

CONSTITUTIONAL AMENDMENT

Shall the Utah Constitution be amended to expand the uses of money the state receives from income taxes and intangible property taxes to include supporting children and supporting people with a disability?

G

Ballot Title

FOR

AGAINST

Legislative Votes

Utah Senate

26 Yes 2 No 1 Not Present

Utah House of Representatives

67 Yes 5 No 3 Not Present

Bill Title & Session

2020 Legislative General Session
Senate Joint Resolution (S.J.R.) 9
*Proposal to Amend Utah
Constitution -- Use of Tax Revenue*

IMPARTIAL ANALYSIS

Current Provisions of the Utah Constitution

Under the current Utah Constitution, the money the state receives from income taxes or from a tax on intangible property must be used only to support the systems of public education and higher education. Currently, the state taxes income but does not tax intangible property. Intangible property includes property such as stocks, bonds, patents, and copyrights.

Effect of Constitutional Amendment G

Constitutional Amendment G expands the allowable uses of the money the state receives from income taxes or from a tax on intangible property to include supporting children and supporting people with a disability.

Effective Date

If approved by the voters, Constitutional Amendment G takes effect on January 1, 2021.

Fiscal Effects

The Legislative Fiscal Analyst has determined that Constitutional Amendment G will not result in any increase or decrease in revenue or cost to the state or to local governments.

Currently income taxes in the state total about \$5 billion annually, which is spent to support public education and higher education. In addition, the state spends about \$600 million annually of non-income tax money on programs for children and programs that benefit people with a disability. The amount of income tax money that will be spent in future years to support children and to support people with a disability will depend on how the Utah Legislature decides to allocate income tax money.

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ARGUMENT IN FAVOR

With Constitutional Amendment G, Utah will protect and stabilize funding for education, children and individuals with disabilities for years to come. During the 2020 legislative session, Amendment G was supported by the following education groups:

- Utah State Board of Education
- Utah School Boards Association
- Utah School Superintendents Association
- Utah Association of Public Charter Schools
- Our Schools Now
- Utah Public Employees Association
- Utah Education Association
- Utah PTA
- Utah Taxpayers Association

The proposal includes:

Funding Assurance – Income tax is the least stable source of education funding. Amendment G stabilizes education funding and creates safeguards to ensure Utah is prepared to fund future growth and adjust for inflation.

Amendment G continues the dedicated revenue source to fund education and expands the services funded through income tax. This expansion acknowledges the increasing importance of physical and mental health for academic success. This amendment gives Utah more flexibility to support our children's learning outcomes.

Safety Net – Amendment G is specifically designed for economic uncertainty when income tax revenues shrink. The proposal protects education funds and moves current K-12 education funding into a constitutionally protected account. It also ensures education funding will automatically grow by tying it to enrollment growth and inflation, providing K-12 education greater security and stability. The Utah Legislature is committed to supporting Utah's educators and has increased education funding by \$1 billion in the last five years.

Amendment G provides educational security in funding, especially in down years like 2020. Utah's students and educators deserve funding stability and security.

Vote FOR Constitutional Amendment G.

- Senator Daniel McCay and Representative Mike Schultz

REBUTTAL TO ARGUMENT IN FAVOR

The proponents for Constitutional Amendment G – SJR 9, Proposal to Amend Utah Constitution – Use of Tax Revenue, selectively choose to discuss what the amendment hopes to accomplish, not what it does. They argue that it "...stabilizes education funding and creates safeguards to ensure Utah is prepared to fund future growth and adjust for inflation." This sounds nice, but that isn't reflected in the text of the amendment itself.

Amendment G takes away the current constitutional guarantee that Utah income tax revenues are dedicated to education, and it proposes to also pay for vital social services programs with those guaranteed funds.

Amendment G will pit our public education system, including charter schools, against all other programs for children and people with disabilities. This is a lose-lose scenario for all affected. Our schools are still dead last in the nation in per-pupil funding. Even before the recession and COVID-19 economic downturn, this amendment was a recipe for disaster.

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Now, as we must do everything possible to keep our schools funded and stable, Amendment G is a threat to our children's education and our critical services for individuals with a disability.

Vote AGAINST Amendment G.

-Senator Luz Escamilla and Representative LaWanna "Lou" Shurtliff

ARGUMENT AGAINST

Amendment G lessens protections for students with disabilities and opens the door wider for vouchers by allowing income tax money, currently only available to spend on education, to be spent on children and adults with a disability.

During tax reform, one option that was continuously negative to the public was amending the state constitution to remove a requirement that income taxes be used only for education. Amendment G chips away at that guaranteed funding source by allowing income tax dollars to be spent on people with a disability. Those tax dollars could be misused for vouchers to send students with disabilities to non-public schools. I am of the firm belief that public education dollars belong in our public schools.

