

State Board of Equalization



Proposed FY-2024 Revenue Certification

Friday, February 17, 2023



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OKLAHOMA
Office of Management
& Enterprise Services

TABLE OF CONTENTS

Purpose of February BOE Meeting

Report on constitutionally and statutorily required findings and certify amounts available for appropriation for FY 2024.

| | | <i>Page</i> |
|--------------------------------------|---|-------------|
| Required Findings | | |
| Schedule 1 | Appropriations Limitation (Agenda Item 5) | 1 |
| Schedule 2 | ROADS Fund Enhancement (Agenda Item 6) | 2 |
| Schedule 3 | Lottery Trust Fund Enhancement (Agenda Item 7) | 3 |
| Schedule 4 | Certification of 5-year Averages (Agenda Item 8) | 4 |
| Schedule 5 | Teachers Retirement System Apportionments (Agenda Item 9) | 5 |
| | | |
| FY 2024 Revenue Certification | | |
| Schedule 6 | Certification of FY 2024 Estimates (Agenda Item 10) | 6 |
| | | |
| Budget Outlook | | |
| Schedule 7 | FY 2024 Budget | 7 |
| | | |
| Appendices | | |
| Appendix 1 | Budget Outlook Fund Detail | 8 |
| Appendix 2 | FY 2023 Certified Fund Revenue Projections & Comparisons | 10 |
| Appendix 3 | Itemized Estimates of "Other" Revenues | 11 |
| Appendix 4 | Education Reform Act - HB1017 | 12 |
| Appendix 5 | Glossary | 13 |
| Appendix 6 | Relevant Legislation and Statutes and Purpose of BOE | 14 |

Required Findings



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**APPROPRIATION 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, 2024, shall not exceed the amount appropriated for the current fiscal year, 2023, plus 12 percent (12%) adjusted for inflation as measured at the close of the calendar year. The amount appropriated from each fund by the Second Regular Session and 2022 concurrent Special Sessions of the Fifty-eighth Legislature and acted upon by the Governor was \$12,628,637,784. The limit on appropriations for the First Regular Session of the Fifty-ninth Legislature is \$16,484,594,048 for the fiscal year ending June 30, 2024.

| <i>Column 1</i> | <i>Column 2</i> | <i>Column 3</i> |
|---------------------------------------|-----------------|-------------------------|
| FUND NAME | FISCAL YEAR | AMOUNT |
| GENERAL REVENUE | FY 2023 | \$6,871,511,960 |
| GENERAL REVENUE | FY 2022 | \$718,020,000 |
| GENERAL REVENUE | FY 2021 | \$456,515,976 |
| ALCOHOLIC BEVERAGE CONTROL FUND | FY 2021 | \$1,792,158 |
| ALCOHOLIC BEVERAGE CONTROL FUND | FY 2023 | \$13,477,750 |
| C.L.E.E.T. FUND | FY 2023 | \$2,513,699 |
| COMMISSIONERS OF THE LAND OFFICE FUND | FY 2023 | \$6,703,421 |
| COMMON EDUCATION TECHNOLOGY FUND | | \$47,025,701 |
| EDUCATION LOTTERY TRUST FUND | | \$84,535,983 |
| ERRF (1017) FUND | | \$890,120,375 |
| HEALTH CARE ENHANCEMENT FUND | FY 2021 | \$14,362,576 |
| HEALTH CARE ENHANCEMENT FUND | FY 2023 | \$148,825,100 |
| HIGHER EDUCATION CAPITAL FUND | | \$47,025,701 |
| MINERAL LEASING FUND | FY 2021 | \$240,763 |
| MINERAL LEASING FUND | FY 2023 | \$4,750,000 |
| OK STUDENT AID FUND | | \$47,025,701 |
| OSHA FUND | FY 2021 | \$557,896 |
| OSHA FUND | FY 2023 | \$1,186,873 |
| PUBLIC BUILDING FUND | FY 2021 | \$552,467 |
| PUBLIC BUILDING FUND | FY 2023 | \$1,705,508 |
| STATE JUDICIAL REVOLVING FUND | | \$23,097,008 |
| STATE PUBLIC SAFETY FUND | FY 2023 | \$19,987,055 |
| STATE TRANSPORTATION FUND | | \$193,878,499 |
| TOBACCO SETTLEMENT FUND | | \$12,572,152 |
| ROADS FUND | | \$590,000,000 |
| TRS DEDICATED REVENUE REVOLVING FUND | | \$401,906,190 |
| FMAP RATE PRESERVATION FUND | | \$30,188,549 |
| STATEWIDE RECOVERY FUND | | \$1,801,828,617 |
| SPECIAL CASH FUND | | \$82,064,867 |
| CASH FLOW RESERVE FUND | | \$114,665,239 |
| TOTAL | | \$12,628,637,784 |

