

State Board of Equalization



EMBARGOED DRAFT

Proposed FY 2025 Revenue Certification

Thursday, February 15, 2024



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and Enterprise Services



OKLAHOMA
Office of Management
& Enterprise Services

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Purpose of February BOE Meeting

Report on constitutionally and statutorily required findings and certify amounts available for appropriation for FY 2025.

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Required Findings

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**APPROPRIATIONS LIMITATION
SCHEDULE 1**

Section 23, Paragraph 1 of Article X, Constitution of Oklahoma, provides for a limitation on appropriations, except for appropriations from the Constitutional Reserve Fund. Pursuant to said limitation, appropriations for the upcoming fiscal year, 2025, shall not exceed the amount appropriated for the current fiscal year, 2024, plus 12% adjusted for inflation as measured at the close of the calendar year. The amount appropriated from each fund by the First Regular Session and 2023 Special Sessions of the 59th Legislature and acted upon by the Governor was \$12,592,076,713. The limit on appropriations for the Second Regular Session of the 59th Legislature is \$16,938,864,871 for the fiscal year ending June 30, 2025.

Column 1 FUND NAME	Column 2 AMOUNT
GENERAL REVENUE FY 2024	\$7,464,909,620
GENERAL REVENUE FY 2023	\$155,000,000
GENERAL REVENUE FY 2022	\$1,579,243,848
GENERAL REVENUE FY 2021	\$235,343,453
ALCOHOLIC BEVERAGE CONTROL FUND FY 2024	\$13,217,192
ALCOHOLIC BEVERAGE CONTROL FUND FY 2022	\$1,104,455
C.L.E.E.T. FUND FY 2024	\$2,378,710
C.L.E.E.T. FUND FY 2022	\$172,712
COMMISSIONERS OF THE LAND OFFICE FUND	\$6,703,421
COMMON EDUCATION TECHNOLOGY FUND	\$47,025,701
EDUCATION LOTTERY TRUST FUND	\$82,387,378
ERRF (1017) FUND	\$1,036,701,366
HEALTH CARE ENHANCEMENT FUND FY 2024	\$141,688,700
HEALTH CARE ENHANCEMENT FUND FY 2022	\$3,914,484
HIGHER EDUCATION CAPITAL FUND	\$47,025,701
MINERAL LEASING FUND	\$4,771,015
OK STUDENT AID FUND	\$47,025,701
OCCUPATIONAL HEALTH AND SAFETY FUND FY 2022	\$190,126
OCCUPATIONAL HEALTH AND SAFETY FUND FY 2024	\$1,167,716
PUBLIC BUILDING FUND	\$1,922,994
STATE JUDICIAL REVOLVING FUND	\$25,895,523
STATE PUBLIC SAFETY FUND FY 2024	\$17,575,365
STATE PUBLIC SAFETY FUND FY 2022	\$25,349
STATE TRANSPORTATION FUND	\$211,401,568
TOBACCO SETTLEMENT FUND	\$13,102,080
ROADS FUND	\$590,000,000
TRS DEDICATED REVENUE REVOLVING FUND	\$460,152,210
STATEWIDE RECOVERY FUND	\$231,072,467
SPECIAL CASH FUND	\$143,583,859
CASH FLOW RESERVE FUND	\$27,373,999
TOTAL	\$12,592,076,713

The initial appropriation growth limitation is calculated by multiplying the preceding years' total appropriation by the sum of 100% plus 12% and an adjustment for inflation (3.4%) = 115.4%

Total Appropriations for FY 2024	\$12,592,076,713
Growth Factor	<u>115.40%</u>
Initial Limit on Appropriation for FY 2025	\$14,531,256,527
* Adjustment - Certified Funds not Previously Appropriated	\$2,407,608,345

Agenda Item 5

Final Limit on Appropriation FY 2025	\$16,938,864,871
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*Additional language in Section 23, paragraph 1 of Article X, Constitution of Oklahoma reads that, "Said limit shall be adjusted for funds not previously appropriated." Adjustment is FY 2021, FY 2022, FY 2023, and FY 2024 certified General Revenue funds that were not previously appropriated.

ROADS FUND

INFORMATIONAL APPORTIONMENT SUMMARY & REQUIRED FINDINGS

SCHEDULE 2

Legislative History

HB 2272, passed in the 2008 legislative session, amends Title 69, Section 1521 of the Oklahoma Highway Code. Effective July 1, 2009 for FY 2010, the Department of Transportation will receive the total amount apportioned to the ROADS Fund for the preceding fiscal year plus an additional \$30 million each year until a cap of \$370 million is reached.

Legislated Adjustments to the ROADS Fund

SB 1466, passed in the 2010 legislative session, amends Title 69, Section 1521 of the Oklahoma Highway Code. Effective July 1, 2011 for FY 2012 and for each fiscal year thereafter, the Department of Transportation will receive the total amount apportioned to the ROADS Fund for the preceding fiscal year plus an additional \$35.7 million each year until a cap of \$400 million is reached.

SB 976, passed in the 2011 legislative session, amends Title 69, Section 1521 of the Oklahoma Highway Code. Effective August 26, 2011 for FY 2013, the Department of Transportation will receive the total amount apportioned to the ROADS Fund for the preceding fiscal year plus an additional \$41.7 million each year until a cap of \$435 million is reached.

HB 2248, effective July 1, 2012, amends the same title and section. For FY 2014 and all fiscal years until the cap is reached, the Department of Transportation will receive the total amount apportioned to the ROADS Fund for the preceding fiscal year plus an additional \$59.7 million. The cap was raised to \$575 million.

HB 1014xx, effective July 1, 2019, directs diesel and gasoline fuel taxes imposed by HB 1010XX and most motor vehicle revenues to the ROADS Fund. Contributions to the ROADS Fund from motor vehicle revenues and fuel taxes replace personal income tax contributions dollar-for-dollar. Offset personal income tax dollars are redirected to GRF.

HB 2743, passed during the 2020 legislative session, apportioned \$180 million in dedicated ROADS revenue to the Education Reform Revolving Fund for FY 2021 and FY 2022.

HB 2895, passed during the 2021 legislative session, restored dedicated revenue back to the ROADS Fund and canceled the ERRF transfer. The cap was raised to \$590 million effective FY 2023.

Column 1	Column 2	Column 3	Column 4	Column 5
	FY 2022 ACTUAL Dec 2022	FY 2023 ACTUAL Dec 2023	PROPOSED FY 2024 PROJECTION Feb 2024	PROPOSED FY 2025 ESTIMATE Feb 2024
ROADS Fund Cap	\$575,000,000	\$590,000,000	\$590,000,000	\$590,000,000
OK Tourism & Passenger Rail Rev. Fund	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Public Transit Rev. Fund	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Apportionment from Motor Vehicle Revenues	\$235,325,801	\$233,270,986	\$225,407,000	\$226,452,000
Apportionment from Diesel Taxes	\$57,078,495	\$57,866,484	\$54,064,000	\$54,697,000
Apportionment from Gasoline Taxes	\$58,608,687	\$57,608,218	\$58,709,000	\$57,801,000
* Total Apportionment from Income Tax	\$228,987,016	\$246,254,312	\$256,820,000	\$256,050,000

* Total apportionment from income tax amounts have been removed from the respective individual income tax numbers.

