

**Chapter 3**  
**State Appropriations and Tax Limitation Act**

**Part 1**  
**General Provisions**

**63J-3-101 Title.**

This chapter is known as the "State Appropriations and Tax Limitation Act."

Renumbered and Amended by Chapter 382, 2008 General Session

**63J-3-102 Purpose of chapter -- Limitations on state mandated property tax, state appropriations, and state debt.**

- (1)
  - (a) It is the purpose of this chapter to:
    - (i) place a limitation on the state mandated property tax rate under Title 53F, Chapter 2, State Funding -- Minimum School Program;
    - (ii) place limitations on state government appropriations based upon the combined changes in population and inflation; and
    - (iii) place a limitation on the state's outstanding general obligation debt.
  - (b) The limitations imposed by this chapter are in addition to limitations on tax levies, rates, and revenues otherwise provided for by law.
- (2)
  - (a) This chapter may not be construed as requiring the state to collect the full amount of tax revenues permitted to be appropriated by this chapter.
  - (b) This chapter's purpose is to provide a ceiling, not a floor, limitation on the appropriations of state government.
- (3) The recommendations and budget analysis prepared by the Governor's Office of Planning and Budget and the Office of the Legislative Fiscal Analyst, as required by Title 36, Chapter 12, Legislative Organization, shall be in strict compliance with the limitations imposed under this chapter.

Amended by Chapter 382, 2021 General Session

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

As used in this chapter:

- (1)
  - (a) "Appropriations" means actual unrestricted capital and operating appropriations from unrestricted General Fund and Income Tax Fund sources.
  - (b) "Appropriations" includes appropriations that are contingent upon available surpluses in the General Fund and Income Tax Fund.
  - (c) "Appropriations" does not mean:
    - (i) public education expenditures;
    - (ii) Utah Education and Telehealth Network expenditures in support of public education;
    - (iii) Utah Board of Higher Education expenditures in support of public education;
    - (iv) State Tax Commission expenditures related to collection of income taxes in support of public education;

- (v) debt service expenditures;
  - (vi) emergency expenditures;
  - (vii) expenditures from all other fund or subfund sources;
  - (viii) transfers or appropriations from the Income Tax Fund to the Uniform School Fund;
  - (ix) transfers into, or appropriations made to, the General Fund Budget Reserve Account established in Section 63J-1-312;
  - (x) transfers into, or appropriations made to, the Income Tax Fund Budget Reserve Account established in Section 63J-1-313;
  - (xi) transfers in accordance with Section 63J-1-314 into, or appropriations made to the Wildland Fire Suppression Fund created in Section 65A-8-204 or the State Disaster Recovery Restricted Account created in Section 53-2a-603;
  - (xii) money appropriated to fund the total one-time project costs for the construction of capital development projects as defined in Section 63A-5b-401;
  - (xiii) transfers or deposits into or appropriations made to the Centennial Highway Fund created by Section 72-2-118;
  - (xiv) transfers or deposits into or appropriations made to the Transportation Investment Fund of 2005 created by Section 72-2-124;
  - (xv) transfers or deposits into or appropriations made to:
    - (A) the Department of Transportation from any source; or
    - (B) any transportation-related account or fund from any source; or
  - (xvi) supplemental appropriations from the General Fund to the Division of Forestry, Fire, and State Lands to provide money for wildland fire control expenses incurred during the current or previous fire years.
- (2) "Base year real per capita appropriations" means the result obtained for the state by dividing the fiscal year 1985 actual appropriations of the state less debt money by:
- (a) the state's July 1, 1983 population; and
  - (b) the fiscal year 1983 inflation index divided by 100.
- (3) "Calendar year" means the time period beginning on January 1 of any given year and ending on December 31 of the same year.
- (4) "Fiscal emergency" means an extraordinary occurrence requiring immediate expenditures and includes the settlement under Laws of Utah 1988, Fourth Special Session, Chapter 4.
- (5) "Fiscal year" means the time period beginning on July 1 of any given year and ending on June 30 of the subsequent year.
- (6) "Fiscal year 1985 actual base year appropriations" means fiscal year 1985 actual capital and operations appropriations from General Fund and non-Uniform School Fund income tax revenue sources, less debt money.
- (7) "Inflation index" means the change in the general price level of goods and services as measured by the Gross National Product Implicit Price Deflator of the Bureau of Economic Analysis, U.S. Department of Commerce calculated as provided in Section 63J-3-202.
- (8)
- (a) "Maximum allowable appropriations limit" means the appropriations that could be, or could have been, spent in any given year under the limitations of this chapter.
  - (b) "Maximum allowable appropriations limit" does not mean actual appropriations spent or actual expenditures.
- (9) "Most recent fiscal year's inflation index" means the fiscal year inflation index two fiscal years previous to the fiscal year for which the maximum allowable inflation and population appropriations limit is being computed under this chapter.