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 (6.5%) = 118.5%

| | |
|--|-------------------------|
| Total Appropriation FY 2023 | \$12,628,637,784 |
| Factor | <u>118.50%</u> |
| Initial Limit on Appropriation FY 2024 | \$14,964,935,774 |
| * Adjustment - Certified Funds not Previously Appropriated | \$1,519,658,274 |

Agenda Item 5

| | |
|--------------------------------------|-------------------------|
| Final Limit on Appropriation FY 2024 | \$16,484,594,048 |
|--------------------------------------|-------------------------|

*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, and FY 2023 certified General Revenue funds that were not previously appropriated.

ROADS FUND

INFORMATIONAL APPORTIONMENT SUMMARY & REQUIRED FINDINGS

Schedule 2

Legislative History

House Bill 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 Transportation Department 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

Senate Bill 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 Transportation Department 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.

Senate Bill 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 Transportation Department 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.

House Bill 2248, effective July 1, 2012, amends the same title and section. For FY 2014 and all fiscal years until the cap is reached, the Transportation Department 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.

House Bill 1014XX, effective July 1, 2019, directs diesel and gasoline fuel taxes imposed by **House Bill 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.

House Bill 2743, passed during the 2020 Legislative Session, apportioned \$180,000,000 in dedicated ROADS revenue to the Education Reform Revolving Fund (1017 Fund) for FY 2021 and FY 2022.

House Bill 2895, passed during the 2021 Legislative Session, restored dedicated revenue back to the ROADS Fund and cancelled the ERRF transfer. Annual appropriations were limited to amounts authorized by the legislature effective FY 2022, and the fund's cap was raised to \$590 million effective FY 2023.

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 |
|---|-------------------------------|-------------------------------|---|---|
| | FY 2021 ACTUAL Dec 2022 | FY 2022 ACTUAL Dec 2022 | PROPOSED FY 2023 PROJECTION Feb 2023 | PROPOSED FY 2024 ESTIMATE Feb 2023 |
| ROADS Fund Cap | \$395,000,000 | \$575,000,000 | \$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 | \$188,353,862 | \$235,325,801 | \$227,901,000 | \$226,666,000 |
| Apportionment from Diesel Taxes | \$8,421,861 | \$57,078,495 | \$58,237,000 | \$56,142,000 |
| Apportionment from Gasoline Taxes | \$9,181,710 | \$58,608,687 | \$57,571,000 | \$57,609,000 |
| * Total Apportionment from Income Tax | \$223,987,016 | \$228,987,016 | \$251,291,000 | \$254,583,000 |

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

| | | |
|---|---------------|---------------|
| Total Appropriations to the Department of Transportation | \$761,893,663 | \$805,878,499 |
| Appropriations less ROADS funding | \$186,893,663 | \$215,878,499 |

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 \$186.9 million in FY 22 to \$215.9 million in FY 23 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 2022 FINAL APPROPRIATIONS | FY 2023 AUTHORIZED APPROPRIATIONS | INCREASE OR (DECREASE) | PERCENT CHANGE |
| Total Education Funding | \$3,952,900,436 | \$4,112,481,758 | \$159,581,322 | 4.0% |
| Education Lottery Trust Fund | \$76,557,982 | \$84,535,983 | \$7,978,001 | 10.4% |
| Education Funding Less Lottery | \$3,876,342,454 | \$4,027,945,775 | \$151,603,321 | 3.9% |
| | FY 2022 FINAL APPROPRIATIONS | FY 2023 AUTHORIZED APPROPRIATIONS | INCREASE OR (DECREASE) | PERCENT CHANGE |
| Total State Appropriations/Authorizations | \$9,064,748,251 | \$12,628,637,784 | \$3,563,889,533 | 39.3% |
| Less Education Funding | \$5,111,847,815 | \$8,516,156,026 | \$3,404,308,211 | 66.6% |
| Change in Education Funding | 3.9% | | | |
| Change in Statewide Funding | 39.3% | | | |

