

1                   **APPROPRIATIONS LIMIT FORMULA AMENDMENTS**

2                                   2015 GENERAL SESSION

3                                   STATE OF UTAH

4                                   **Chief Sponsor: Craig Hall**

5                                   Senate Sponsor: Curtis S. Bramble

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7                   **LONG TITLE**

8                   **Committee Note:**

9                   The Revenue and Taxation Interim Committee recommended this bill.

10                   **General Description:**

11                   This bill recodifies and clarifies the state appropriations limit formula.

12                   **Highlighted Provisions:**

13                   This bill:

- 14                   ▶ recodifies and clarifies the state appropriations limit formula; and
- 15                   ▶ makes technical and conforming amendments.

16                   **Money Appropriated in this Bill:**

17                   None

18                   **Other Special Clauses:**

19                   None

20                   **Utah Code Sections Affected:**

21                   AMENDS:

22                   **63J-3-103**, as last amended by Laws of Utah 2014, Chapter 63

23                   **63J-3-201**, as renumbered and amended by Laws of Utah 2008, Chapter 382

24                   REPEALS:

25                   **63J-3-202**, as last amended by Laws of Utah 2013, Chapter 310

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27                   *Be it enacted by the Legislature of the state of Utah:*



28 Section 1. Section **63J-3-103** is amended to read:

29 **63J-3-103. Definitions.**

30 As used in this chapter:

31 (1) (a) "Appropriations" means actual unrestricted capital and operating appropriations  
32 from unrestricted General Fund and Education Fund sources.

33 (b) "Appropriations" includes appropriations that are contingent upon available  
34 surpluses in the General Fund and Education Fund.

35 (c) "Appropriations" does not mean:

36 (i) public education expenditures;

37 (ii) Utah Education and Telehealth Network expenditures in support of public  
38 education;

39 (iii) Utah College of Applied Technology expenditures in support of public education;

40 (iv) Tax Commission expenditures related to collection of income taxes in support of  
41 public education;

42 (v) debt service expenditures;

43 (vi) emergency expenditures;

44 (vii) expenditures from all other fund or subfund sources;

45 (viii) transfers or appropriations from the Education Fund to the Uniform School Fund;

46 (ix) transfers into, or appropriations made to, the General Fund Budget Reserve  
47 Account established in Section 63J-1-312;

48 (x) transfers into, or appropriations made to, the Education Budget Reserve Account  
49 established in Section 63J-1-313;

50 (xi) transfers in accordance with Section 63J-1-314 into, or appropriations made to the  
51 State Disaster Recovery Restricted Account created in Section 53-2a-603;

52 (xii) money appropriated to fund the total one-time project costs for the construction of  
53 capital developments as defined in Section 63A-5-104;

54 (xiii) transfers or deposits into or appropriations made to the Centennial Highway Fund  
55 created by Section 72-2-118;

56 (xiv) transfers or deposits into or appropriations made to the Transportation Investment  
57 Fund of 2005 created by Section 72-2-124;

58 (xv) transfers or deposits into or appropriations made to:

59 (A) the Department of Transportation from any source; or

60 (B) any transportation-related account or fund from any source; or

61 (xvi) supplemental appropriations from the General Fund to the Division of Forestry,  
62 Fire, and State Lands to provide money for wildland fire control expenses incurred during the  
63 current or previous fire years.

64 ~~[(2) "Base year real per capita appropriations" means the result obtained for the state by~~  
65 ~~dividing the fiscal year 1985 actual appropriations of the state less debt money by:]~~

66 ~~[(a) the state's July 1, 1983 population; and]~~

67 ~~[(b) the fiscal year 1983 inflation index divided by 100.]~~

68 ~~[(3)]~~ (2) "Calendar year" means the time period beginning on January 1 of any given  
69 year and ending on December 31 of the same year.

70 ~~[(4)]~~ (3) "Fiscal emergency" means an extraordinary occurrence requiring immediate  
71 expenditures and includes the settlement under Laws of Utah 1988, Fourth Special Session,  
72 Chapter 4.

73 ~~[(5)]~~ (4) "Fiscal year" means the time period beginning on July 1 of any given year and  
74 ending on June 30 of the subsequent year.

75 ~~[(6) "Fiscal year 1985 actual base year appropriations" means fiscal year 1985 actual~~  
76 ~~capital and operations appropriations from General Fund and non-Uniform School Fund~~  
77 ~~income tax revenue sources, less debt money.]~~

78 ~~[(7) "Inflation index" means the change in the general price level of goods and services~~  
79 ~~as measured by the Gross National Product Implicit Price Deflator of the Bureau of Economic~~  
80 ~~Analysis, U.S. Department of Commerce calculated as provided in Section 63J-3-202.]~~

81 ~~[(8)]~~ (5) (a) "Maximum allowable appropriations limit" means the appropriations that  
82 could be, or could have been, spent in any given year under the limitations of this chapter.

83 (b) "Maximum allowable appropriations limit" does not mean actual appropriations  
84 spent or actual expenditures.

