

(S.J.R. 2)

CONSTITUTIONAL AMENDMENT B

RESOLUTION REGARDING PERMANENT STATE TRUST FUND

2007 GENERAL SESSION

SENATE: 27-1-1

HOUSE: 69-0-6

BALLOT TITLE

YES

No

Shall the Utah Constitution be amended to allow a permanent state trust fund to include money or other assets given to the trust fund under any provision of law?

IMPARTIAL ANALYSIS

Constitutional Amendment B amends a provision of the Utah Constitution relating to a permanent state trust fund. The Amendment expands the sources of money that can be placed in the trust fund to include money or other assets given to the trust fund under any provision of law.

Background and current provisions of the Utah Constitution

In 2001, the Utah Constitution was amended to establish a permanent state trust fund. Money may be removed from the trust fund only if the Governor and three-fourths of the Legislature agree. Interest and other income earned from the money in the trust fund are deposited into the state's General Fund.

Under the current Utah Constitution, the trust fund may receive money from two sources: (1) money the state receives relating to the November 1998 settlement agreement with leading tobacco manufacturers; and (2) other funds and assets that the trust fund receives either by bequest through a will or by private donation. The Utah Constitution does not currently state that the trust fund may include money from any other source. It is, therefore, subject to dispute whether the Utah Constitution would allow the Legislature to appropriate money to the trust fund or to provide by law for some other source of money for the trust fund.

The effect of Constitutional Amendment B

Constitutional Amendment B expands the sources from which the permanent state trust fund may receive money or other assets. The Amendment states that the trust fund may also consist of money or other assets given to the fund under any provision of law. This Amendment allows the Legislature to appropriate money to the trust fund or to provide by law for other sources of money to be deposited into the trust fund.

Effective date

If approved by voters, Constitutional Amendment B takes effect January 1, 2009.

Fiscal impact

Enactment of this Amendment alone will not likely result in any increase or decrease in revenue or cost to state or local government. However, if money or other assets are given to the trust fund as a result of this Amendment that would not otherwise have been given, the trust fund is likely to grow faster than it would have otherwise. If this happens, there may be an increase in resources available to programs supported by the trust fund.

ARGUMENT IN FAVOR

Utah has been blessed with abundant minerals, oil, and natural gas. The extraction of these natural resources brings thousands of jobs and hundreds of millions of dollars in positive economic impact to our state. In addition, Utah collects nearly \$100 million each year in revenues generated from the severance taxes imposed on the extraction of minerals, crude oil, and natural gas.

But with each shovel of ore and with each barrel of crude oil taken out of the ground, our resources are gradually depleting. We don't know when but one day Utah's natural resources will be gone. What will Utah have to show for the tons of ore and millions of barrels of oil and gas extracted from our state then? Nothing, if we continue with business as usual.

Utah needs to join other natural resource rich states and establish a permanent trust fund where all or part of the severance tax revenues can be deposited and put to work for future generations. Montana and Wyoming are two states that now have trust funds with balances in the billions of dollars. Neither trust fund began with large amounts of money, but over time, the revenues deposited into the trust funds compounded and grew to their current levels. Earnings from Montana and Wyoming's trust funds provide tax relief for citizens and revenue for schools and other important public services. More importantly, these trust funds demonstrate a commitment to future generations and to the sound and prudent management of ever-depleting natural resources.

The passage of Constitutional Amendment B would allow the Legislature to place all or a part of the revenues received from state severance taxes on minerals, crude oil, and natural gas into the state permanent fund. The earnings from the trust fund would then be used for capital and infrastructure projects both statewide and in energy producing areas of the state.

The true beneficiaries of Constitutional Amendment B have not yet been born. When you vote YES on Amendment B you will be benefiting our grandchildren for generations to come. These generations will one day thank us for having the vision and foresight to put this money aside for their benefit.

We must be wise stewards of Utah's natural resources. We must set aside the income we now receive from these declining assets and save it for future generations. We need to stop spending and start saving.

Vote YES on Constitutional Amendment B.

-Lyle Hillyard
Utah State Senator and
Senate Chair of the Executive Appropriations Committee

ARGUMENT AGAINST

No argument submitted.

COMPLETE TEXT CONSTITUTIONAL AMENDMENT B

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XXII, SECTION 4

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:

Section 1. It is proposed to amend Utah Constitution Article XXII, Section 4, to read:

Article XXII, Section 4. [State trust fund -- Principal to be held in perpetuity -- Use of income.]

(1) There is established a permanent state trust fund consisting of:

(a) as provided by statute or appropriation, funds that the state receives relating to the

November 1998 settlement agreement with leading tobacco manufacturers; ~~and~~

(b) money or other assets given to the fund under any provision of law; and

~~(b)~~ *(c) other funds and assets that the trust fund receives by bequest or private donation.*

(2) Except as provided in Subsection (4), the state treasurer shall, as provided by statute, hold all trust funds and assets in trust and invest them for the benefit of the people of the state in perpetuity.

(3) The income from the state trust fund shall be deposited into the General Fund.

(4) With the concurrence of the governor and three-fourths of each house of the Legislature, funds or assets in the trust fund may be removed from the fund for deposit into the General Fund.

Section 2. **Submittal to voters.**

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

Section 3. **Effective date.**

If the amendment proposed by this joint resolution is approved by a majority of those voting on it at the next regular general election, the amendment shall take effect on January 1, 2009.