Agenda Item 7

To determine if the Oklahoma Education Lottery Trust Fund supplanted or enhanced education funding, actual FY 2022 appropriations are compared to FY 2023 appropriations for the purposes outlined in lottery funding statutes. Education funding, excluding the Lottery Trust Fund, increased from FY 2022 to FY 2023 by \$159.6 million, or 4.0%. The Lottery Trust Fund appropriations also increased by \$8.0 million, or 10.4%, from FY 2022 to FY 2023. Therefore, the Oklahoma Educational Lottery Trust Fund enhanced and did not supplant funding for education.

**REVENUE STABILIZATION ACT
CERTIFICATION OF 5-YEAR AVERAGES
Schedule 4**

Regarding duties of the State Board of Equalization, Title 62, Section 34.103, Paragraph A requires "...at the meeting...to be held in February of 2017, and...each year thereafter, the State Board of Equalization shall certify:" {1. The five-year average of actual annual revenue apportioned to the GRF from GP Oil tax collections; 2. The five-year average of actual annual revenue apportioned to the GRF from GP Natural Gas tax collections; and 3. The five-year average of actual annual revenue apportioned to the GRF from Corporate Income tax collections.} Paragraphs B & C further provide for distribution of any amounts "of revenue available for apportionment to the General Revenue Fund for the next ensuing fiscal year (which) exceeds the amounts certified...with respect to each revenue source...". 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 (GRF) for the first fiscal year prior to the beginning of the first fiscal year that deposits to the...Fund are first made equals or exceeds...\$6,600,000,000... 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 gross production oil tax, gross production natural gas tax, 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 if that would cause deposits to the Revenue Stabilization Fund for the fiscal year to exceed three percent (3%) of the State Board of Equalization General Revenue Fund certification for that fiscal year. Once the statutory limitation has been met, certifications and deposits will be made according to additional requirements and limitations of these sections of law.

| 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 2018 | \$109,510,285 | \$243,876,223 | \$192,840,895 |
| 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 |
| Proposed Five-Year Average: | \$260,945,640 | \$347,536,153 | \$330,450,066 |
| Proposed FY 2024 Estimate (Feb 2023): | \$413,955,000 | \$468,803,000 | \$365,560,905 |
| Potential uncapped RSF deposit: | \$153,009,360 | \$121,266,847 | \$26,333,129 ¹ |
| Constitutional Reserve Fund Deposit: | | | \$8,777,710 ² |
| Prior Certified 5-Yr Avg (Feb 2022): | \$184,264,557 | \$240,760,051 | \$251,151,273 |
| Certified FY 2023 Estimate (Feb 2022): | \$361,606,000 | \$460,996,000 | \$278,896,448 |
| Potential uncapped RSF deposit: | \$177,341,443 | \$220,235,949 | \$20,808,881 ¹ |
| Constitutional Reserve Fund Deposit: | | | \$6,936,294 ² |

Required Finding

Pursuant to Title 62 Section 34.102, Paragraph B, certified prior fiscal year actual collections have exceeded the \$6,600,000,000 cap as referenced above.

Certified FY 2022 GRF Collections (Dec 2022): \$8,493,673,252

| | CERTIFIED FY 2023 ESTIMATE Feb 2022 | PROPOSED FY 2024 ESTIMATE Feb 2023 |
|---|--|---|
| Total General Revenue | \$7,698,251,341 | \$8,740,809,985 |
| Total potential uncapped RSF deposit | \$418,386,273 | \$300,609,337 |
| 3% Capped RSF Deposit | \$230,077,540 | \$262,224,300 |
| Total General Revenue Plus Adjustments | \$8,116,637,614 | |

Required Finding

Pursuant to Title 62 Section 34.102, Paragraph C: the proposed FY 2024 General Revenue Fund estimate exceeds the certified FY 2023 General Revenue Fund estimate plus the potential deposit. Therefore a deposit will be made.