- (10) "Most recent fiscal year's population" means the fiscal year population two fiscal years previous to the fiscal year for which the maximum allowable inflation and population appropriations limit is being computed under this chapter.
- (11) "Population" means the number of residents of the state as of July 1 of each year as calculated by the Governor's Office of Planning and Budget according to the procedures and requirements of Section 63J-3-202.
- (12) "Revenues" means the revenues of the state from every tax, penalty, receipt, and other monetary exaction and interest connected with it that are recorded as unrestricted revenue of the General Fund and from non-Uniform School Fund income tax revenues, except as specifically exempted by this chapter.
- (13) "Security" means any bond, note, warrant, or other evidence of indebtedness, whether or not the bond, note, warrant, or other evidence of indebtedness is or constitutes an "indebtedness" within the meaning of any provision of the constitution or laws of this state.

Amended by Chapter 456, 2022 General Session

## **Part 2**

### **Appropriations Limit**

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

- (1) There is established a state appropriations limit for each fiscal year beginning after June 30, 1988.
- (2) For each of these fiscal years, the annual legislative appropriations for this state, its agencies, departments, and institutions may not exceed that sum determined by applying the formula  $B \cdot \frac{P}{I}$  in which:
  - (a) "B" equals the base year real per capita appropriations for the state, its agencies, departments, and institutions;
  - (b) "P" equals the most recent fiscal year's population; and
  - (c) "I" equals the most recent fiscal year's inflation index adjusted to reflect fiscal year 1989 as having an index value of 100.
- (3) The revenues specified in Section 63J-3-205 are not subject to the limitation in this section.

Renumbered and Amended by Chapter 382, 2008 General Session

#### **63J-3-202 Computing formula elements.**

- (1) For purposes of calculating fiscal year inflation indexes for the previous fiscal year, the Governor's Office of Planning and Budget shall use:
  - (a) the actual quarterly data released by the U.S. Department of Commerce as of January 31 of each year; and
  - (b) the most recent U.S. Bureau of Census population estimates as of January 31 of each year.
- (2)
  - (a) For purposes of computing the inflation index, the Governor's Office of Planning and Budget shall:
    - (i) assign the bureau's 1982 calendar year inflation index value of 100 to fiscal year 1989 for purposes of computing fiscal year index values;

- (ii) compute all subsequent fiscal year inflation indexes after having assigned the fiscal year 1989 inflation index a value of 100; and
  - (iii) use the quarterly index values published by the Bureau of Economic Analysis, U.S. Department of Commerce, to compute fiscal year index values.
  - (b) If the bureau changes its calendar base year, appropriate adjustments are to be made in this chapter to accommodate those changes.
- (3)
- (a) For purposes of computing the most recent fiscal year's population, the Governor's Office of Planning and Budget shall convert the April 1 decennial census estimate to a July 1 estimate, unless otherwise estimated by the Bureau of Census.
  - (b) If the bureau changes the state's July 1, 1983 base year population after it conducts the 1990 Census, appropriate adjustments shall be made in this chapter to accommodate those changes.

Amended by Chapter 382, 2021 General Session

**63J-3-203 Program and service adjustments to the limitation -- Funding level.**

- (1) If the state transfers partial or total responsibility of a program or service to another unit of government, the appropriations limitations shall be decreased by the amount of the transfer.
- (2) If the state accepts partial or total responsibility for a program or service from another unit of government, the appropriations limit shall be increased by the amount of the transfer.
- (3) If funding exempted under this chapter for a program or service administered by the state is reduced or eliminated and the Legislature elects to fund the program or service with tax revenue, the appropriations limitations shall be increased by the amount the Legislature elects to fund.
- (4) If the state transfers the funding source of a program or service from taxes to user charges or other exempted revenue sources specified in this chapter, the maximum allowable appropriations limitations shall be decreased by the amount of the transfer.
- (5) If the Legislature transfers the funding source of a program or service from user charges or other exempted revenue sources as specified in this chapter to tax revenues, appropriations limitations shall be increased by the amount of the transfer.
- (6) If the state transfers revenues from sources exempt under this chapter to funds containing revenues from nonexempt sources, the revenues transferred shall be part of and subject to the appropriations limits of this chapter.

