

State of Oklahoma FY-2019 Revenue Certification

February 20, 2018



CONTENTS

- **Budgetary Outlook**
- **Board Actions Required by Law**
- **FY-2018 Projection Changes**
- **FY-2019 Estimate Changes
& Budgetary Context**
- **FY-2019 Certification**



Economic Summary



BOARD ACTION

- **Constitution requires certification of maximum appropriations for FY-2019**
- **Schedule 1, Pg. 1:**
 - Limit on Appropriation**
 - **Move that the limit on appropriations for FY-2019 be set at \$6,646,716,122**



BOARD ACTION: SCHEDULE 3

ROADS Fund finding

- **Page 3: Bottom of the page**
 - **Move that the Board finds that the ROADS Fund enhanced transportation funding for FY-2018**



BOARD ACTION: SCHEDULE 4

OK Education Lottery Trust Fund

(\$ in M's)

	FY-2017 Appropriation	FY-2018 Appropriation	Increase or (Decrease)	Percent Change
Education Funding*	\$3,381.4	\$3,315.5	(\$65.9)	(1.9%)
OK Education Lottery Trust Fund	<u>52.0</u>	<u>69.7</u>	<u>17.7</u>	<u>34.1%</u>
Total Education Funding	\$3,433.4	\$3,385.2	(\$48.2)	(1.4%)
	Final Appropriations	Authorized Appropriations		
Total Appropriations	\$6,902.6	\$6,811.7	(90.9)	(1.3%)
Education Lottery Trust Fund	52.0	69.7	17.7	34.1%

*Education funding, other than Lottery funding, fell by 1.9% in FY-2018.

Available Lottery funding increased by 34.1% and were fully appropriated. Total appropriations/authorizations decreased 1.3% after the Healthcare Enhancement Fund was declared unconstitutional and supplemental appropriations were made in Special Sessions 1 & 2, to-date. Education funding from other sources fell by 0.6% more than total appropriations and authorizations. 0.6% is calculated to be \$19.9 million.



BOARD ACTION: SCHEDULE 4

OK Education Lottery Trust Fund

- **Schedule 4, Page 4:**
 - **Move that the Board finds that appropriations from the OK Education Lottery Trust Fund supplanted FY-2017 Education funding by \$19,892,744.**



Board Certification

Revenue Stabilization Act

	GROSS PRODUCTION OIL TAX	GROSS PRODUCTION NATURAL GAS TAX	CORPORATE INCOME TAX
TITLE 62, SECTION 34.103, Paragraph A: Certification of General Revenue Fund Five-Year Averages:			
FY-2013	171,210,904	50,400,053	451,639,824
FY-2014	236,047,835	97,191,566	306,536,858
FY-2015	132,524,056	80,835,679	303,456,958
FY-2016	4,367,817	90,643,543	259,882,969
<u>FY-2017</u>	<u>23,008,646</u>	<u>134,428,633</u>	<u>130,621,000</u>
Five-Year Average:	\$113,431,852	\$90,699,895	\$290,427,522
FY-2019 Apportionment:	<u>\$125,590,000</u>	<u>\$262,340,000</u>	<u>\$136,712,325</u>
DIFFERENCE:	\$12,158,148	\$171,640,105	(\$153,715,197)
TITLE 62, SECTION 34.102, Paragraph B:			
Statutory GRF Requirement:	\$5,730,000,000		
Certified FY-2017 Actual Collections:	\$5,044,394,131		

*For more detail, see schedule 5, page 5.



BOARD ACTION

- **Certification of 5-yr annual averages**

A.1 – I move to certify that the 5-year average of actual annual revenue apportioned to the General Revenue Fund from the tax on oil pursuant to Section 1001 of Title 68 is \$113,431,852.



Certification of 5-yr Annual Averages (continued)

A.2 – I move to certify that the 5-year average of actual annual revenue apportioned to the General Revenue Fund from the tax on natural gas pursuant to Section 1001 of Title 68 is \$90,699,895.