Total Appropriations to the Department of Transportation	\$805,878,499	\$1,001,401,568
Appropriations less ROADS funding	\$215,878,499	\$411,401,568

Agenda Item 6

Pursuant to Title 69 Section 1521 of Oklahoma Statutes, a finding must be made to determine whether "expenditures from the ROADS Fund were used to enhance or supplant state funding for the Department of Transportation (ODOT)." Effective July 1, 2006, the State Transportation Fund, ODOT's authorized source of state funding, became a revolving fund. Appropriations not including ROADS funds increased from \$215.9 million in FY 23 to \$411.4 million in FY 24 to ODOT. ROADS funding, therefore, enhanced transportation funding.

**OKLAHOMA EDUCATION LOTTERY TRUST FUND
FEBRUARY APPROPRIATIONS ANALYSIS & REQUIRED FINDINGS
SCHEDULE 3**

Article X, Section 41 of the Oklahoma Constitution and Title 3A Section 713 of the Oklahoma Statutes requires the State Board of Equalization to determine if appropriations from the Oklahoma Education Lottery Trust Fund were used to enhance or supplant education funding.

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>	<i>Column 5</i>
	FY 2023 FINAL APPROPRIATIONS	FY 2024 AUTHORIZED APPROPRIATIONS	INCREASE OR (DECREASE)	PERCENT CHANGE
Total Education Funding*	\$4,694,207,105	\$5,279,241,767	\$585,034,662	12.5%
Education Lottery Trust Fund	\$84,535,983	\$82,387,378	-\$2,148,605	-2.5%
Education Funding Less Lottery	\$4,609,671,122	\$5,196,854,389	\$587,183,267	12.7%
	FY 2023 FINAL APPROPRIATIONS	FY 2024 AUTHORIZED APPROPRIATIONS	INCREASE OR (DECREASE)	PERCENT CHANGE
Total State Appropriations/Authorizations	\$12,628,637,784	\$12,592,076,713	(\$36,561,071)	-0.3%
Less Education Funding	\$7,934,430,679	\$7,312,834,946	(\$621,595,733)	-7.8%
Change in Education Funding (Excluding Lottery)		12.7%		
Change in Statewide Funding		-0.3%		

Agenda Item 7

To determine if the Oklahoma Education Lottery Trust Fund supplanted or enhanced education funding, actual FY 2023 appropriations are compared to FY 2024 appropriations for the purposes outlined in lottery funding statutes. Education funding, excluding the Lottery Trust Fund, increased from FY 2023 to FY 2024 by \$587.2 million, or 12.7%. The Lottery Trust Fund appropriations decreased by \$2.1 million, or -2.5%, from FY 2023 to FY 2024. Therefore, the Oklahoma Educational Lottery Trust Fund enhanced and did not supplant funding for education.

**Total Education Funding includes all appropriations and spending authorizations to the Department of Education, Career and Technical Education, and Regents for Higher Education. Federal monies are excluded.*

**REVENUE STABILIZATION ACT
CERTIFICATION OF FIVE-YEAR AVERAGES
SCHEDULE 4**

Legislative History

Title 62, Section 34.103, Paragraph A of the Oklahoma Statutes requires the Board of Equalization to certify the five-year average of actual revenue collections "available to be apportioned to the General Revenue Fund" from the Gross Production Taxes on Oil and Natural Gas (Title 68, Section 1001), and Corporate Income Tax (Title 68, Section 2355).

Paragraphs B & C provide for the distribution revenue from each of these respective sources for the "ensuing fiscal year" in excess of the averages computed pursuant to Paragraph A. Paragraph B specifies "[100%] of such amount in excess... shall be deposited to the credit of the Revenue Stabilization Fund" for the Gross Production Tax on Oil and Natural Gas while Paragraph C specifies that for Corporate Income Tax "[75%] of such amount in excess of the five-year average... shall be deposited to the credit of the Revenue Stabilization Fund" and "[25%] of such amount in excess of the five-year average... shall be deposited to the credit of the Constitutional Reserve Fund unless such deposit would exceed the maximum balance permitted pursuant to Section 23 of Article X of the Oklahoma Constitution."

Any such distribution is subject to the controlling provision found in Paragraph B of Section 34.102 of the same Title, which specifies that "no monies shall be deposited to the credit of the Revenue Stabilization Fund until such time as the amount of actual revenue certified by the State Board of Equalization as having been deposited into the General Revenue Fund for the first fiscal year prior to the beginning of the fiscal year that deposits to the Revenue Stabilization Fund are first made equals or exceeds...\$6,600,000,000." This requirement was met as of the February 2020 Board of Equalization meeting.

Paragraph C of Section 34.102 further states that "no deposits shall be made during a fiscal year where the State Board of Equalization General Revenue Fund certification for said fiscal year is less than the... certification for the previous fiscal year plus an increment amount otherwise calculated for deposit pursuant to subsection E," referring to the excess above the five-year averages of the Gross Production Tax on Oil, Gross Production Tax on Natural Gas, and Corporate Income Tax. Additionally, Paragraph D prohibits deposits into the Revenue Stabilization Fund during any year in which revenue failure has been declared from the month of the declaration. Paragraph D further prohibits deposits into the Revenue Stabilization Fund if that would cause deposits to the Revenue Stabilization Fund for the fiscal year to exceed 3% of the State Board of Equalization General Revenue Fund certification for that fiscal year.

Column 1	Column 2	Column 3	Column 4
	GROSS PRODUCTION OIL TAX	GROSS PRODUCTION NATURAL GAS TAX	CORPORATE INCOME TAX
Agenda Item 8:	(A1)	(A2)	(A3)
Pursuant to Title 62 Section 34.103, Paragraph A, Certification of General Revenue Fund Five-Year Averages:			
FY 2019	\$356,722,895	\$369,151,546	\$241,896,645
FY 2020	\$295,426,683	\$174,398,494	\$238,259,976
FY 2021	\$136,654,276	\$281,945,361	\$452,137,848
FY 2022	\$406,414,059	\$668,309,139	\$527,114,968
FY 2023	\$542,613,777	\$779,096,601	\$598,497,550
Proposed Five-Year Average:	\$347,566,338	\$454,580,228	\$411,581,397
Proposed FY 2025 Estimate (Feb 2024):	\$373,308,000	\$368,515,000	\$454,584,578
Potential uncapped RSF deposit:	\$25,741,662	\$0	\$32,252,385
Constitutional Reserve Fund Deposit:			\$10,750,795 ¹

	CERTIFIED FY 2024 ESTIMATE Feb 2023	PROPOSED FY 2025 ESTIMATE Feb 2024
Total General Revenue	\$8,740,809,985	\$8,786,830,274
Total potential uncapped RSF deposit	\$300,609,337	\$57,994,047
3% Capped RSF Deposit	\$262,224,300	\$263,604,908
Adjustment (prior year GR + current year potential deposit)		\$8,798,804,033

Required Finding

Pursuant to Title 62 Section 34.102, Paragraph C: the proposed FY 2025 General Revenue Fund estimate does not exceed the certified FY 2024 General Revenue Fund estimate plus the FY 2025 potential RSF deposit. Therefore no deposit will be made.