85 ~~[(9) "Most recent fiscal year's inflation index" means the fiscal year inflation index two~~  
86 ~~fiscal years previous to the fiscal year for which the maximum allowable inflation and~~  
87 ~~population appropriations limit is being computed under this chapter.]~~

88 ~~[(10) "Most recent fiscal year's population" means the fiscal year population two fiscal~~  
89 ~~years previous to the fiscal year for which the maximum allowable inflation and population~~

90 ~~appropriations limit is being computed under this chapter.]~~

91 ~~[(11) "Population" means the number of residents of the state as of July 1 of each year~~  
92 ~~as calculated by the Governor's Office of Management and Budget according to the procedures~~  
93 ~~and requirements of Section 63J-3-202.]~~

94 ~~[(12)] (6) "Revenues" means the revenues of the state from every tax, penalty, receipt,~~  
95 ~~and other monetary exaction and interest connected with it that are recorded as unrestricted~~  
96 ~~revenue of the General Fund and from non-Uniform School Fund income tax revenues, except~~  
97 ~~as specifically exempted by this chapter.~~

98 ~~[(13)] (7) "Security" means any bond, note, warrant, or other evidence of indebtedness,~~  
99 ~~whether or not the bond, note, warrant, or other evidence of indebtedness is or constitutes an~~  
100 ~~"indebtedness" within the meaning of any provision of the constitution or laws of this state.~~

101 (8) "State appropriations limit" means the maximum amount the Legislature may  
102 appropriate in a given fiscal year, as described in Section 63J-3-201, and as calculated using  
103 the formula in Subsection 63J-3-201(3).

104 Section 2. Section **63J-3-201** is amended to read:

105 **63J-3-201. Appropriations limit -- Formula.**

106 ~~[(1) There is established a state appropriations limit for each fiscal year beginning after~~  
107 ~~June 30, 1988.]~~

108 ~~[(2)] (1) For each [of these fiscal years] fiscal year, the annual legislative~~  
109 ~~appropriations for [this] the state, its agencies, departments, and institutions may not exceed~~  
110 ~~[that sum determined by applying the formula  $B * P * (I/100)$  in which:] the state appropriations~~  
111 ~~limit that is calculated using the formula in Subsection (3).~~

112 ~~[(a) "B" equals the base year real per capita appropriations for the state, its agencies,~~  
113 ~~departments, and institutions;]~~

114 ~~[(b) "P" equals the most recent fiscal year's population; and]~~

115 ~~[(c) "I" equals the most recent fiscal year's inflation index adjusted to reflect fiscal year~~  
116 ~~1989 as having an index value of 100.]~~

117 ~~[(3)] (2) The revenues specified in Section 63J-3-205 are not subject to the limitation~~  
118 ~~in this section.~~

119 (3) The state appropriations limit for a given fiscal year, FY, shall be calculated by

120  $AppropLimit_{FY} = PerCapitaBase_{1985} \times Pop_{FY-2} \times Inflate_{FY-2} + SumAdjust_{FY}$

121 where:

122 (a)  $Inflate_{Base} = \frac{GNP\ Index_{vintage,1985}}{GNP\ Index_{vintage,1989}} = \frac{(100.8+101.7+102.5+103.3)/4}{(121.9+123.3+124.5+125.9)/4} = \frac{102.075}{123.900}$

123 (b)  $Inflate_{FY-2} = \frac{GNP\ Index_{FY-2}}{GNP\ Index_{1985}} \times Inflate_{Base}$

124 (c)  $PerCapitaBase_{1985} = \frac{Appropriations_{1985} - Debt_{1985}}{Pop_{1983} \times Inflate_{Base}} = \frac{734,333,000 - 52,273,100}{1,594,943 \times \left(\frac{102.075}{123.900}\right)}$

125 (d)  $SumAdjust_{FY} = \sum_{i=1985}^{FY} \left[ Adjust_i \times \left(\frac{Inflate_{FY-2}}{Inflate_{i-2}}\right) \times \left(\frac{Pop_{FY-2}}{Pop_{i-2}}\right) \right]$

126 (e) as used in the state appropriations limit formula:

127 (i)  $i$  is a variable representing a given fiscal year;

128 (ii)  $Adjust_i$  is the net adjustments to the state appropriations limit for a given fiscal  
 129 year due to program or service adjustments, as required under Section 63J-3-203;

130 (iii)  $Appropriations_{1985}$  is the state capital and operations appropriations from t  
 131 General Fund and non-Uniform School fund in fiscal year 1985;

132 (iv)  $Debt_{1985}$  is the amount the state paid in debt payments in fiscal year 1985;

133 (v)  $GNP\ Index_{FY-2}$  is the average of the quarterly values of the Gross National  
 134 Product Implicit Price Deflator for the fiscal year two fiscal years before FY, as published by  
 135 the United States Federal Reserve by January 31 of each year;

136 (vi)  $GNP\ Index_{vintage,i}$  is the average of the quarterly values of the Gross National  
 137 Product Implicit Price Deflator for a given fiscal year, as measured by the Gross National  
 138 Product Implicit Price Deflator from the vintage series published by the United States  
 139 Department of Commerce on January 26, 1990;

140 (vii)  $Inflate_{i-2}$  is the change in the general price level of goods and services  
 141 nationally from 1983 to two fiscal years before a given fiscal year, as measured by the most

142 current Gross National Product Implicit Price Deflator series published by the United States  
143 Federal Reserve, adjusted to a 1989 basis;

144 (viii)  $PerCapitaBase_{1985}$  is the amount of real per capita state appropriations fo  
145 fiscal year 1985; and

146 (ix)  $Pop_{i-2}$  is:

147 (A) the population as of July 1 in the fiscal year two fiscal years before a given fiscal  
148 year, as estimated by the United States Census Bureau by January 31 of each year; or

149 (B) if the estimate described in Subsection (3)(e)(ix)(A) is not available, an amount  
150 determined by the Governor's Office of Management and Budget, estimated by adjusting an  
151 available April 1 decennial census count or by adjusting a fiscal year population estimate  
152 available from the United States Census Bureau.

153 Section 3. **Repealer.**

154 This bill repeals:

155 Section **63J-3-202, Computing formula elements.**

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Legislative Review Note  
as of 7-16-14 3:49 PM

Office of Legislative Research and General Counsel