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PROPOSAL TO AMEND UTAH CONSTITUTION --
CHANGES TO SCHOOL FUNDS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ann Millner

House Sponsor: Melvin R. Brown

LONG TITLE

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify provisions relating to the State School Fund and the Uniform School Fund.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ modify language relating to the investment and holding of the State School Fund;
- ▶ modify a provision relating to the expenditure of money from investment of the State School Fund;
- ▶ limit distributions from the State School Fund from exceeding a specified percentage of the State School Fund;
- ▶ modify a provision relating to sources of money for the Uniform School Fund; and
- ▶ make technical changes.

Special Clauses:

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

This resolution provides a contingent effective date of January 1, 2017, for this proposal.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE X, SECTION 5

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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 X, Section 5, to read:

Article X, Section 5. [State School Fund and Uniform School Fund -- Establishment and use -- Debt guaranty.]

(1) There is established a permanent State School Fund which ~~[shall consist]~~ consists of ~~[revenue from the following sources]:~~

- (a) proceeds from the sales of all lands granted by the United States to this state for the support of the public elementary and secondary schools;
- (b) 5% of the net proceeds from the sales of United States public lands lying within this state;
- (c) all revenues derived from nonrenewable resources on state lands, other than sovereign lands and lands granted for other specific purposes;

42 (d) all revenues derived from the use of school trust lands;
 43 (e) revenues appropriated by the Legislature; and
 44 (f) other revenues and assets received by the ~~[fund]~~ permanent State School Fund
 45 under any other provision of law or by bequest or donation.

46 (2) (a) The permanent State School Fund ~~[principal]~~ shall be ~~[safely]~~ prudently
 47 invested by the state and shall be held by the state in perpetuity.

48 (b) Only ~~[the interest and dividends]~~ earnings received from investment of the
 49 permanent State School Fund may be ~~[expended]~~ distributed from the fund, and any
 50 distribution from the fund shall be for the support of the public education system as defined in
 51 Article X, Section 2 of this constitution.

52 (c) Annual distributions from the permanent State School Fund under Subsection
 53 (2)(b) may not exceed 4% of the fund, calculated as provided by statute.

54 ~~[(e)]~~ (d) The Legislature may make appropriations from school trust land revenues to
 55 provide funding necessary for the proper administration and management of those lands
 56 consistent with the state's fiduciary responsibilities towards the beneficiaries of the school land
 57 trust. Unexpended balances remaining from the appropriation at the end of each fiscal year
 58 shall be deposited in the permanent State School Fund.

59 ~~[(e)]~~ (e) The permanent State School Fund shall be guaranteed by the state against loss
 60 or diversion.

61 (3) There is established a Uniform School Fund which ~~[shall consist of revenue from~~
 62 ~~the following sources]~~ consists of:

63 (a) ~~[interest and dividends]~~ money from the permanent State School Fund;

64 (b) revenues appropriated by the Legislature; and

65 (c) other revenues received by the ~~[fund]~~ Uniform School Fund under any other
 66 provision of law or by donation.

67 (4) The Uniform School Fund shall be maintained and used for the support of the
 68 state's public education system as defined in Article X, Section 2 of this constitution and
 69 apportioned as the Legislature shall provide.

70 (5) (a) Notwithstanding Article VI, Section 29, the State may guarantee the debt of
 71 school districts created in accordance with Article XIV, Section 3, and may guarantee debt
 72 incurred to refund the school district debt. Any debt guaranty, the school district debt
 73 guaranteed thereby, or any borrowing of the state undertaken to facilitate the payment of the
 74 state's obligation under any debt guaranty shall not be included as a debt of the state for
 75 purposes of the 1.5% limitation of Article XIV, Section 1.

76 (b) The Legislature may provide that reimbursement to the state shall be obtained from
 77 monies which otherwise would be used for the support of the educational programs of the
 78 school district which incurred the debt with respect to which a payment under the state's
 79 guaranty was made.

80 **Section 2. Submittal to voters.**

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

83 **Section 3. Contingent effective date.**

84 If the amendment proposed by this joint resolution is approved by a majority of those
 85 voting on it at the next regular general election, the amendment shall take effect on January 1,
 86 2017.