

## HJR025S02 compared with HJR025

~~{deleted text}~~ shows text that was in HJR025 but was deleted in HJR025S02.

inserted text shows text that was not in HJR025 but was inserted into HJR025S02.

**DISCLAIMER:** This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Representative Steve Eliason proposes the following substitute bill:

**JOINT RESOLUTION ~~{ON}~~ TO END UNREPORTED  
FEDERAL ~~{FINANCIAL CRIMES}~~ GOVERNMENT LIABILITIES**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Steve Eliason**

Senate Sponsor: \_\_\_\_\_

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### LONG TITLE

#### General Description:

This ~~{joint resolution of the Legislature calls on the Congressional Budget Office to stop the practice of preparing misleading financial estimates on the financial impact of federal legislation and adhere to the accounting standards governing public companies and to Government Accounting Standards Board standard 45 governing state and local governments}~~ 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:

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- ▶ ~~{calls on the Congressional Budget Office to immediately change its policy of preparing financial estimates on the financial impact of federal legislation that are misleading and to adhere to accounting standards governing public companies;~~
- ~~urges the members of Utah's congressional delegation to sponsor legislation mandating that, in estimating the financial impact of legislation, the Congressional Budget Office follow Generally Accepted Accounting Standards governing public companies and Government Accounting Standards Board standards, known as GASB 45, governing state and local governments; and~~
- ~~urges that the Congressional Budget Office and Utah's congressional delegation take these actions to restore public faith and trust, strengthen the financial welfare and well-being of the nation, and increase transparency;~~ 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;

WHEREAS, accounting standard setting bodies, such as the Financial Accounting Standards Board ~~{(FASB) and the Government}~~, set Generally Accepted Accounting ~~{Standards Board}~~ Principles (~~{GASB}~~ GAAP) ~~{set standards}~~ so that investors, policy makers, citizens, and others can have access to relevant and reliable financial information;

WHEREAS, management of public companies must ~~{abide by such standards}~~ follow GAAP in order to maintain the confidence of ~~{their}~~ investors and to avoid regulatory entanglements, legal liability, and criminal prosecution;

WHEREAS, when entities or individuals ~~{deviate}~~ have deviated from ~~{those standards,}~~ GAAP the results ~~{can bring}~~ have brought about disastrous consequences for

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~~{capital markets}~~ corporations and individual investors;

WHEREAS, ~~{accurate income measurement requires that revenues and expenses be recorded and reported accurately;~~

~~————~~ WHEREAS, history is littered with the remnants of; for example, when Enron Corporation failed, thousands of people lost their jobs and thousands of investors collectively lost billions of dollars;

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

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

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

WHEREAS, companies that have ~~{inaccurately recorded and reported revenues and expenses, including Enron Corporation, Bernard L. Madoff Investment Securities, and MF Global;~~

~~————~~ WHEREAS, individuals that were entrusted with fiduciary duties of corporate and public trust and have engaged in fraudulent financial reporting have been removed from their positions of trust, and in some cases fined and incarcerated;

~~————~~ WHEREAS, the Congressional Budget Office (CBO), in the normal course of business, has policies allowing financial estimates related to scoring the financial impact of bills on a bipartisan basis to be misleading and otherwise in violation of basic accounting principles, and has produced misleading estimates of financial information that have deceived policy makers and the American people;

~~————~~ WHEREAS, the temptation exists for some members of; obligations to pay their current and former employees for health care and retirement benefits are required to recognize and report these obligations as a liability on their balance sheet;

WHEREAS, the United States ~~{Congress to exploit CBO policies in an attempt to deceive fellow members of Congress and the American people, knowing that CBO policies have intentionally structured legislation to make their bills appear to be financially sound and balanced}~~ government has an obligation to pay citizens' future retirement benefits and health

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care benefits, primarily through Social Security and Medicare;

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

WHEREAS, the United States government does not ~~{report estimated Medicaid, Medicare, and Social Security benefits as a liability}~~ currently include most of its obligations for retirement and health care benefits as liabilities in its financial statements;

WHEREAS, the ~~{CBO and members of Congress should be held accountable to the same standards to which public companies and state and local governments are held}~~ amount of reported federal debt is staggering;

WHEREAS, as of the end of fiscal year 2012, total reported liabilities of the United States, including debt held by the public and debt held by the United States government, were approximately \$16 trillion;

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

WHEREAS, the ~~{violation of basic accounting principles only serves to mislead investors, constituents, and state and local governments}~~ amount of unreported federal debt is even more staggering;

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

WHEREAS, the ~~{CBO should immediately end its use of misleading financial estimates and adhere to standards that are required of public companies and state and local governments for the financial welfare and well-being of the nation;~~

~~WHEREAS, Generally Accepted Accounting Standards require that companies report estimated postretirement benefits as a liability in their financial statements;~~

~~WHEREAS, GASB, through standards known as GASB 45, requires that state and local governments report estimated Medicaid, Medicare, and Social Security benefits as a liability in their financial statements;~~

~~WHEREAS, professional standards require companies to maintain an adequate system~~

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of internal controls;

~~WHEREAS, deficiencies in internal controls must be remediated, or companies and state and local governments are subject to fines and penalties;~~ Government Accountability Office predicts that the amount of federal debt, both reported and unreported, will continue to increase over the next two decades as the baby-boomer generation continues to retire;

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

WHEREAS, ~~{restoring public faith and trust, strengthening the financial welfare and well-being of the nation, and increasing transparency should drive the CBO to take swift action regarding how a piece of legislation's fiscal impact is estimated}~~ formally recognizing these liabilities as part of the national debt will also place Congress and the public in a better position to evaluate spending priorities and make equitable spending decisions in the future;

NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah ~~{calls on the Congressional Budget Office to immediately change its policy of preparing misleading financial estimates on the financial impact of federal legislation and adhere to accounting standards governing public companies and Government Accounting Standards Board standards, known as GASB 45, governing state and local governments}~~ 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.

BE IT FURTHER RESOLVED that the Legislature of the state of Utah strongly urges the ~~{members}~~ leaders of ~~{Utah's congressional delegation to sponsor legislation mandating that the Congressional Budget Office follow Generally Accepted Accounting Standards governing public companies and Government Accounting Standards Board standards, known as GASB 45, governing state and local governments.~~

~~BE IT FURTHER RESOLVED that the Legislature of the state of Utah urges that the Congressional Budget Office take these actions for the financial welfare and well-being of the nation;~~ the United States in the legislative and executive branches of government to enact changes that will resolve the escalating national debt crisis.

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the ~~{director}~~ President of the ~~{Congressional Budget Office}~~ United States, the Majority Leader of

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the United States Senate, the Speaker of the United States House of Representatives, the Financial Accounting Foundation, the Government Accounting Standards Board, the Financial Accounting Standards Board, the Congressional Budget Office, the Government Accountability Office, and the members of Utah's congressional delegation.

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Legislative Review Note

———— as of ~~2-20-14 4:31 PM~~

———— ~~Office of Legislative Research and General Counsel~~}