (i) 
$$Base_{1985} = \frac{Appropriations_{1985} - Debt_{1985}}{Pop_{1983} \times Inflate_{Base}} = \frac{734,333,000 - 52,273,100}{1,594,943 \times \left(\frac{102.075}{123.900}\right)}$$

119 (ii) 
$$Inflate_{Base} = \frac{GNP\ Index_{vintage,1983}}{GNP\ Index_{vintage,1989}} = \frac{(100.8+101.7+102.5+103.3)/4}{(121.9+123.3+124.5+125.9)/4} = \frac{102.075}{123.900}$$

120 (iii) 
$$Inflate_{FY-2} = \frac{GNP\ Index_{FY-2}}{GNP\ Index_{1983}} \times Inflate_{Base}$$

121 (iv) 
$$Chain_i = \left(\frac{Inflate_{FY-2}}{Inflate_{i-2}}\right) \times \left(\frac{Pop_{FY-2}}{Pop_{i-2}}\right)$$

122 (b) and:

123 (i)  $Base_{1985}$  , is the real per capita appropriations for fiscal year 1985;

124 (ii)  $Appropriations_{1985}$  , is the fiscal year 1985 capital and operations from General  
125 Fund and non-Uniform School Fund;

126 (iii)  $Debt_{1985}$  , is the amount of debt payments made in fiscal year 1985;

127 (iv)  $Pop_{FY-2}$  , is:

128 (A) if available, the fiscal year population as of July 1 from two fiscal years prior to the  
129 fiscal year for which the appropriations limit is being calculated as estimated by the United  
130 States Census Bureau by January 31 of each year; or

131 (B) if the estimate in Subsection (4)(b)(iv)(A) is not available, the April 1 decennial  
132 census count within the fiscal year, adjusted to align with the fiscal year end, calculated by  
133 multiplying the census count by the sum of a quarter of the prior period population growth and  
134 one;

135 (v)  $Inflate_{Base}$  , is the change in the general price level of goods and services as  
136 measured by the Gross National Product: Implicit Price Deflator from the 1990 vintage series  
137 for fiscal year 1983 to fiscal year 1989 such that the inflation index is based in fiscal year 1989  
138 at 100;

139 (vi) *Inflate*<sub>FY-2</sub>, is the change in the general price level of goods and services as  
140 measured by the Gross National Product: Implicit Price Deflator current series since 1983 up to  
141 two fiscal years prior to the fiscal year for which the appropriations limit is being calculated, as  
142 estimated by the United States Department of Commerce;

143 (vii) *GNP Index*<sub>[year]</sub>, is the average of the quarterly values of the Gross National  
144 Product: Implicit Price Deflator over the course of a fiscal year as released by January 31 of  
145 each year;

146 (viii) *Adjust*, is a program or service adjustment for a given fiscal year published by  
147 the Governor's Office of Management and Budget each year, in which the state transfers partial  
148 or total responsibility for funding a program or service to another unit of government as  
149 described in Section [63J-3-203](#); and

150 (ix) *Chain*, is a calculation to place historical program and service adjustments on the  
151 same basis as the rest of the appropriations limit formula, and is calculated as a chain of the  
152 product of the inflation and population growth rates from the initial year of adjustment.

153 Section 3. **Repealer.**

154 This bill repeals:

155 Section [63J-3-202](#), **Computing formula elements.**