A.3 – I move to certify that the 5-year average of actual annual revenue apportioned to the General Revenue Fund from the tax on corporate income tax pursuant to Section 2355 of Title 68 is \$290,427,522.



CONTENTS

- **FY-2018 Projection Changes**



Fiscal Year 2018 GR Re-Certification Estimate (December) vs. Fiscal Year 2018 GR Projection (February)

	FY-2018 December Re-certification (\$M's)	FY-2018 February (\$M's)	Difference (\$M's)	Difference (%)
Gross Production – Gas	\$260.4	\$257.9	(\$2.5)	(1.0%)
Gross Production – Oil	112.9	97.7	(15.2)	(13.5%)
Individual Income Tax	1,898.5	2,070.7	172.3	9.1%
Corporate Income Tax	102.0	138.7	36.7	35.9%
Motor Vehicle Tax	220.4	216.5	(3.9)	(1.8%)
Sales Tax	<u>2,047.3</u>	<u>2,151.1</u>	<u>103.8</u>	<u>5.1%</u>
Subtotal	\$4,641.5	\$4,932.6	(\$291.1)	(6.3%)
Other	<u>831.3</u>	<u>843.3</u>	<u>12.0</u>	<u>1.4%</u>
Total	\$5,472.8	\$5,775.9	\$303.1	5.5%

***For more detail, see Schedule 10, page 10.**

(Totals may not sum to packet, due to rounding.)

CONTENTS

- **FY-2019 Changes and Budgetary Context**



FY-2019 GR Estimate (December) vs. FY-2019 GR Estimate (February)

	FY-2019 December (\$M's)	FY-2019 February (\$M's)	Difference (\$M's)	Difference (%)
Gross Production – Gas	\$263.3	\$262.3	(\$1.0)	(0.3%)
Gross Production – Oil	112.4	125.6	13.2	11.7%
Individual Income Tax	2,015.8	2,177.3	161.5	8.0%
Corporate Income Tax	126.0	136.7	10.7	8.5%
Motor Vehicle Tax	217.9	221.0	3.1	1.4%
Sales Tax	<u>2,249.7</u>	<u>2,259.3</u>	<u>9.6</u>	<u>0.4%</u>
Subtotal	\$4,985.1	\$5,182.2	\$197.1	4.0%
Other	<u>912.9</u>	<u>909.8</u>	<u>(3.1)</u>	<u>(0.4%)</u>
Total	\$5,898.0	\$6,092.0	\$194.0	3.3%

*For more detail, see Schedule 12, page 12.

(Totals may not sum to packet, due to rounding.)



Expenditure Authority 2018 Session (Dec) vs. Proposed Expenditure Authority 2018 Session (Feb)

	2018 Session FY19 Authority (Dec, in \$M's)	2018 Session FY19 Authority (Feb, in \$M's)	Difference (\$M's)	Difference (%)
Certified	\$5,690.5	\$5,876.3	\$185.8	3.3%
1017 Fund	741.6	762.7	21.1	2.8%
GP – Oil Education Funds	142.1	142.1	0.0	0.0%
Tobacco Fund	12.6	11.5	(1.1)	(8.7%)
Judicial Revolving Fund	49.0	46.5	(2.5)	(5.1%)
Prior Certified	0.0	4.4	4.4	N/A
Transportation Fund	210.6	213.1	2.5	1.2%
Bond Fund	0.0	0.0	0.0	0.0%
Cash	<u>60.5</u>	<u>61.0</u>	<u>0.5</u>	<u>0.8%</u>
Total	\$6,906.9	\$7,117.6	\$210.7	3.1%

*For more detail, see Appendix A-3, pages 18 & 19.
(Totals may not sum to packet, due to rounding.)



2018 Authorized Expenditures (February) vs. 2019 Expenditure Authority (February)

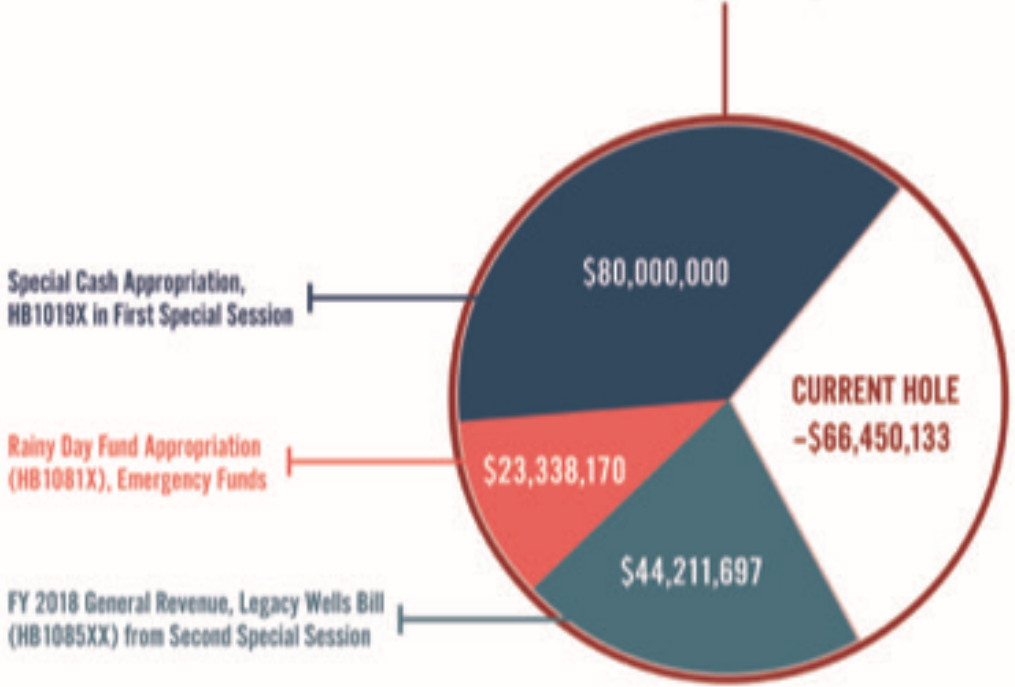
	FY18 Expenditures To-Date (\$M's)	FY19 Authority Feb. (\$M's)	Difference (\$M's)	Difference (%)
Certified	\$5,289.9	\$5,876.3	\$586.4	11.1%
1017 Fund	695.4	762.7	67.3	9.7%
GP – Oil Education Funds	142.1	142.1	0.0	0%
Tobacco Fund	11.8	11.5	(0.3)	(2.5%)
Judicial Revolving Fund	50.8	46.5	(4.3)	(8.5%)
Prior Certified	31.1	4.4	(26.7)	(85.9%)
State Transportation Fund	155.0	213.1	58.1	37.5%
Bond Funds	0.0	0.0	0.0	0.0%
Cash	<u>491.0</u>	<u>61.0</u>	<u>(430.0)</u>	<u>(87.6%)</u>
Total	\$6,867.1	\$7,117.6	\$250.5	3.6%
Constitutional Reserve Fund	170.7			
Total Reappropriations	2.0			
Agency Revolving Fund Auth	<u>30.0</u>			
Total Authorized Budget	\$7,069.8	\$7,117.6	\$47.8	0.7%

*For more detail, see Appendix A-2, pages 16 & 17. (Totals may not sum to packet, due to rounding.)