Vouchers also may lessen protections for students with a disability. Section 504 of the Rehabilitation Act strongly protects students with a disability from discrimination if they attend a school receiving federal financial assistance, which would include Utah public schools. Amendment G is concerning because it could allow for students with disabilities to receive vouchers to non-public schools, where those students are not as protected against discrimination as they are in our public school system.

Utah continues to rank 51st in the nation in per-pupil spending. Voting to allow money that is constitutionally guaranteed to go to public education to be spent on other budget priorities is not the most prudent way to improve our public education system, especially in a year when budgets will be cut.

Please join me in voting AGAINST Amendment G.

-Representative LaWanna "Lou" Shurtliff

In 1946, Utah's voters dedicated the state's income tax revenues for the sole purpose of funding education. On numerous occasions since, voters have sustained and reaffirmed that commitment. Once again, voters are being asked to consider using income tax for other purposes. This constitutional amendment seems simple and sounds harmless. However, adding these few words to Article XIII, Section 5 of the Utah Constitution means suddenly pitting hundreds of vital social services programs against our already underfunded public education system. Utah consistently ranks 51st in the nation in per-pupil funding. The last thing we need to be doing right now is diverting even more funds away from our schools. Combined with significant economic uncertainty, this constitutional amendment poses a serious threat to both our public education system AND to vital programs for children and individuals with disabilities.

Last year's failed attempt at tax reform was flawed because it only addressed the sales tax side of our revenue structure. This amendment is equally flawed because it only addresses the income tax side. To meet the demands of our rapidly growing and changing state, we will need to roll up our sleeves and do the hard work needed to address both sides of the equation, then gain the support and buy-in of you, the voters. That is the responsible way forward. Amendment G is not the answer.

Please join me in voting AGAINST Amendment G

-Senator Luz Escamilla

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REBUTTAL TO ARGUMENT AGAINST

It's important to remember that Amendment G was supported by the following education groups during the 2020 legislative session:

- Utah State Board of Education
- Utah School Boards Association
- Utah School Superintendents Association
- Utah Association of Public Charter Schools
- Our Schools Now
- Utah Public Employees Association
- Utah Education Association
- Utah PTA
- Utah Taxpayers Association

The same watchdogs that fight for and guard Utah's public education funding are the same organizations that support Amendment G. Utahns are rightfully concerned about education funding and can have confidence in Amendment G.

Amendment G is the key to a larger education funding stabilization initiative that unlocks ongoing funding for education, including an additional amount for enrollment growth and inflation. It also protects education funding from cuts during an economic downturn by creating a sizeable education stabilization fund that can be utilized in times of economic troubles. Current funding mechanisms are highly volatile revenue sources that disproportionately harm our education system during economic downturns.

During turbulent years like 2020, Utah students and educators deserve education funding stability and security, which only Amendment G can provide.

Vote FOR Constitutional Amendment G.

-Senator Daniel McCay and Representative Mike Schultz

FULL TEXT OF CONSTITUTIONAL AMENDMENT G

PROPOSAL TO AMEND UTAH CONSTITUTION -- USE OF TAX REVENUE

2020 General Session

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:

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

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

- (1) (a) The Legislature shall provide by statute for an annual tax sufficient, with other revenues, to defray the estimated ordinary expenses of the State for each fiscal year.
- (b) If the ordinary expenses of the State will exceed revenues for a fiscal year, the Governor shall:
 - (i) reduce all State expenditures on a pro rata basis, except for expenditures for debt of the State; or
 - (ii) convene the Legislature into session under Article VII, Section 6 to address the deficiency.
- (2) (a) For any fiscal year, the Legislature may not make an appropriation or authorize an expenditure if the State's expenditure exceeds the total tax provided for by statute and applicable to the particular appropriation or expenditure.
- (b) Subsection (2)(a) does not apply to an appropriation or expenditure to suppress insurrection, defend the State, or assist in defending the United States in time of war.
- (3) For any debt of the State, the Legislature shall provide by statute for an annual tax sufficient to pay:

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(a) the annual interest; and

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

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

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

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

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

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

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

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

(c) driver education;

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

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

(7) Fees and taxes on tangible personal property imposed under Section 2, Subsection

(6) of this article are not subject to Subsection (6) of this Section 5 and shall be distributed to the taxing districts in which the property is located in the same proportion as that in which the revenue collected from real property tax is distributed.

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

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

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

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

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

Section 2. **Submittal to voters.**

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

Section 3. **Contingent 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, 2021.