

**Senator Curtis S. Bramble** proposes the following substitute bill:

**STATE SPENDING AND DEBT  
LIMITATIONS AMENDMENTS**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: Gregory H. Hughes**

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14	Craig W. Buttars	Bradley G. Last	David Ure
15	LaVar Christensen	Rebecca D. Lockhart	Stephen H. Urquhart

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**LONG TITLE**

**General Description:**

This bill modifies statutory appropriation limits and statutory debt limits.

**Highlighted Provisions:**

This bill:

- ▶ modifies the formula for calculating the state appropriation limit and the state debt limit;
- ▶ eliminates a portion of the existing formula; and
- ▶ makes technical corrections.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**



29 None

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **63-38c-102**, as last amended by Chapter 16, Laws of Utah 2003

33 **63-38c-103**, as last amended by Chapters 16 and 88, Laws of Utah 2003

34 **63-38c-201**, as renumbered and amended by Chapter 275, Laws of Utah 1996

35 **63-38c-202**, as last amended by Chapter 16, Laws of Utah 2003

36 **63-38c-402**, as last amended by Chapter 266, Laws of Utah 2002



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

39 Section 1. Section **63-38c-102** is amended to read:

40 **63-38c-102. Purpose of chapter -- Limitations on state mandated property tax,**  
41 **state appropriations, and state debt.**

42 (1) (a) It is the purpose of this chapter to:

43 (i) place a limitation on the state mandated property tax rate under Title 53A, Chapter  
44 17a, Minimum School Program Act;

45 (ii) place limitations on state government appropriations based upon [~~the average of~~  
46 ~~changes in personal income and~~] the combined changes in population and inflation; and

47 (iii) place a limitation on the state's outstanding general obligation debt.

48 (b) The limitations imposed by this chapter are in addition to limitations on tax levies,  
49 rates, and revenues otherwise provided for by law.

50 (2) (a) This chapter may not be construed as requiring the state to collect the full  
51 amount of tax revenues permitted to be appropriated by this chapter.

52 (b) This chapter's purpose is to provide a ceiling, not a floor, limitation on the  
53 appropriations of state government.

54 (3) The recommendations and budget analysis prepared by the Governor's Office of  
55 Planning and Budget and the Office of the Legislative Fiscal Analyst, as required by Title 36,  
56 Chapter 12, Legislative Organization, shall be in strict compliance with the limitations imposed  
57 under this chapter.

58 Section 2. Section **63-38c-103** is amended to read:

59 **63-38c-103. Definitions.**

60 As used in this chapter:

61 (1) (a) "Appropriations" means actual unrestricted capital and operating appropriations  
62 from unrestricted General Fund~~[- Uniform School Fund, and Transportation Fund]~~ sources and  
63 from non-Uniform School Fund income tax revenues as presented in the governor's executive  
64 budgets.

65 (b) "Appropriation" includes appropriations that are contingent upon available  
66 surpluses in the General Fund~~[- Uniform School Fund, or Transportation Fund]~~.

67 ~~[(c) "Appropriation" includes appropriations made to the Centennial Highway Fund~~  
68 ~~from unrestricted General Fund and Transportation Fund revenues.]~~

69 ~~[(d)]~~ (c) "Appropriations" does not mean:

70 (i) debt service expenditures;

71 (ii) emergency expenditures;

72 (iii) expenditures from all other fund or subfund sources presented in the executive  
73 budgets;

74 (iv) transfers into, or appropriations made to, the General Fund Budget Reserve  
75 Account established in Section 63-38-2.5;

76 (v) transfers into, or appropriations made to, the Education Budget Reserve Account  
77 established in Section 63-38-2.6;

78 (vi) monies appropriated to fund the total one-time project costs for the construction of  
79 capital developments as defined in Section 63A-5-104; or

80 (vii) appropriations made to the Centennial Highway Fund ~~[from sources other than the~~  
81 ~~unrestricted General Fund and Transportation Fund revenues]~~ created by Section 72-2-118.

