

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: _____

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 when it performs 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

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 responsible 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 R.D. Allen, writing for the Journal of
59 Accounting Education in 2013, observed that "it took more than 200 years -- from the time of
60 George Washington until 1982 -- to get to \$1 trillion in gross federal debt. In the last 15 years
61 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 when it performs national debt
77 computations.

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

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