

**Representative Steve Eliason** proposes the following substitute bill:

**JOINT RESOLUTION TO END UNREPORTED**

**FEDERAL GOVERNMENT LIABILITIES**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Steve Eliason**

Senate Sponsor: Curtis S. Bramble

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**LONG TITLE**

**General Description:**

This bill strongly urges federal government action to recognize its unreported liabilities in its financial statements and enact changes that will resolve the national debt crisis.

**Highlighted Provisions:**

This resolution:

▶ strongly urges the federal government to recognize its unreported liabilities in its financial statements and to formally include all of its obligations in national debt computations; and

▶ strongly urges the leaders of the United States in the Legislative and Executive branches of government to enact changes that will resolve the escalating national debt crisis.

**Special Clauses:**

None

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*Be it resolved by the Legislature of the state of Utah:*

WHEREAS, one of the most basic characteristics of financial reporting is that financial statements provide relevant and reliable information to users for decision making;



26 WHEREAS, accounting standard setting bodies, such as the Financial Accounting  
27 Standards Board, set Generally Accepted Accounting Principles (GAAP) so that investors,  
28 policy makers, citizens, and others can have access to relevant and reliable financial  
29 information;

30 WHEREAS, management of public companies must follow GAAP in order to maintain  
31 the confidence of investors and to avoid regulatory entanglements, legal liability, and criminal  
32 prosecution;

33 WHEREAS, when entities or individuals have deviated from GAAP the results have  
34 brought about disastrous consequences for corporations and individual investors;

35 WHEREAS, for example, when Enron Corporation failed, thousands of people lost  
36 their jobs and thousands of investors collectively lost billions of dollars;

37 WHEREAS, Enron was liable for billions of dollars in obligations that were not  
38 reported on its balance sheet as liabilities, which made it difficult for analysts and investors to  
39 understand clearly the true picture of Enron's financial position prior to its collapse;

40 WHEREAS, GAAP requires that public companies report their obligations as liabilities  
41 on the balance sheet;

42 WHEREAS, in particular, GAAP requires that estimated retirement benefits be  
43 recognized as a liability on the balance sheet;

44 WHEREAS, companies that have obligations to pay their current and former employees  
45 for health care and retirement benefits are required to recognize and report these obligations as  
46 a liability on their balance sheet;

47 WHEREAS, the United States government has an obligation to pay citizens' future  
48 retirement benefits and health care benefits, primarily through Social Security and Medicare;

49 WHEREAS, United States taxpayers are rightfully entitled to these benefits because  
50 taxpayers regularly contribute Social Security and Medicare premiums to the federal  
51 government through payroll deductions;

52 WHEREAS, the United States government does not currently include most of its  
53 obligations for retirement and health care benefits as liabilities in its financial statements;

54 WHEREAS, the amount of reported federal debt is staggering;

55 WHEREAS, as of the end of fiscal year 2012, total reported liabilities of the United  
56 States, including debt held by the public and debt held by the United States government, were

57 approximately \$16 trillion;

58 WHEREAS, noted professor and accountant Robert D. Allen, Ph.D., writing for the  
59 Journal of Accounting Education in 2013, observed that "it took more than 200 years -- from  
60 the time of George Washington until 1982 -- to get to \$1 trillion in gross federal debt. In the  
61 last 30 years gross federal debt has increased by an additional \$15 trillion";

62 WHEREAS, the amount of unreported federal debt is even more staggering;

63 WHEREAS, estimates of additional federal government liabilities not formally  
64 included as part of the federal debt range between \$48 trillion and \$70 trillion;

65 WHEREAS, the Government Accountability Office predicts that the amount of federal  
66 debt, both reported and unreported, will continue to increase over the next two decades as the  
67 baby-boomer generation continues to retire;

68 WHEREAS, formally recognizing unrecorded liabilities is an important step that will  
69 help the United States Congress and the public to better understand the extent of the problems  
70 associated with the national debt and deficit spending; and

71 WHEREAS, formally recognizing these liabilities as part of the national debt will also  
72 place Congress and the public in a better position to evaluate spending priorities and make  
73 equitable spending decisions in the future:

74 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah  
75 strongly urges the federal government to recognize its unreported liabilities in its financial  
76 statements and to formally include all of its obligations in national debt computations.

77 BE IT FURTHER RESOLVED that the Legislature of the state of Utah strongly urges  
78 the leaders of the United States in the legislative and executive branches of government to  
79 enact changes that will resolve the escalating national debt crisis.

80 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the President of  
81 the United States, the Majority Leader of the United States Senate, the Speaker of the United  
82 States House of Representatives, the Financial Accounting Foundation, the Government  
83 Accounting Standards Board, the Financial Accounting Standards Board, the Congressional  
84 Budget Office, the Government Accountability Office, and the members of Utah's  
85 congressional delegation.