82 (2) "Base year real per capita appropriations" means the result obtained for the state by  
83 dividing the fiscal year 1985 actual appropriations of the state less debt monies~~[- less \$55~~  
84 ~~million appropriated for flooding and less \$14.2 million appropriated for capital projects in~~  
85 ~~Section 3 of Chapter 265, Laws of Utah 1985 General Session,]~~ by:

86 (a) the state's July 1, 1983 population; and

87 (b) the fiscal year 1983 inflation index divided by 100.

88 (3) "Calendar year" means the time period beginning on January 1 of any given year  
89 and ending on December 31 of the same year.

90 (4) "Fiscal emergency" means an extraordinary occurrence requiring immediate

91 expenditures and includes the settlement under Chapter 4, Laws of Utah 1988, Fourth Special  
92 Session.

93 (5) "Fiscal year" means the time period beginning on July 1 of any given year and  
94 ending on June 30 of the subsequent year.

95 (6) "Fiscal year 1985 actual base year appropriations" means fiscal year 1985 actual  
96 capital and operations appropriations from general~~[, uniform school, and transportation]~~ fund  
97 and non-Uniform School Fund income tax revenue sources, less debt monies~~[, less \$55 million~~  
98 ~~appropriated for flooding, and less \$14.2 million appropriated for capital projects in Section 3,~~  
99 ~~Chapter 265, Laws of Utah 1985].~~

100 (7) "Inflation index" means the change in the general price level of goods and services  
101 as measured by the Gross National Product Implicit Price Deflator of the Bureau of Economic  
102 Analysis, U.S. Department of Commerce calculated as provided in Section 63-38c-202.

103 (8) (a) "Maximum allowable appropriations limit" means the appropriations that could  
104 be, or could have been, spent in any given year under the limitations of this chapter.

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

107 (9) "Most recent fiscal year's inflation index" means the fiscal year inflation index two  
108 fiscal years previous to the fiscal year for which the maximum allowable inflation and  
109 population appropriations limit is being computed under this chapter.

110 [~~(10) "Most recent fiscal year's personal income" means the fiscal year personal income~~  
111 ~~two fiscal years previous to the fiscal year for which the maximum allowable personal income~~  
112 ~~appropriations limit is being computed under this chapter.]~~

113 [~~(11)~~] (10) "Most recent fiscal year's population" means the fiscal year population two  
114 fiscal years previous to the fiscal year for which the maximum allowable inflation and  
115 population appropriations limit is being computed under this chapter.

116 [~~(12) "Personal income" means the total personal income of the state as calculated by~~  
117 ~~the Governor's Office of Planning and Budget according to the procedures and requirements of~~  
118 ~~Section 63-38c-202.]~~

119 [~~(13)~~] (11) "Population" means the number of residents of the state as of July 1 of each  
120 year as calculated by the Governor's Office of Planning and Budget according to the procedures  
121 and requirements of Section 63-38c-202.

122           ~~[(14)]~~ (12) "Revenues" means the revenues of the state from every tax, penalty, receipt,  
 123 and other monetary exaction and interest connected with it that are recorded as unrestricted  
 124 revenue of the General Fund~~[-Uniform School Fund, and Transportation Fund,]~~ and from  
 125 non-Uniform School Fund income tax revenues, except as specifically exempted by this  
 126 chapter.

127           ~~[(15)]~~ (13) "Security" means any bond, note, warrant, or other evidence of  
 128 indebtedness, whether or not the bond, note, warrant, or other evidence of indebtedness is or  
 129 constitutes an "indebtedness" within the meaning of any provision of the constitution or laws of  
 130 this state.