¹ The potential Constitutional Reserve Fund deposit from Corporate Income Tax has been removed from the Corporate Income Tax estimate in Schedule 6.

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM DEDICATED REVENUE REVOLVING FUND
FEBRUARY DETERMINATION OF BASELINE
SCHEDULE 5**

Title 68, Section 2355.1B, added by laws 2007, SB 357, as amended by SB 1092, effective November 1, 2007, requires that the Board of Equalization, at the Constitutional meeting, "2. Beginning with the February meeting in the sixth year after the Board determines an initial baseline amount, annually review such amount to determine if it differs from the average annual amount of revenue which was finally apportioned to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund pursuant to Sections 1353, 1403 and 2352 of Title 68 of the Oklahoma Statutes over the most recent five fiscal years. If the Board determines that the initial baseline amount is less than the five-year average annual amount, a new baseline equal to the five-year average annual amount shall be determined and applied as provided in paragraph 5 of Section 1353, paragraph 5 of Section 1403 and paragraph 3 of Section 2352 of Title 68 of the Oklahoma Statutes; and 3. Determine the proportion of the baseline amount attributable to each revenue source specified in paragraph 2 of this section whenever the Board determines a baseline amount." HB 2741, passed during the 2020 legislative session, amended Title 68, Sections 1353, 1403, and 2352 and struck requirements that in no event individual income tax, corporate income tax, sales tax, and use tax apportioned to Teachers' Retirement be less than the baseline established by the Board of Equalization.

Calculations

OKLAHOMA TEACHERS' RETIREMENT SYSTEM DEDICATED REVENUE REVOLVING FUND

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
SOURCE	FY 2019	FY 2020	FY 2021*	FY 2022*	FY 2023	5-YR AVG APPORTIONMENT Feb 2024
Income Tax-Individual	\$171,473,841	\$164,332,725	\$136,678,702	\$203,220,215	\$224,782,193	\$180,097,535
Income Tax-Corporate	\$15,606,235	\$15,371,611	\$23,952,798	\$40,769,023	\$40,674,591	\$27,274,852
Sales Tax	\$132,921,843	\$126,500,227	\$95,335,310	\$148,812,913	\$165,767,014	\$133,867,461
Use Tax	\$18,256,062	\$19,602,268	\$15,915,529	\$26,038,839	\$30,277,211	\$22,017,982
						TOTAL FIVE-YEAR AVG APPORTIONMENT
						\$363,257,830

INITIAL BASELINE APPORTIONMENT (FEB 2013)	\$288,923,294
CURRENT BASELINE APPORTIONMENT (FEB 2023)	\$333,636,782
PROPOSED BASELINE APPORTIONMENT (FEB 2024)	\$363,257,830

Agenda Item 9

The new five-year average apportionments to the Oklahoma Teachers' Retirement System Revolving Fund from income taxes, sales taxes and use taxes is greater than the previously determined baseline. The new baseline for such apportionments in fiscal year 2025 shall be **\$363,257,830**.

* HB 2741 redirected a portion of TRS dedicated revenues in FY 21 to the Education Reform Revolving Fund (1017 Fund). HB 2894 restored TRS apportionment percentages for FY 22 and will increase the apportionment share of dedicated revenues from FY 23 through FY 27.

FY 2025 Revenue Certification

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**REVENUE CERTIFICATION PROPOSALS FOR FY 2025
SCHEDULE 6**

Column 1	Column 2	Column 3	Column 4	Column 5
	PROPOSED COLLECTION FY 2025 ESTIMATE Dec 2023	PROPOSED AUTHORITY FY 2025 95% ESTIMATE Dec 2023	PROPOSED COLLECTION FY 2025 ESTIMATE Feb 2024	PROPOSED AUTHORITY FY 2025 95% ESTIMATE Feb 2024
General Revenue Fund				
Alcohol Beverage Tax	\$40,821,000	\$38,779,950	\$42,688,000	\$40,553,600
Mixed Beverage	\$109,286,000	\$103,821,700	\$108,364,000	\$102,945,800
Cigarette Tax	\$37,055,574	\$35,202,796	\$36,358,902	\$34,540,957
Tobacco Products Tax	\$11,660,000	\$11,077,000	\$11,483,000	\$10,908,850
Franchise Tax	\$2,850,000	\$2,707,500	\$2,828,000	\$2,686,600
Gross Production Tax-Gas	\$341,584,000	\$324,504,800	\$368,515,000	\$350,089,250
Gross Production Tax-Oil	\$373,543,000	\$354,865,850	\$373,308,000	\$354,642,600
Income Tax-Individual	\$3,378,639,164	\$3,209,707,206	\$3,299,980,510 ²	\$3,134,981,484
Income Tax-Corporate	\$475,410,405	\$451,639,885	\$443,833,782 ³	\$421,642,093
Insurance Premium Tax	\$114,135,018	\$108,428,267	\$114,135,018	\$108,428,267
Motor Vehicle Taxes	\$41,327,000	\$39,260,650	\$30,938,000	\$29,391,100
Sales Tax	\$2,669,113,776	\$2,535,658,087	\$2,735,272,440 ⁴	\$2,598,508,818
Use Tax	\$571,782,078	\$543,192,974	\$566,572,912	\$538,244,266
Interest & Investments (State Treasurer)	\$350,000,000	\$332,500,000	\$350,000,000	\$332,500,000
Other OTC (see Appendix 3)	\$56,961,869	\$54,113,775	\$51,703,328	\$49,118,162
Collections by Other Agencies (see Appendix 3)	\$162,312,092	\$154,196,487	\$250,849,381	\$238,306,912
General Revenue Totals	\$8,736,480,977	\$8,299,656,928	\$8,786,830,274	\$8,347,488,760
Reserve Fund Statutory Deposits			\$0	\$0
Total General Revenue	\$8,736,480,977	\$8,299,656,928	\$8,786,830,274	\$8,347,488,760
State Certified Funds				
C.L.E.E.T.	\$2,476,909	\$2,353,064	\$2,476,909	\$2,353,064
COMMISSIONERS OF THE LAND OFFICE FUND	\$12,088,720	\$11,484,284	\$12,088,720	\$11,484,284
MINERAL LEASING FUND	\$4,750,000	\$4,512,500	\$4,750,000	\$4,512,500
OK EDUCATION LOTTERY TRUST FUND	\$65,000,000	\$61,750,000	\$65,000,000	\$61,750,000
PUBLIC BUILDING FUND	\$2,392,518	\$2,272,892	\$2,392,518	\$2,272,892
OCCUPATIONAL HEALTH AND SAFETY FUND	\$1,140,300	\$1,083,285	\$1,140,300	\$1,083,285
ALCOHOLIC BEVERAGE CONTROL FUND	\$14,500,000	\$13,775,000	\$14,500,000	\$13,775,000
OK PENSION IMPROVEMENT REVOLVING FUND	\$248,780	\$236,341	\$248,780	\$236,341
STATE PUBLIC SAFETY FUND	\$7,475,658	\$7,101,875	\$24,500,000 ⁵	\$23,275,000
STATE HEALTH CARE ENHANCEMENT FUND	\$129,970,000	\$123,471,500	\$123,610,000	\$117,429,500
GRAND TOTAL STATE FUNDS	\$8,976,523,862	\$8,527,697,669	\$9,037,537,501	\$8,585,660,626
Federal Certified Funds				
STATEWIDE RECOVERY FUND	\$103,767,957	\$103,767,957 ¹	\$103,767,957	\$103,767,957 ¹

