

**RESOLUTION PROTECTING INTEREST ON
SCHOOL FUND**

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: Matt Throckmorton

Rebecca D. Lockhart

This joint resolution proposes to amend the Utah Constitution to require interest on the State School Fund to be distributed to public education system schools to be used to enhance student academic performance and improve educational excellence. This joint resolution directs the lieutenant governor to submit the proposal to voters, makes technical changes, and provides an effective date.

This resolution proposes to change the Utah Constitution as follows:

AMENDS:

ARTICLE X, SECTION 5

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

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

Article X, Section 5. [State School Fund and Uniform School Fund -- Establishment and use -- Debt guaranty.]

(1) There is established a permanent State School Fund which shall consist of revenue from the following sources:

(a) proceeds from the sales of all lands granted by the United States to this state for the support of the public elementary and secondary schools;

(b) 5% of the net proceeds from the sales of United States public lands lying within this state;

(c) all revenues derived from nonrenewable resources on state lands, other than sovereign lands and lands granted for other specific purposes;

- 28 (d) all revenues derived from the use of school trust lands;
- 29 (e) revenues appropriated by the Legislature; and
- 30 (f) other revenues and assets received by the fund under any other provision of law or by
- 31 bequest or donation.

32 (2) (a) The State School Fund principal shall be safely invested and held by the state in
 33 perpetuity. [~~Only the interest received from investment of the State School Fund may be expended~~
 34 ~~for the support of the public education system as defined in Article X, Section 2 of this~~
 35 ~~constitution.~~]

36 (b) The Legislature may make appropriations from school trust land revenues to provide
 37 funding necessary for the proper administration and management of those lands consistent with
 38 the state's fiduciary responsibilities towards the beneficiaries of the school land trust. Unexpended
 39 balances remaining from the appropriation at the end of each fiscal year shall be deposited in the
 40 State School Fund.

41 (c) A portion of the interest earnings of the State School Fund, in an amount equal to the
 42 total balance in the State School Fund at the close of each calendar year multiplied by the annual
 43 rate of inflation for the preceding year, as determined by the state treasurer, shall be retained in the
 44 State School Fund and added to the principal.

45 (d) The State School Fund shall be guaranteed by the state against loss or diversion.

46 (e) Interest from the State School Fund remaining after deducting the amount retained to
 47 protect against inflation under Subsection (2)(c) shall be distributed to schools within the public
 48 education system, as defined in Article X, Section 2, on an equal per student basis to be used to
 49 enhance student academic performance and improve educational excellence.

50 (3) There is established a Uniform School Fund which shall consist of revenue from the
 51 following sources:

52 [~~(a) interest from the State School Fund remaining after deduction of the amount retained~~
 53 ~~in the State School Fund to protect the fund against losses due to inflation;]~~

54 [(b)] (a) revenues appropriated by the Legislature; and

55 [(c)] (b) other revenues received by the fund under any other provision of law or by
 56 donation.

57 (4) The Uniform School Fund shall be maintained and used for the support of the state's
 58 public education system as defined in Article X, Section 2 of this constitution and apportioned as

59 the Legislature shall provide.

60 (5) (a) The state may guarantee the debt of school districts created in accordance with
61 Article XIV, Section 3, and may guarantee debt incurred to refund the school district debt. Any
62 debt guaranty, the school district debt guaranteed thereby, or any borrowing of the state undertaken
63 to facilitate the payment of the state's obligation under any debt guaranty shall not be included as
64 a debt of the state for purposes of the 1.5% limitation of Article XIV, Section 1.

65 (b) The Legislature may provide that reimbursement to the state shall be obtained from
66 monies which otherwise would be used for the support of the educational programs of the school
67 district which incurred the debt with respect to which a payment under the state's guaranty was
68 made.

69 **Section 2. Submittal to voters.**

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

72 **Section 3. Effective date.**

73 If the amendment proposed by this joint resolution is approved by a majority of those
74 voting on it at the next regular general election, the amendment shall take effect on January 1,
75 2003.

Legislative Review Note
as of 1-24-01 11:52 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel