

1 **JOINT RESOLUTION ON FEDERAL FINANCIAL CRIMES**

2 2014 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Steve Eliason**

5 Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

7 **General Description:**

8 This joint resolution of the Legislature calls on the Congressional Budget Office to stop  
9 the practice of preparing misleading financial estimates on the financial impact of  
10 federal legislation and adhere to the accounting standards governing public companies  
11 and to Government Accounting Standards Board standard 45 governing state and local  
12 governments.  
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14 **Highlighted Provisions:**

15 This resolution:

16 ▶ calls on the Congressional Budget Office to immediately change its policy of  
17 preparing financial estimates on the financial impact of federal legislation that are  
18 misleading and to adhere to accounting standards governing public companies;

19 ▶ urges the members of Utah's congressional delegation to sponsor legislation  
20 mandating that, in estimating the financial impact of legislation, the Congressional  
21 Budget Office follow Generally Accepted Accounting Standards governing public  
22 companies and Government Accounting Standards Board standards, known as  
23 GASB 45, governing state and local governments; and

24 ▶ urges that the Congressional Budget Office and Utah's congressional delegation take  
25 these actions to restore public faith and trust, strengthen the financial welfare and  
26 well-being of the nation, and increase transparency.

27 **Special Clauses:**



28 None

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30 *Be it resolved by the Legislature of the state of Utah:*

31 WHEREAS, accounting standard setting bodies such as the Financial Accounting  
32 Standards Board (FASB) and the Government Accounting Standards Board (GASB) set  
33 standards so that investors, policy makers, citizens, and others can have relevant and reliable  
34 financial information;

35 WHEREAS, public companies must abide by such standards to maintain the confidence  
36 of their investors and avoid regulatory entanglements;

37 WHEREAS, when entities or individuals deviate from those standards, the results can  
38 bring about disastrous consequences for capital markets and individual investors;

39 WHEREAS, accurate income measurement requires that revenues and expenses be  
40 recorded and reported accurately;

41 WHEREAS, history is littered with the remnants of companies that have inaccurately  
42 recorded and reported revenues and expenses, including Enron Corporation, Bernard L. Madoff  
43 Investment Securities, and MF Global;

44 WHEREAS, individuals that were entrusted with fiduciary duties of corporate and  
45 public trust and have engaged in fraudulent financial reporting have been removed from their  
46 positions of trust, and in some cases fined and incarcerated;

47 WHEREAS, the Congressional Budget Office (CBO), in the normal course of business,  
48 has policies allowing financial estimates related to scoring the financial impact of bills on a  
49 bipartisan basis to be misleading and otherwise in violation of basic accounting principles, and  
50 has produced misleading estimates of financial information that have deceived policy makers  
51 and the American people;

52 WHEREAS, the temptation exists for some members of the United States Congress to  
53 exploit CBO policies in an attempt to deceive fellow members of Congress and the American  
54 people, knowing that CBO policies have intentionally structured legislation to make their bills  
55 appear to be financially sound and balanced;

56 WHEREAS, the United States government does not report estimated Medicaid,  
57 Medicare, and Social Security benefits as a liability in its financial statements;

58 WHEREAS, the CBO and members of Congress should be held accountable to the

59 same standards to which public companies and state and local governments are held;

60 WHEREAS, the violation of basic accounting principles only serves to mislead  
61 investors, constituents, and state and local governments;

62 WHEREAS, the CBO should immediately end its use of misleading financial estimates  
63 and adhere to standards that are required of public companies and state and local governments  
64 for the financial welfare and well-being of the nation;

65 WHEREAS, Generally Accepted Accounting Standards require that companies report  
66 estimated postretirement benefits as a liability in their financial statements;

67 WHEREAS, GASB, through standards known as GASB 45, requires that state and  
68 local governments report estimated Medicaid, Medicare, and Social Security benefits as a  
69 liability in their financial statements;

70 WHEREAS, professional standards require companies to maintain an adequate system  
71 of internal controls;

72 WHEREAS, deficiencies in internal controls must be remediated, or companies and  
73 state and local governments are subject to fines and penalties; and

74 WHEREAS, restoring public faith and trust, strengthening the financial welfare and  
75 well-being of the nation, and increasing transparency should drive the CBO to take swift action  
76 regarding how a piece of legislation's fiscal impact is estimated:

77 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah calls  
78 on the Congressional Budget Office to immediately change its policy of preparing misleading  
79 financial estimates on the financial impact of federal legislation and adhere to accounting  
80 standards governing public companies and Government Accounting Standards Board  
81 standards, known as GASB 45, governing state and local governments.

82 BE IT FURTHER RESOLVED that the Legislature of the state of Utah urges the  
83 members of Utah's congressional delegation to sponsor legislation mandating that the  
84 Congressional Budget Office follow Generally Accepted Accounting Standards governing  
85 public companies and Government Accounting Standards Board standards, known as GASB  
86 45, governing state and local governments.

87 BE IT FURTHER RESOLVED that the Legislature of the state of Utah urges that the  
88 Congressional Budget Office take these actions for the financial welfare and well-being of the  
89 nation.

90 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the director of  
91 the Congressional Budget Office, the Majority Leader of the United States Senate, the Speaker  
92 of the United States House of Representatives, and the members of Utah's congressional  
93 delegation.

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**Legislative Review Note**  
**as of 2-20-14 4:31 PM**

**Office of Legislative Research and General Counsel**