Agenda Item 10

The estimate of total certified state revenues is **\$9,037,537,501** and the certified state revenue available for appropriation is **\$8,585,660,626**. The estimate of total certified federal revenue available for appropriation is **\$103,767,957**.

¹ Statewide Recovery Fund includes total ARPA funds and interest received after all administrative expenses paid and appropriations made. Federal funds are certified for appropriation at the full amount of the estimate and not subject to the 95% availability rule as directed by Article X, Section 23 of the Oklahoma Constitution.

² \$30 million to fund the Filmed in Oklahoma Act per Title 68, Section 3634, \$8 million to fund the Film Enhancement Rebate Program per Title 68, Section 3624, \$71.8 million to fund the Higher Learning Access Act per Title 62, Section 34.87 (see Schedule 2 of the Dec 2023 BOE Packet), and \$256.1 million in transfers to the ROADS Fund (see Schedule 2) have been apportioned from Personal Income Tax.

³ The potential Constitutional Reserve Fund Deposit from Corporate Income Tax has been removed from the estimate (see Schedule 4).

⁴ Pursuant to Title 68, Section 1353, Subsection B, \$5 million has been apportioned from Sales Tax to the Municipal Road Drilling Activity Revolving Fund.

⁵ Change in estimate attributable to transition in Tag Agent Remittance from Department of Public Safety to Service Oklahoma. See footnote on Appendix 3 for more information.

Budget Outlook

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**FY 2025 BUDGET OUTLOOK
SCHEDULE 7**

Column 1	Column 2	Column 3	Column 4	Column 5
	FY 2024 Jun 2023 APPROPRIATION AUTHORITY	FY 2024 Jun 2023 AUTHORIZED EXPENDITURES	FY 2025 Dec 2023 APPROPRIATION AUTHORITY	PROPOSED FY 2025 Feb 2024 APPROPRIATION AUTHORITY
CERTIFIED FUNDS (95% of Estimate)				
General Revenue Fund	\$7,874,151,524	\$7,521,865,792	\$8,299,656,928	\$8,347,488,760
C.L.E.E.T. Fund	\$2,378,710	\$2,378,710	\$2,353,064	\$2,353,064
Mineral Leasing Fund	\$4,771,015	\$4,771,015	\$4,512,500	\$4,512,500
Occupational Health and Safety Fund	\$1,167,716	\$1,167,716	\$1,083,285	\$1,083,285
Public Building Fund	\$1,922,994	\$1,922,994	\$2,272,892	\$2,272,892
Commissioners of the Land Office Fund	\$11,137,416	\$6,703,421	\$11,484,284	\$11,484,284
OK Education Lottery Trust Fund	\$61,750,000	\$61,750,000	\$61,750,000	\$61,750,000
State Public Safety Fund	\$17,575,365	\$17,575,365	\$7,101,875	\$23,275,000
Health Care Enhancement Fund	\$141,688,700	\$141,688,700	\$123,471,500	\$117,429,500
Alcoholic Beverage Control Fund	\$13,217,192	\$13,217,192	\$13,775,000	\$13,775,000
OK Pension Improvement Rev Fund	\$163,563	\$0	\$236,341	\$236,341
TOTAL CERTIFIED FUNDS	\$8,129,924,196	\$7,773,040,905	\$8,527,697,669	\$8,585,660,626
AUTHORIZED FUNDS (100% of Estimate)				
ERRF (1017) Fund	\$1,023,603,813	\$1,036,701,366	\$1,076,135,529	\$1,100,145,276
Common Ed. Technology Fund (GP – Oil)	\$47,025,701	\$47,025,701	\$47,025,701	\$47,025,701
OK Student Aid Fund (GP – Oil)	\$47,025,701	\$47,025,701	\$47,025,701	\$47,025,701
Higher Ed. Capital Fund (GP – Oil)	\$47,025,701	\$47,025,701	\$47,025,701	\$47,025,701
Tobacco Fund	\$13,102,080	\$13,102,080	\$11,000,000	\$11,000,000
Judicial Revolving Fund	\$25,895,523	\$25,895,523	\$20,716,418	\$20,716,418
Transportation Fund	\$211,401,568	\$211,401,568	\$216,323,928	\$216,323,928
ROADS Fund	\$590,000,000	\$590,000,000	\$590,000,000	\$590,000,000
Teachers' Retirement System Revolving Fund	\$451,907,348	\$460,152,210	\$461,913,270	\$464,490,758
TOTAL AUTHORIZED FUNDS	\$2,456,987,434	\$2,478,329,850	\$2,517,166,248	\$2,543,753,482
TOTAL RECURRING REVENUES	\$10,586,911,630	\$10,251,370,755	\$11,044,863,917	\$11,129,414,108
CASH AND ONE-TIME				
SPECIAL CASH FUND APPROPRIATIONS	\$143,584,859	\$143,583,859	\$1,000	\$1,000
CASH FLOW RESERVE FUND	\$27,373,999	\$27,373,999	\$0	\$0
CERTIFIED & AUTHORIZED FUND CASH	\$26,430,665	\$26,044,504	\$16,182,392	\$16,182,392
GENERAL REVENUE SURPLUS	\$2,217,678,274	\$1,912,631,129	\$2,407,608,345	\$2,407,608,345
^{1,2,3} LEGACY CAPITAL FINANCING FUND	\$600,000,000 ¹	\$349,475,239 ²	\$299,798,528 ³	\$299,798,528
TOTAL CASH	\$2,415,067,797	\$2,109,633,491	\$2,723,590,265	\$2,723,590,264
TOTAL STATE FUNDS	\$13,001,979,426	\$12,361,004,246	\$13,768,454,181	\$13,853,004,372
FEDERAL CERTIFIED (100% of Estimate)				
STATEWIDE RECOVERY FUND	\$256,116,591	\$231,072,467	\$103,767,957	\$103,767,957
TOTAL AUTHORIZED BUDGET	\$13,258,096,017	\$12,592,076,713	\$13,872,222,138	\$13,956,772,329