Renumbered and Amended by Chapter 382, 2008 General Session

**63J-3-204 Exceptions to limitation -- Fiscal emergency -- Requirements -- Limits modified or exceeded by vote of the people.**

- (1)
  - (a) The limits as provided in this chapter may be exceeded if a fiscal emergency is declared.
  - (b) A fiscal emergency for the state shall be declared by the governor and confirmed by more than two-thirds of both houses of the Legislature.
- (2)
  - (a) Funding for fiscal emergencies may not be included in the appropriations base for computing the maximum allowable appropriations in subsequent years.
  - (b) Fiscal emergency appropriations shall remain separate from appropriations subject to limits imposed by this chapter and shall be assigned expiration dates.

- (3) Any limit in this chapter may be exceeded or modified by a majority vote of the people in a statewide election.

Renumbered and Amended by Chapter 382, 2008 General Session

**63J-3-205 Money excluded from the limitation.**

Money from the following sources is excluded from the revenues appropriated and used in determining a limitation:

- (1) money received from the government of the United States including federal mineral lease payments;
- (2) money received by the state from another unit of government, except the proceeds of taxes, fees, or penalties imposed by the state and collected by the other unit of government;
- (3) money derived from the issuance of, or to pay interest, principal, or redemption premiums on, any security;
- (4) money received from the sale of fixed assets or gains on fixed asset transfers;
- (5) the proceeds of contracts, grants, gifts, donations, and bequests made to the state for a purpose specified by the contractor or donor;
- (6) user charges derived by the state from the sale of a product or service pledged or legally available to repay any security or for which the quantity of the product or level of service provided to a user is at the discretion of the user; and
- (7) money raised to meet fiscal emergencies.

Amended by Chapter 342, 2011 General Session

**63J-3-206 Appropriations limit formula -- Mathematical equation.**

The legislative fiscal analyst shall create, in accordance with Section 63I-6-103, a mathematical equation for the state appropriations limit formula described in this part.

Enacted by Chapter 49, 2015 General Session

### **Part 3 State Auditor's Responsibilities**

**63J-3-301 State auditor's responsibilities with respect to the limitation -- Correction of deficiencies.**

The state auditor shall notify the state through the appropriate officer or officers of necessary corrective action if upon audit or examination of the results of an independent audit or a budget document of the state, the state auditor determines that:

- (1) funds have been improperly accounted or budgeted for in order to avoid the limitations imposed by this chapter;
- (2) funds have been improperly exempted from the limitations as provided in this chapter;
- (3) general government functions have been improperly financed by user or service charges; or
- (4) the limitations imposed by this chapter have been exceeded.

Renumbered and Amended by Chapter 382, 2008 General Session

## **Part 4**

### **Property Tax Limitation**

#### **63J-3-401 State mandated property tax limitation -- Vote requirement needed to exceed limitation.**

The state mandated property tax rate in Title 53F, Chapter 2, State Funding -- Minimum School Program, as of July 1, 1989, may not be increased without more than a two-thirds vote of both houses of the Legislature.

Amended by Chapter 415, 2018 General Session

#### **63J-3-402 Debt limitation -- Vote requirement needed to exceed limitation -- Exceptions.**

- (1)
- (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt of the state may not exceed 45% of the maximum allowable appropriations limit unless approved by more than a two-thirds vote of both houses of the Legislature.
  - (b) Notwithstanding the limitation contained in Subsection (1)(a), debt issued under the authority of the following parts or sections is not subject to the debt limitation established by this section:
    - (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond Authorization;
    - (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;
    - (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond Authorization;
    - (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note Authorization;
    - (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond Authorization;
    - (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note Authorization;
    - (vii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bonds;
    - (viii) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond Anticipation Notes Authorization;
    - (ix) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bonds for Salt Lake County;
    - (x) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond Anticipation Notes for Salt Lake County;
    - (xi) Section 63B-13-102;
    - (xii) Section 63B-16-101;
    - (xiii) Section 63B-16-102;
    - (xiv) Section 63B-18-401;
    - (xv) Section 63B-18-402; and
    - (xvi) Title 63B, Chapter 27, Part 1, 2017 Highway General Obligation Bonds.
- (2) This section does not apply if contractual rights will be impaired.

Amended by Chapter 64, 2021 General Session