

Senator Daniel McCay proposes the following substitute bill:

PROPOSAL TO AMEND UTAH CONSTITUTION - USE OF TAX

REVENUE

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Mike Schultz

LONG TITLE

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify a provision relating to the use of revenue from taxes on intangible property or from a tax on income.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ expand the uses for revenue from taxes on intangible property or from a tax on income to include supporting children and individuals with a disability.

Special Clauses:

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides a contingent effective date of January 1, 2021 for this proposal.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION 5

Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of the two houses voting in favor thereof:



26 Section 1. It is proposed to amend Utah Constitution, Article XIII, Section 5, to read:

27 **Article XIII, Section 5. [Use and amount of taxes and expenditures.]**

28 (1) (a) The Legislature shall provide by statute for an annual tax sufficient, with other
29 revenues, to defray the estimated ordinary expenses of the State for each fiscal year.

30 (b) If the ordinary expenses of the State will exceed revenues for a fiscal year, the
31 Governor shall:

32 (i) reduce all State expenditures on a pro rata basis, except for expenditures for debt of
33 the State; or

34 (ii) convene the Legislature into session under Article VII, Section 6 to address the
35 deficiency.

36 (2) (a) For any fiscal year, the Legislature may not make an appropriation or authorize
37 an expenditure if the State's expenditure exceeds the total tax provided for by statute and
38 applicable to the particular appropriation or expenditure.

39 (b) Subsection (2)(a) does not apply to an appropriation or expenditure to suppress
40 insurrection, defend the State, or assist in defending the United States in time of war.

41 (3) For any debt of the State, the Legislature shall provide by statute for an annual tax
42 sufficient to pay:

43 (a) the annual interest; and

44 (b) the principal within 20 years after the final passage of the statute creating the debt.

45 (4) Except as provided in Article X, Section 5, Subsection (5)(a), the Legislature may
46 not impose a tax for the purpose of a political subdivision of the State, but may by statute
47 authorize political subdivisions of the State to assess and collect taxes for their own purposes.

48 (5) All revenue from taxes on intangible property or from a tax on income shall be
49 used:

50 (a) to support the systems of public education and higher education as defined in
51 Article X, Section 2[-]; and

52 (b) to support children and to support individuals with a disability.

53 (6) Proceeds from fees, taxes, and other charges related to the operation of motor
54 vehicles on public highways and proceeds from an excise tax on liquid motor fuel used to
55 propel those motor vehicles shall be used for:

56 (a) statutory refunds and adjustments and costs of collection and administration;

57 (b) the construction, maintenance, and repair of State and local roads, including
58 payment for property taken for or damaged by rights-of-way and for associated administrative
59 costs;

60 (c) driver education;

61 (d) enforcement of state motor vehicle and traffic laws; and

62 (e) the payment of the principal of and interest on any obligation of the State or a city
63 or county, issued for any of the purposes set forth in Subsection (6)(b) and to which any of the
64 fees, taxes, or other charges described in this Subsection (6) have been pledged, including any
65 paid to the State or a city or county, as provided by statute.

66 (7) Fees and taxes on tangible personal property imposed under Section 2, Subsection
67 (6) of this article are not subject to Subsection (6) of this Section 5 and shall be distributed to
68 the taxing districts in which the property is located in the same proportion as that in which the
69 revenue collected from real property tax is distributed.

70 (8) A political subdivision of the State may share its tax and other revenues with
71 another political subdivision of the State as provided by statute.

72 (9) Beginning July 1, 2016, the aggregate annual revenue from all severance taxes, as
73 those taxes are defined by statute, except revenue that by statute is used for purposes related to
74 any federally recognized Indian tribe, shall be deposited annually into the permanent State trust
75 fund under Article XXII, Section 4, as follows:

76 (a) 25% of the first \$50,000,000 of aggregate annual revenue;

77 (b) 50% of the next \$50,000,000 of aggregate annual revenue; and

78 (c) 75% of the aggregate annual revenue that exceeds \$100,000,000.

79 **Section 2. Submittal to voters.**

80 The lieutenant governor is directed to submit this proposed amendment to the voters of
81 the state at the next regular general election in the manner provided by law.

82 **Section 3. Contingent effective date.**

83 If the amendment proposed by this joint resolution is approved by a majority of those
84 voting on it at the next regular general election, the amendment shall take effect on January 1,
85 2021.