¹ The Legacy Capital Financing Fund was created as an Authorized Fund by HB 1002x during the 2024 legislative session. It received a \$600 million appropriation as a one-time transfer from FY 22 GRF surplus cash per HB 1004x. That amount is already reflected in the "General Revenue Surplus" line for the FY 2024 Appropriation Authority column and is not double counted in the Total Cash, Total State Funds, or Total Authorized Budget values.

² The Legislature authorized approximately \$349 million in expenditures (HB 1009x - \$46 million to the OK Historical Society; HB 1011x - \$115.3 million to OMES; HB 1012x - \$87.6 million to DPS; HB 1013x - \$79 million to OSU VMA; HB 1014x - \$17.6 million to Dept of Libraries; HB 1032x - \$4 million to CLEET) from the Legacy Capital Financing Fund. That amount is already reflected in General Revenue Surplus for the FY 2024 Authorized Expenditures column and is not double counted as Total Cash, Total State Funds, or Total Authorized Budget.

³ FY 2025 Appropriation Authority consists of remaining fund balance plus a projected \$11.5 million in interest income and \$3.3 million in recapitalization payments for FY 2024 and an estimated \$11.6 million in interest income and \$17.5 million in recapitalization payments for FY 2025.

Appendices

EMBARGOED DRAFT



OKLAHOMA
Office of Management
& Enterprise Services

BUDGET DETAIL BY FUND (Non-Restricted Funds)
Appendix 1

Column 1	Column 2	Column 3	Column 4
	FY 2024 APPROPRIATION AUTHORITY 2023 SESSION Jun 2023	FY 2024 AUTHORIZED EXPENDITURES 2023 SESSION Jun 2023	FY 2025 APPROPRIATION AUTHORITY 2024 SESSION Feb 2024
NON-RESTRICTED FUNDS			
GENERAL REVENUE FUND			
Certified	\$7,874,151,524	\$7,521,865,792	\$8,347,488,760
Prior Year Certified	\$193,022,073	\$155,000,000	\$352,285,732
Cash	\$2,024,656,201	\$1,757,631,129	\$2,055,322,613 ¹
TOTAL	<u>\$10,091,829,798</u>	<u>\$9,434,496,921</u>	<u>\$10,755,097,105</u>
C.L.E.E.T. FUND			
Certified	\$2,378,710	\$2,378,710	\$2,353,064
Cash	\$172,712	\$172,712	\$41,916
TOTAL	<u>\$2,551,422</u>	<u>\$2,551,422</u>	<u>\$2,394,980</u>
MINERAL LEASING FUND			
Certified	\$4,771,015	\$4,771,015	\$4,512,500
Cash	\$0	\$0	\$780,678
TOTAL	<u>\$4,771,015</u>	<u>\$4,771,015</u>	<u>\$5,293,178</u>
OCCUPATIONAL HEALTH AND SAFETY FUND			
Certified	\$1,167,716	\$1,167,716	\$1,083,285
Cash	\$190,126	\$190,126	\$0
TOTAL	<u>\$1,357,843</u>	<u>\$1,357,842</u>	<u>\$1,083,285</u>
PUBLIC BUILDING FUND			
Certified	\$1,922,994	\$1,922,994	\$2,272,892
Cash	\$0	\$0	\$1,905,144
TOTAL	<u>\$1,922,994</u>	<u>\$1,922,994</u>	<u>\$4,178,036</u>
SPECIAL CASH FUND			
Cash	\$143,584,859 ²	\$143,584,859 ²	\$1,000
TOTAL	<u>\$143,584,859</u>	<u>\$143,584,859</u>	<u>\$1,000</u>
STATEWIDE RECOVERY FUND			
Certified	\$256,116,591	\$231,072,467	\$103,767,957
SUBTOTAL NON-RESTRICTED FUNDS	\$10,502,134,521	\$9,819,757,520	\$10,871,815,541

¹ \$222,890,700 of surplus FY 2023 revenues were deposited into the Constitutional Reserve Fund as directed by Article X, Section 23 of the Oklahoma Constitution. This deposit brings the starting balance of the CRF in FY 2024 to \$1,274,050,988. The maximum cap at the end of FY 2024 will be \$1,365,645,200 with actual deposits contingent on actual FY 2024 collections exceeding the certified estimate.

² HB 1004x directs the following transfers to the Special Cash Fund: Sec. 142 - \$80,000,000 from the Medical Marijuana Revolving Fund; Sec. 143 - \$8,510,370 from the State Transportation Fund; Sec. 144 - \$30,000,000 from the Unclaimed Property Fund; Sec. 145 - \$9,001,000 from the Drug Money Laundering and Wire Transmitter Rev Fund; Sec. 146 - \$7,800,000 from the Insurance Commissioner Revolving Fund; and Sec. 147 - \$7,800,000 from the Secretary of State Revolving Fund.

(Continued)

BUDGET DETAIL BY FUND (Restricted Funds)
Appendix 1 (Continued)

