

Representative Jim Nielson proposes the following substitute bill:

JOINT RESOLUTION ON SEVERANCE TAX

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Nielson

Senate Sponsor: Lyle W. Hillyard

LONG TITLE

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to require certain severance tax revenue to be deposited into the permanent state trust fund.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ require severance tax revenue, except revenue that by statute is used for purposes related to the Ute Indian Tribe and the Navajo Nation, to be deposited into the permanent state trust fund; and

- ▶ require deposits to be phased in until all severance tax revenue is deposited into the permanent state trust fund.

Special Clauses:

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

This resolution provides a contingent effective date of January 1, 2013 for this proposal.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION 5

ARTICLE XXII, SECTION 4



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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 XIII, Section 5, to read:

Article XIII, Section 5. [Use and amount of taxes and expenditures.]

(1) The Legislature shall provide by statute for an annual tax sufficient, with other revenues, to defray the estimated ordinary expenses of the State for each fiscal year.

(2) (a) For any fiscal year, the Legislature may not make an appropriation or authorize an expenditure if the State's expenditure exceeds the total tax provided for by statute and applicable to the particular appropriation or expenditure.

(b) Subsection (2)(a) does not apply to an appropriation or expenditure to suppress insurrection, defend the State, or assist in defending the United States in time of war.

(3) For any debt of the State, the Legislature shall provide by statute for an annual tax sufficient to pay:

(a) the annual interest; and

(b) the principal within 20 years after the final passage of the statute creating the debt.

(4) Except as provided in Article X, Section 5, Subsection (5)(a), the Legislature may not impose a tax for the purpose of a political subdivision of the State, but may by statute authorize political subdivisions of the State to assess and collect taxes for their own purposes.

(5) All revenue from taxes on intangible property or from a tax on income shall be used to support the systems of public education and higher education as defined in Article X, Section 2.

(6) Proceeds from fees, taxes, and other charges related to the operation of motor vehicles on public highways and proceeds from an excise tax on liquid motor fuel used to propel those motor vehicles shall be used for:

(a) statutory refunds and adjustments and costs of collection and administration;

(b) the construction, maintenance, and repair of State and local roads, including payment for property taken for or damaged by rights-of-way and for associated administrative costs;

(c) driver education;

(d) enforcement of state motor vehicle and traffic laws; and

57 (e) the payment of the principal of and interest on any obligation of the State or a city
58 or county, issued for any of the purposes set forth in Subsection (6)(b) and to which any of the
59 fees, taxes, or other charges described in this Subsection (6) have been pledged, including any
60 paid to the State or a city or county, as provided by statute.

61 (7) Fees and taxes on tangible personal property imposed under Section 2, Subsection
62 (6) of this article are not subject to Subsection (6) of this Section 5 and shall be distributed to
63 the taxing districts in which the property is located in the same proportion as that in which the
64 revenue collected from real property tax is distributed.

65 (8) A political subdivision of the State may share its tax and other revenues with
66 another political subdivision of the State as provided by statute.

67 (9) (a) Subject to Subsection (9)(b), revenue from each severance tax provided by
68 statute, except revenue that by statute is used for purposes related to the Ute Indian Tribe or the
69 Navajo Nation, shall be deposited into the permanent state trust fund under Article XXII,
70 Section 4.

71 (b) The annual amount of deposits of severance tax revenue described in Subsection
72 (9)(a) into the permanent state trust fund shall increase over time until July 1, 2016, when all of
73 that revenue shall thereafter be deposited into the permanent state trust fund, as provided in
74 Subsection (9)(a).

75 Section 2. It is proposed to amend Utah Constitution Article XXII, Section 4, to read:

76 **Article XXII, Section 4. [State trust fund -- Principal to be held in perpetuity --**
77 **Use of income.]**

78 (1) There is established a permanent state trust fund consisting of:

79 (a) as provided by statute or appropriation, funds that the state receives relating to the
80 November 1998 settlement agreement with leading tobacco manufacturers;

81 (b) money or other assets given to the fund under any provision of law; [~~and~~]

82 (c) severance tax revenue, as provided in Article XIII, Section 5, Subsection (9); and

83 [~~(c)~~] (d) other funds and assets that the trust fund receives by bequest or private
84 donation.

85 (2) Except as provided in Subsection (4), the state treasurer shall, as provided by
86 statute, hold all trust funds and assets in trust and invest them for the benefit of the people of
87 the state in perpetuity.

88 (3) The income from the state trust fund shall be deposited into the General Fund.

89 (4) With the concurrence of the governor and three-fourths of each house of the
90 Legislature, funds or assets in the trust fund may be removed from the fund for deposit into the
91 General Fund.

92 Section 3. **Submittal to voters.**

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

95 Section 4. **Effective date.**

96 If the amendment proposed by this joint resolution is approved by a majority of those
97 voting on it at the next regular general election, the amendment shall take effect on January 1,
98 2013.