

1 **JOINT RESOLUTION TO END UNREPORTED FEDERAL**
2 **LIABILITIES**

3 2015 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Steve Eliason**

6 Senate Sponsor: Curtis S. Bramble

8 **LONG TITLE**

9 **General Description:**

10 This joint resolution strongly urges the federal government to recognize its unreported
11 liabilities in its financial statements and enact changes that will resolve the national
12 debt crisis.

13 **Highlighted Provisions:**

14 This resolution:

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

18 ▶ strongly urges the leaders of the United States in the legislative and executive
19 branches of government to enact changes that will resolve the escalating national
20 debt crisis.

21 **Special Clauses:**

22 None

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

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

27 WHEREAS, accounting standard setting bodies, such as the Financial Accounting
28 Standards Board, set generally accepted accounting principles (GAAP) so that investors,
29 policymakers, citizens, and others can have access to relevant and reliable financial

30 information;

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

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

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

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

41 WHEREAS, GAAP requires that a public company reports its obligations as a liability
42 on its balance sheet;

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

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

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

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

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

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

56 WHEREAS, as of the end of fiscal year 2014, total reported liabilities of the United
57 States, including debt held by the public and debt held by the United States government, were

58 over \$18 trillion;

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

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

64 WHEREAS, estimates of total federal debt, including unreported liabilities, are at least
65 \$70 trillion;

66 WHEREAS, according to some studies, the total federal debt, including unreported
67 liabilities, is more than \$200 trillion;

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

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

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

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

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

83 BE IT FURTHER RESOLVED that the Legislature of the state of Utah calls on Senator
84 Orrin Hatch, Senator Mike Lee, Representative Rob Bishop, Representative Jason Chaffetz,
85 Representative Chris Stewart, and Representative Mia Love to sponsor or cosponsor legislation

86 in Congress to address unreported liabilities in national debt computation and vote in favor of
87 federal legislation designed to address the national debt.

88 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the President of
89 the United States, the Majority Leader of the United States Senate, the Speaker of the United
90 States House of Representatives, the Financial Accounting Foundation, the Government
91 Accounting Standards Board, the Financial Accounting Standards Board, the Congressional
92 Budget Office, the United States Government Accountability Office, and the members of
93 Utah's congressional delegation.