Column 1	Column 2	Column 3	Column 4
	FY 2024 APPROPRIATION AUTHORITY 2023 SESSION Jun 2023	FY 2024 AUTHORIZED EXPENDITURES 2023 SESSION Jun 2023	FY 2025 APPROPRIATION AUTHORITY 2024 SESSION Feb 2024
RESTRICTED FUNDS			
COMMISSIONERS OF THE LAND OFFICE FUND			
Certified	\$11,137,416	\$6,703,421	\$11,484,284
Cash	\$35,115	\$0	\$612,687
TOTAL	<u>\$11,172,531</u>	<u>\$6,703,421</u>	<u>\$12,096,971</u>
OK EDUCATION LOTTERY TRUST FUND			
Certified	\$61,750,000	\$61,750,000	\$61,750,000
Cash	\$20,637,378	\$20,637,378	\$8,002,171
TOTAL	<u>\$82,387,378</u>	<u>\$82,387,378</u>	<u>\$69,752,171</u>
STATE PUBLIC SAFETY FUND			
Certified	\$17,575,365	\$17,575,365	\$23,275,000
Cash	\$25,349	\$25,349	\$3,669,082
TOTAL	<u>\$17,600,714</u>	<u>\$17,600,714</u>	<u>\$26,944,082</u>
HEALTH CARE ENHANCEMENT FUND			
Certified	\$141,688,700	\$141,688,700	\$117,429,500
Cash	\$3,914,484	\$3,914,484	\$0
TOTAL	<u>\$145,603,184</u>	<u>\$145,603,184</u>	<u>\$117,429,500</u>
ALCOHOLIC BEVERAGE CONTROL FUND			
Certified	\$13,217,192	\$13,217,192	\$13,775,000
Cash	\$1,104,455	\$1,104,455	\$740,913
TOTAL	<u>\$14,321,647</u>	<u>\$14,321,647</u>	<u>\$14,515,913</u>
OKLAHOMA PENSION IMPROVEMENT REV FUND			
Certified	\$163,563	\$0	\$236,341
Cash	\$351,045	\$0	\$429,800
TOTAL	<u>\$514,608</u>	<u>\$0</u>	<u>\$666,141</u>
SUBTOTAL RESTRICTED FUNDS	\$271,600,063	\$266,616,344	\$241,404,778
TOTAL-RESTRICTED & NON-RESTRICTED	\$10,773,734,584	\$10,086,373,864	\$11,113,220,319
COMMON ED. TECH FUND			
Revolving Fund Estimate	\$47,025,701	\$47,025,701	\$47,025,701
OK. STUDENT AID FUND			
Revolving Fund Estimate	\$47,025,701	\$47,025,701	\$47,025,701
HIGHER ED. CAPITAL FUND			
Revolving Fund Estimate	\$47,025,701	\$47,025,701	\$47,025,701
ERRF (1017) FUND			
Revolving Fund Estimate	\$1,023,603,813	\$1,036,701,366	\$1,100,145,276
TOBACCO SETTLEMENT FUND			
Revolving Fund Estimate	\$13,102,080	\$13,102,080	\$11,000,000
STATE JUDICIAL REVOLVING FUND			
Revolving Fund Estimate	\$25,895,523	\$25,895,523	\$20,716,418
STATE TRANSPORTATION FUND			
Revolving Fund Estimate	\$211,401,568	\$211,401,568	\$216,323,928
ROADS FUND			
Revolving Fund Estimate	\$590,000,000	\$590,000,000	\$590,000,000
TEACHERS' RETIREMENT SYSTEM REVOLVING FUND			
Revolving Fund Estimate	\$451,907,348	\$460,152,210	\$464,490,758
TOTAL	\$13,230,722,018	\$12,564,703,714	\$13,656,973,801
ADDITIONAL BUDGETARY AUTHORIZATIONS:			
Cash Flow Reserve Fund	\$27,373,999	\$27,373,999	\$0
^{1,2,3} Legacy Capital Financing Fund	\$600,000,000 ¹	\$349,475,239 ²	\$299,798,528 ³
TOTAL AUTHORIZED BUDGET	\$13,258,096,017	\$12,592,077,713	\$13,956,772,329

¹ The Legacy Capital Financing Fund was created as an Authorized Fund by HB 1002x. It received an initial \$600 million appropriation as a one-time transfer from FY 2022 GRF surplus cash per HB 1004x. That amount is reflected in the "General Revenue Surplus" line for the FY 2024 Appropriation Authority column and is not double counted in the Total Authorized Budget value.

² The Legislature authorized approximately \$349 million in expenditures (directed by HB 1009x, HB 1011x, HB 1012x, HB 1013x, HB 1014x, and HB 1032x) from GRF surplus funds transferred into the Legacy Capital Financing Fund. That amount is reflected in GRF Surplus for the FY 2024 Authorized Expenditures column and is not double counted as Total Authorized Budget.

³ FY 2025 Appropriation Authority consists of remaining fund balance plus a projected \$11.5 million in interest income and \$3.3 million in recapitalization payments for FY 2024 and an estimated \$11.6 million in interest income and \$17.5 million in recapitalization payments for FY 2025.

FY 2024 CERTIFIED FUND REVENUE PROJECTIONS
Appendix 2

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
	FY 2024 Estimate Jun 2023	FY 2024 Projection Dec 2023	FY 2024 Projection Feb 2024	CHANGE IN Feb 2024 Projection From Jun 2023 Estimate	DIFFERENCE (%)
General Revenue Fund					
Alcohol Beverage Tax	\$45,342,000	\$43,713,000	\$44,388,000	\$675,000	1.5%
Mixed Beverage Tax	\$102,795,000	\$109,310,000	\$108,723,000	\$5,928,000	5.8%
Cigarette Tax	\$46,789,538	\$38,586,635	\$38,570,827	(\$8,218,710)	-17.6%
Tobacco Products Tax	\$33,294,717 ¹	\$34,838,141	\$33,887,427	\$592,710	1.8%
Franchise Tax	\$0 ⁵	\$59,606,000	\$59,317,000	\$59,317,000 ⁵	N/A
Gross Production Tax-Gas	\$468,803,000	\$334,430,000	\$353,562,000	(\$115,241,000)	-24.6%
Gross Production Tax-Oil	\$413,955,000	\$358,346,000	\$386,800,000	(\$27,155,000)	-6.6%
Income Tax-Individual	\$3,312,581,878 ³	\$3,229,694,447 ³	\$3,175,584,125 ³	(\$136,997,752)	-4.1%
Income Tax-Corporate	\$356,783,195	\$506,428,598	\$483,834,501 ⁴	\$127,051,306	35.6%
Insurance Premium Tax	\$114,333,216	\$114,135,018	\$114,135,018	(\$198,198)	-0.2%
Motor Vehicle Taxes	\$58,302,000	\$37,418,000	\$33,376,000	(\$24,926,000)	-42.8%
Sales Tax	\$2,636,497,114 ²	\$2,642,372,722 ²	\$2,656,965,723 ²	\$20,468,609	0.8%
Use Tax	\$517,425,523	\$524,117,664	\$518,204,106	\$778,582	0.2%
Interest & Investments	\$256,000,000	\$334,000,000	\$334,000,000	\$78,000,000	30.5%
Other OTC (see Appendix 3)	\$64,292,000	\$52,710,000	\$49,710,000	(\$14,582,000)	-22.7%
Collections by Other Agencies (see Appendix 3)	\$156,228,062	\$160,820,721	\$254,040,721	\$97,812,659	62.6%
General Revenue Subtotal	\$8,583,422,243	\$8,580,526,945	\$8,645,098,449		
Potential Reserve Fund Statutory Deposits	(\$262,224,300)	(\$262,224,300)	(\$262,224,300)		
Total General Revenue	\$8,321,197,943	\$8,318,302,645	\$8,382,874,149	\$61,676,206	0.7%
C.L.E.E.T. FUND	\$2,503,905	\$2,504,205	\$2,504,205	\$300	0.0%
COMMISSIONERS OF THE LAND OFFICE FUND	\$11,723,596	\$12,290,784	\$12,290,784	\$567,188	4.8%
MINERAL LEASING FUND	\$5,022,121	\$4,750,000	\$4,750,000	(\$272,121)	-5.4%
OK EDUCATION LOTTERY TRUST FUND	\$65,000,000	\$65,000,000	\$65,000,000	\$0	0.0%
PUBLIC BUILDING FUND	\$2,024,204	\$2,511,370	\$2,511,370	\$487,166	24.1%
OCCUPATIONAL HEALTH AND SAFETY FUND	\$1,229,175	\$1,161,113	\$1,161,113	(\$68,062)	-5.5%
ALCOHOLIC BEVERAGE CONTROL FUND	\$13,912,834	\$14,500,000	\$14,500,000	\$587,166	4.2%
OK PENSION IMPROVEMENT REVOLVING FUND	\$172,172	\$214,175	\$214,175	\$42,003	24.4%
STATE PUBLIC SAFETY FUND	\$18,500,385	\$4,039,240	\$24,500,000	\$5,999,616	32.4%
STATE HEALTH CARE ENHANCEMENT FUND	\$149,146,000	\$129,156,000	\$125,206,000	(\$23,940,000)	-16.1%
GRAND TOTAL	\$8,590,432,335	\$8,554,429,532	\$8,635,511,796	\$45,079,462	0.5%

