

Representative Greg J. Curtis proposes the following substitute bill:

**RESOLUTION - EXCEPTION TO
SUBSCRIBING TO STOCK PROHIBITION**

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Greg J. Curtis

LONG TITLE

General Description:

This joint resolution proposes to amend the Utah Constitution to modify a provision relating to a prohibition against subscribing to stock.

Highlighted Provisions:

This joint resolution proposes to amend the Utah Constitution to:

- ▶ provide that the state or a public institution of post-secondary education may acquire an equity interest in a private business entity in exchange for certain intellectual property;
 - ▶ modify a prohibition relating to lending credit and subscribing to stock or bonds;
- and
- ▶ make technical changes.

Special Clauses:

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides an effective date.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE VI, SECTION 29

ARTICLE X, SECTION 5



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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 VI, Section 29, to read:

Article VI, Section 29. [Lending public credit and subscribing to stock or bonds forbidden -- Exception.]

~~[The Legislature may not authorize the]~~

(1) Neither the State~~[-or]~~ nor any county, city, town, school district, or other political subdivision of the State ~~[to]~~ may lend its credit or, except as provided in Subsection (2), subscribe to stock or bonds in aid of any ~~[railroad, telegraph or other]~~ private individual or corporate enterprise or undertaking~~[-except as provided in Article X, Section 5].~~

(2) Except as otherwise provided by statute, the State or a public institution of post-secondary education may acquire an equity interest in a private business entity as consideration for the sale, license, or other transfer to the private business entity of intellectual property developed in whole or in part by the State or the public institution of post-secondary education, and may hold or dispose of the equity interest.

Section 2. 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;

(d) all revenues derived from the use of school trust lands;

(e) revenues appropriated by the Legislature; and

(f) other revenues and assets received by the fund under any other provision of law or by bequest or donation.

57 (2) (a) The State School Fund principal shall be safely invested and held by the state in
58 perpetuity.

59 (b) Only the interest and dividends received from investment of the State School Fund
60 may be expended for the support of the public education system as defined in Article X,
61 Section 2 of this constitution.

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

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

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

70 (a) interest and dividends from the State School Fund;

71 (b) revenues appropriated by the Legislature; and

72 (c) other revenues received by the fund under any other provision of law or by
73 donation.

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

77 (5) (a) ~~[The]~~ Notwithstanding Article VI, Section 29, the State may guarantee the debt
78 of school districts created in accordance with Article XIV, Section 3, and may guarantee debt
79 incurred to refund the school district debt. Any debt guaranty, the school district debt
80 guaranteed thereby, or any borrowing of the state undertaken to facilitate the payment of the
81 state's obligation under any debt guaranty shall not be included as a debt of the state for
82 purposes of the 1.5% limitation of Article XIV, Section 1.

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

87 Section 3. **Submittal to voters.**

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

90 Section 4. **Effective date.**

91 If the amendment proposed by this joint resolution is approved by a majority of those
92 voting on it at the next regular general election, the amendment shall take effect on January 1,
93 2005.