

**JOINT RESOLUTION TO END UNREPORTED FEDERAL LIABILITIES**

2015 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 the federal government 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;

WHEREAS, accounting standard setting bodies, such as the Financial Accounting Standards Board, set generally accepted accounting principles (GAAP) so that investors,



28 policymakers, 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 as well as avoid regulatory entanglements, legal liability, and  
32 criminal 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 clearly understand the true picture of Enron's financial position prior to its collapse;

40 WHEREAS, GAAP requires that a public company reports its obligations as a liability  
41 on its 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 2014, total reported liabilities of the United  
56 States, including debt held by the public and debt held by the United States government, were  
57 over \$18 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 accumulate \$1 trillion in gross federal debt. In  
61 the 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 total federal debt, including unreported liabilities, are at least  
64 \$70 trillion;

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

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

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

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

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

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

82 BE IT FURTHER RESOLVED that the Legislature of the state of Utah calls on Senator  
83 Orrin Hatch, Senator Mike Lee, Representative Rob Bishop, Representative Jason Chaffetz,  
84 Representative Chris Stewart, and Representative Mia Love to sponsor or cosponsor legislation  
85 in Congress to address unreported liabilities in national debt computation and vote in favor of  
86 federal legislation designed to address the national debt.

87 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the President of  
88 the United States, the Majority Leader of the United States Senate, the Speaker of the United  
89 States House of Representatives, the Financial Accounting Foundation, the Government

90 Accounting Standards Board, the Financial Accounting Standards Board, the Congressional  
91 Budget Office, the United States Government Accountability Office, and the members of  
92 Utah's congressional delegation.

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**Legislative Review Note**  
**as of 5-16-14 1:46 PM**

**Office of Legislative Research and General Counsel**