¹ Tobacco Product Tax estimate was erroneously reported as \$677,325 in the June 2023 BOE packet.

² Pursuant to Title 68, Section 1353, Subsection B, \$5 million has been apportioned from Sales Tax to the Municipal Road Drilling Activity Revolving Fund.

³ \$30 million to fund the Filmed in Oklahoma Act per Title 68 Section 3634, \$8 million to fund the Film Enhancement Rebate Program per Title 68 Section 3624, \$256.8 million in transfers to the ROADS Fund (see Schedule 2), and \$67.7 million to fund Oklahoma's Promise scholarship (see Schedule 2 of the Dec 2022 BOE packet) have been removed from Personal Income Tax.

⁴ A \$6.9 million potential Constitutional Reserve Fund deposit has been removed from Corporate Income Tax (see Schedule 4 of the Feb 2023 BOE packet).

⁵ The June 2023 BOE packet assumed the full impact of the Franchise Tax elimination provided for by HB 1039x in FY 2024.

ITEMIZED ESTIMATES OF "OTHER" REVENUES
Appendix 3

Column 1	Column 2	Column 3	Column 4	Column 5
	FY 2024 PROJECTED Dec 2023	FY 2024 PROJECTED Feb 2024	FY 2025 ESTIMATE Dec 2023	FY 2025 ESTIMATE Feb 2024
OKLAHOMA TAX COMMISSION:				
Bingo Excise & Charity Games	\$54,000	\$50,000	\$52,000	\$52,000
Tribal Cigarette Compacts	\$11,712,000	\$11,594,000	\$14,843,869	\$14,590,328
Other OTC	\$40,944,000	\$38,066,000	\$42,066,000	\$37,061,000
TOTAL OTHER OTC	\$52,710,000	\$49,710,000	\$56,961,869	\$51,703,328
COLLECTIONS BY OTHER AGENCIES:				
Attorney General	\$250,000	\$250,000	\$250,000	\$250,000
CLEET	\$248,412	\$248,412	\$245,783	\$245,783
Department of Consumer Credit	\$625,000	\$625,000	\$625,000	\$625,000
District Attorneys Council	\$9,571,509	\$9,571,509	\$8,434,080	\$8,434,080
Department of Public Safety	\$2,798,244	\$2,798,244	\$2,615,991	\$2,615,991
Horse Racing Commission	\$3,368,045	\$3,368,045	\$3,368,045	\$3,368,045
Insurance Department	\$80,497,401	\$80,497,401	\$86,204,152	\$80,497,401
Department of Labor	\$402,895	\$402,895	\$401,765	\$401,765
Medical Licensure	\$475,000	\$475,000	\$455,000	\$455,000
Nursing Board	\$213,178	\$213,178	\$213,178	\$213,178
OMES	\$6,250,000	\$6,250,000	\$3,250,000	\$3,250,000
Secretary of State	\$2,253,037	\$2,253,037	\$2,298,098	\$2,298,098
Department of Securities	\$19,268,000	\$20,278,000	\$18,991,000	\$20,885,000
Unclaimed Property (State Treasurer)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Tribal Gaming (OMES)	\$24,600,000	\$24,600,000	\$24,960,000	\$24,960,000
¹ Service Oklahoma	N/A	\$92,210,000	N/A	\$92,350,040
Other	\$0	\$0	\$0	\$0
TOTAL MISC	\$160,820,721	\$254,040,721	\$162,312,092	\$250,849,381
GRAND OTHER	\$213,530,721	\$303,750,721	\$219,273,961	\$302,552,709

¹ Service Oklahoma was created by HB 3419 during the 2022 legislative session and began operating as a division of OMES in January 2023. Pursuant to SB 37x, Service Oklahoma became a standalone agency as of November 2023.

EDUCATION REFORM ACT - HB 1017

Appendix 4

SB 826 of the Second Regular Session of the Forty-fifth Legislature amended Section 41.29a of Title 62 to require that the Office of Accountability account for and report monthly revenues which accrue to the Education Reform Revolving Fund. The Education Reform Revolving Fund on June 1, 1996 began receiving revenue attributable to the revenue provisions of HB 1017 rather than these revenues first being apportioned to the General Revenue Fund.

CALCULATIONS

EDUCATION REFORM REVOLVING FUND

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>
SOURCE	FY 2023 ACTUAL Dec 2023	FY 2024 PROJECTION Feb 2025	FY 2025 ESTIMATE Feb 2024
Income Tax-Individual	\$357,082,570	\$345,484,000	\$357,956,053
Income Tax-Corporate	\$127,834,428	\$104,824,830	\$97,095,735
Sales Tax	\$330,271,041	\$334,023,050	\$343,848,965
Use Tax	\$80,823,738	\$85,524,172	\$91,593,482
Cigarette Tax	\$1,928,344	\$13,150,751	\$1,732,217
Tobacco Products Tax	\$688,056	\$763,747	\$798,834
Tribal Gaming	\$178,007,922	\$180,400,000	\$183,040,000
Horse Track Gaming	\$27,940,842	\$24,079,990	\$24,079,990
Special License Plates	\$851	\$0	\$0
Business Activity Tax	\$2	\$0	\$0
TOTAL - 100% OF ESTIMATE	\$1,104,577,794	\$1,088,250,540	\$1,100,145,276

SUMMARY OF RESERVES AND UNSPENT REVENUES
Appendix 5

<i>Column 1</i>	<i>Column 2</i>
Fund	Amount
Constitutional Reserve Fund (Rainy Day Fund)	\$1,274,050,988
Revenue Stabilization Fund (RSF)	\$401,333,025
Total Reserves (RDF and RSF)	\$1,675,384,013
<i>EMBARGOED DRAFT</i>	
2021 General Revenue	\$145,818,601
2022 General Revenue	\$64,250,299
2023 General Revenue	\$1,845,253,713
2024 General Revenue (Projected)	\$352,285,732
Total Unspent Cash	\$2,407,608,345
<i>EMBARGOED DRAFT</i>	
FMAP Rate Preservation Fund Balance	\$427,287,976
ALL FUNDS TOTAL	\$4,510,280,334

Revenue Stabilization Fund totals above do not include the potential \$262,224,300 deposit determined during the February 2023 BOE meeting, which is contingent on actual revenue collections exceeding the five-year averages certified during the same meeting.