131           Section 3. Section **63-38c-201** is amended to read:

132           **63-38c-201. Appropriations limit -- Formula.**

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

135           (2) For each of these fiscal years, the annual legislative appropriations for this state, its  
 136 agencies, departments, and institutions may not exceed that sum determined by ~~[the average of~~  
 137 ~~the two formulas specified in Subsections (2)(h) and (i)]~~ applying the formula  $B * P * (I/100)$  in  
 138 which:

139           ~~[(a) "Z" equals the most recent fiscal year's personal income;]~~

140           ~~[(b) "Y" equals personal income for the fiscal year just previous to "Z";]~~

141           ~~[(c) "A" equals the prior fiscal year's maximum allowable personal income~~

142 ~~appropriations limit beginning with fiscal year 1985 actual base year appropriations;]~~

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

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

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

148           ~~[(g)]~~ (3) The revenues specified in Section 63-38c-205 are not subject to the limitation  
 149 in this section.

150           ~~[(h) Formula 1:  $B * P * (I/100) = \text{Maximum Allowable Inflation and Population}$~~   
 151 ~~Appropriations Limit.]~~

152           ~~[(i) Formula 2:  $A * (Z/Y) = \text{Maximum Allowable Personal Income Appropriations}$~~

153 Limit.]

154 Section 4. Section **63-38c-202** is amended to read:

155 **63-38c-202. Computing formula elements.**

156 [~~(1) For purposes of computing the most recent fiscal year's personal income, the~~  
157 ~~Governor's Office of Planning and Budget shall use the quarterly data produced by the Bureau~~  
158 ~~of Economic Analysis, U.S. Department of Commerce.]~~

159 [~~(2)~~] (1) For purposes of calculating fiscal year inflation indexes [~~and fiscal year~~  
160 ~~personal income~~] for the previous fiscal year, the Governor's Office of Planning and Budget  
161 shall use:

162 (a) the actual quarterly data released by the U.S. Department of Commerce as of  
163 January 31 of each year; and

164 (b) the most recent U.S. Bureau of Census population estimates as of January 31 of  
165 each year.

166 [~~(3)~~] (2) (a) For purposes of computing the inflation index, the Governor's Office of  
167 Planning and Budget shall:

168 (i) assign the bureau's 1982 calendar year inflation index value of 100 to fiscal year  
169 1989 for purposes of computing fiscal year index values;

170 (ii) compute all subsequent fiscal year inflation indexes after having assigned the fiscal  
171 year 1989 inflation index a value of 100; and

172 (iii) use the quarterly index values published by the Bureau of Economic Analysis,  
173 U.S. Department of Commerce, to compute fiscal year index values.

174 (b) If the bureau changes its calendar base year, appropriate adjustments are to be made  
175 in this chapter to accommodate those changes.

176 [~~(4)~~] (3) (a) For purposes of computing the most recent fiscal year's population, the  
177 Governor's Office of Planning and Budget shall convert the April 1 decennial census estimate  
178 to a July 1 estimate, unless otherwise estimated by the Bureau of Census.

179 (b) If the bureau changes the state's July 1, 1983 base year population after it conducts  
180 the 1990 Census, appropriate adjustments shall be made in this chapter to accommodate those  
181 changes.

182 Section 5. Section **63-38c-402** is amended to read:

183 **63-38c-402. Debt limitation -- Vote requirement needed to exceed limitation --**

184 **Exceptions.**

185 (1) (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt  
186 of the state may not exceed [~~20%~~ 45%] of the maximum allowable appropriations limit unless  
187 approved by more than a two-thirds vote of both houses of the Legislature.

188 (b) Notwithstanding the limitation contained in Subsection (1)(a), debt issued under the  
189 authority of the following parts is not subject to the debt limitation established by this section:

190 (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond

191 Authorization;

192 (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;

193 (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond

194 Authorization;

195 (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note

196 Authorization;

197 (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond

198 Authorization;

199 (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note

200 Authorization;

201 (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;

202 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bond;

203 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond

204 Anticipation Notes;

205 (x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bond for Salt  
206 Lake County; and

207 (xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond

208 Anticipation Notes for Salt Lake County Authorization.

209 (2) This section does not apply if contractual rights will be impaired.