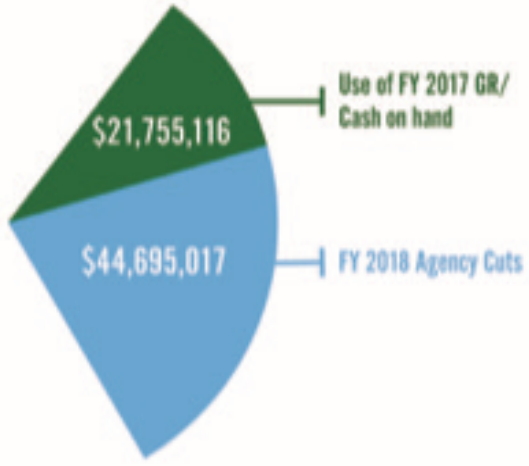
LOSS OF CIGARETTE FEE REVENUE

Supreme Court Decision 2017-63

- \$ 214,000,000



Fix suggested by HB1020XX



2018 Authorized Expenditures Pending Legislation vs. 2019 Expenditure Authority Pending Legislation

	FY18 (\$M's)	FY19 (\$M's)	Difference (\$M's)	Difference (%)
Certified	\$5,289.9	\$5,876.3	\$586.4	11.1%
1017 Fund	695.4	762.7	67.3	9.7%
GP – Oil Education Funds	142.1	142.1	0.0	0.0%
Tobacco Fund	11.8	11.5	(0.3)	(2.5%)
Judicial Revolving Fund	50.8	46.5	(4.3)	(8.5%)
Prior Certified	84.6	4.4	(80.2)	(94.8%)
State Transportation Fund	155.0	213.1	58.1	37.4%
Bond Funds	0.0	0.0	0.0	0.0%
Cash	<u>327.4</u>	<u>7.5</u>	<u>(319.9)</u>	<u>(97.7%)</u>
Total	\$6,757.0	\$7,064.1	\$307.1	4.5%
Constitutional Reserve Fund	170.7			
Total Reappropriations	2.0			
Agency Revolving Fund Auth	<u>30.0</u>			
Total Authorized Budget	\$6,959.7	\$7,064.1	\$104.4	1.5%

*For more detail, see Appendix A-4, pages 20 & 21. (Totals may not sum to packet, due to rounding.)

FY 19 OBLIGATIONS NOT IN FY 18 BASE

FY 2019 Starting Revenue Available From FY 2018 Authority		\$ 104,267,213
February BOE Lottery Supplanting Finding		\$ (19,892,744)
HB1022X FY 2019 Spend for GME		\$ (110,044,319)
FY 2019 Obligations		
Ad Valorem Reimbursement	\$ 92,700,000	
Teacher FBA Increase	\$ 22,608,000	
Capitol Bond FY 2019 Obligation	\$ 13,864,662	
ODOT Bond Increase	\$ 7,000,000	
Sayre Lease Increase, Department of Corrections	\$ 5,500,000	
Pay for Success Contract	\$ 500,000	
		\$ (142,172,662)
FY 2019 Deficit		\$ (167,842,512)



CONSTITUTIONAL RESERVE FUND

Expenditures Allowed and Current CRF Balance

BEGINNING FY 2018 BALANCE	\$	93,352,679
Up to 3/8 if upcoming GR certification is less than preceding year's GR	\$	35,007,254
OR		
Up to 3/8 for "revenue failure"	\$	35,007,254
OR		
Up to 1/4 upon declaration of an emergency	\$	23,338,170
Governor and 2/3 of both legislative houses, or		
w/o Governor and 3/4 of both legislative houses		
SPECIAL SESSION EXPENDITURE (HB 1081X)	\$	23,338,170
* AVAILABLE BALANCE	\$	70,014,509

* No qualifying expenditures available until July 1, 2018, outside current year revenue failure.



BOARD ACTION

- **Certification of FY-2019 Estimate**
- **Page 3: Columns 2 and 3**
 - **Move to certify the FY-2019 Estimate Summation of Revenue of \$6,185,595,590 and Revenue Available for Appropriation of \$5,876,315,810**



State of Oklahoma

FY-2019

Revenue Certification

February 20, 2018