Rainy Day Fund totals above do not include a possible \$91,594,212 deposit to meet the Rainy Day Fund's constitutional cap of \$1,365,345,200, which will be contingent on actual GRF collections exceeding the estimates certified during the June 2023 BOE meeting.

Restricted revolving fund cash not included in the total above, that is available for appropriation, subject to certain restrictions is a projected balance of \$582,022,373 for the 1017 Fund, which is expected to be available at the start of fiscal year 2025.

Together these represent a potential \$935.7 million in additional savings.

GLOSSARY

Appendix 6

Additional Budgetary Authorizations: Those amounts, authorized by law, which do not affect the Certified Funds or specific Authorized Funds reported for Board action.

Agency Revolving Funds: Funds are created solely for the agency, and the agency can budget and spend from the funds without annual legislative appropriation.

Authorized Expenditures: Appropriations and spending authorizations made by the Legislature.

Authorized Funds: Funds not certified by the Board of Equalization. For non-certified funds, the Legislature authorizes the expenditure amount from the fund based on total (100%) estimated collections instead of appropriating 95% of total estimated collections. In statute, language specifically states that fund is a continuing fund, not subject to fiscal year limitations and is authorized to be expended by the Legislature.

Cash Flow Reserve Fund: Fund used to enable equal monthly General Revenue Fund disbursements to agencies.

Certified Funds: Funds certified by the Board of Equalization. Certified revenue equals 95% of total estimated collections to each certified fund for the following fiscal year. In statute, language specifically states that fund shall be subject to legislative appropriation.

Constitutional Reserve Fund: Reserve fund available during General Revenue failures.

Estimate: Expected collections for future fiscal year.

Expenditure Authority: Expected collections and cash that the Legislature has the authority to spend.

Fiscal Year (FY): Financial and accounting year beginning July 1 and ending June 30.

Prior Year Certified: Unencumbered collections certified in the prior year.

Projected: Expected collections for current fiscal year based on most recent re-estimates.

Reappropriations : Unspent and expired appropriations to agencies that are re-appropriated for agency use.

Revenue Stabilization Fund: Reserve fund established to smooth volatile revenue streams including corporate income tax, gas production tax, and oil production tax.

Special Cash: Disbursement fund used to move appropriated cash from agency funds for appropriation to other agency funds.

Unencumbered/Unspent: Expected collections and cash the Legislature has the authority to spend but has not.

RELEVANT LEGISLATION AND STATUTES AND PURPOSE OF BOE

Appendix 7

Relevant Legislation and Statutes

The summation of the itemized estimates of revenue, Schedule 3, and the amounts available for appropriation are proposed as the amounts to be certified by the State Board of Equalization in accordance with Section 23, Article X, Constitution of Oklahoma. The amounts proposed as available for appropriation are calculated as 95% of the summation of the itemized estimate of revenue for the respective funds, except for federal funds which shall be certified for the full amount of the estimate.

Pursuant to House Bill 1014XX passed during the Second Special Session in 2017, amending Title 69, Section 1521 of the Oklahoma Highway Code, effective July 1, 2019, Motor Fuels Taxes enacted by HB 1010XX and most Motor Vehicle Taxes currently distributed to the GRF are to be directed to the ROADS Fund and an equal amount of personal income tax currently diverted to the ROADS Fund will be redirected to the GRF. The ROADS Fund contribution from Motor Vehicle revenue, diesel fuel taxes, and gasoline fuel taxes for FY 2022 is projected to be \$247.7M, \$53.9M, and \$59.5M, respectively. FY 2023 is estimated to be \$259.7M, \$54.0M, and \$57.0M, respectively. The schedule reflects the decreased Motor Vehicle revenue contribution to GRF and the offsetting increase in the personal income tax contribution to the GRF.

Pursuant to HB 1019XX passed during the Second Special Session in 2017, amending Title 68, Section 1403, the first \$20.5M in Use Taxes for FY 2020 and each year thereafter, will be apportioned to the Education Reform Revolving Fund (1017). These amounts have been removed from respective GRF use tax numbers.

Purpose of BOE

The Oklahoma State Constitution (Article 10, Section 23) designates the Board of Equalization as the body responsible for carrying out the state's balanced budget procedures. The Board certifies revenue collections for prior years, sets expenditure limits for the Governor and the Legislature based on current-year revenue estimates, and determines overall limit on expenditure growth from year-to-year. The Board is comprised of the Governor, Lieutenant Governor, Treasurer, Auditor and Inspector, Attorney General, Superintendent of Public Instruction, and Secretary of Agriculture.

Pursuant to Section 23, the Board of Equalization must meet at least two times each fiscal year:

- "no more than 45 days but no less than 35 days before the start of the legislative session"
- "within five days after the monthly apportionment in February of each year."

The Board can only meet again and adjust revenue estimates if the Legislature and Governor enact laws during regular or special session that reduce or increase revenue certified by the board; transfer cash from one fund to another; or establish a new certified, appropriated fund. In practice, the Board meets in June to incorporate legislative changes enacted during the legislative session and to re-certify revenue available for the coming fiscal year.

The Office of Management & Enterprise Services (OMES) compiles revenue projections from revenue-collecting agencies, analyzes the information, and presents the information to the Board for its consideration and approval. Projections for the General Revenue Fund are estimated by the Tax Commission staff utilizing an economic model developed by Oklahoma State University, additional resources provided by Oklahoma-based research firm RegionTrack, and other national forecasts specific to the energy sector. Revenue estimates presented to the Board are based on current and prior year collection trends, economic forecasts, federal and state tax law changes, and other foreseeable factors.

Revenue certified and authorized at the December Board meeting serves as the basis for the Governor's Executive Budget. The Board considers possible revisions to the December estimate at the February meeting. Revisions are based on economic changes and additional collections data that have been noted since that time, which may increase or decrease anticipated revenue collections. The estimate approved at the February meeting sets a binding limit on appropriations for the legislative session.