¹ Per Title 62 Section 34.102, Paragraph E, uncapped deposits to the Revenue Stabilization Fund from Corporate Income Tax are limited to 75% of revenues in excess of the five-year average, with the remaining 25% going to the Constitutional Reserve (Rainy Day) Fund.

² Constitutional Reserve Fund Deposits from Corporate Income Tax have been removed from respective Corporate income tax numbers (see Schedule 6 and Appendix 2).

**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 (5) 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 | | | | | | INITIAL BASELINE APPORTIONMENT Feb 2013 |
| Income Tax-Individual | | | | | | \$137,593,766 |
| Income Tax-Corporate | | | | | | 26,097,934 |
| Sales Tax | | | | | | 114,199,302 |
| Use Tax | | | | | | 11,032,292 |
| | | | | | | \$288,923,294 |
| | | | | | | 5-YR AVG APPORTIONMENT Feb 2023 |
| SOURCE | FY-2018 | FY-2019 | FY-2020 | FY-2021* | FY-2022* | |
| Income Tax-Individual | \$159,626,907 | \$171,473,841 | \$164,332,725 | \$136,678,702 | \$203,220,215 | \$167,066,478 |
| Income Tax-Corporate | \$12,441,348 | \$15,606,235 | \$15,371,611 | \$23,952,798 | \$40,769,023 | \$21,628,203 |
| Sales Tax | \$127,417,106 | \$132,921,843 | \$126,500,227 | \$95,335,310 | \$148,812,913 | \$126,197,479 |
| Use Tax | \$13,910,410 | \$18,256,062 | \$19,602,268 | \$15,915,529 | \$26,038,839 | \$18,744,622 |
| | | | | | | \$333,636,782 |

Agenda Item 9

The new 5-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 original Baseline. The new Baseline for such apportionments in fiscal year 2024 shall be \$333,636,782.

* 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.

Revenue Certification



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**REVENUE CERTIFICATION PROPOSALS FOR FY 2024
SCHEDULE 6**

| <i>Column 1</i> | <i>Column 2</i> | <i>Column 3</i> | <i>Column 4</i> | <i>Column 5</i> |
|--|--|---|--|---|
| | PROPOSED COLLECTION FY 2024 ESTIMATE Dec 2022 | PROPOSED AUTHORITY FY 2024 95% ESTIMATE Dec 2022 | PROPOSED COLLECTION FY 2024 ESTIMATE Feb 2023 | PROPOSED AUTHORITY FY 2024 95% ESTIMATE Feb 2023 |
| General Revenue Fund | | | | |
| Alcohol Beverage Tax | \$48,988,000 | \$46,538,600 | \$45,342,000 | \$43,074,900 |
| Mixed Beverage | \$104,952,000 | \$99,704,400 | \$102,795,000 | \$97,655,250 |
| Cigarette Tax | \$43,638,362 | \$41,456,444 | \$46,789,538 | \$44,450,061 |
| Tobacco Products Tax | \$32,152,208 | \$30,544,598 | \$677,325 | \$643,458 |
| Franchise Tax | \$55,074,000 | \$52,320,300 | \$55,873,000 | \$53,079,350 |
| Gross Production Tax-Gas | \$701,239,000 | \$666,177,050 | \$468,803,000 | \$445,362,850 |
| Gross Production Tax-Oil | \$493,580,000 | \$468,901,000 | \$413,955,000 | \$393,257,250 |
| Income Tax-Individual | \$3,489,188,987 | \$3,314,729,537 | \$3,446,714,012 ² | \$3,274,378,311 |
| Income Tax-Corporate | \$378,378,998 | \$359,460,048 | \$356,783,195 ³ | \$338,944,036 |
| Insurance Premium Tax | \$114,333,216 | \$108,616,555 | \$114,333,216 | \$108,616,555 |
| Motor Vehicle Taxes | \$60,128,000 | \$57,121,600 | \$58,302,000 | \$55,386,900 |
| Sales Tax | \$2,552,494,323 | \$2,424,869,607 | \$2,636,497,114 ⁴ | \$2,504,672,259 |
| Use Tax | \$569,328,794 | \$540,862,354 | \$517,425,523 | \$491,554,247 |
| Interest & Investments | \$256,000,000 | \$243,200,000 | \$256,000,000 | \$243,200,000 |
| Other OTC (see Appendix 3) | \$72,079,000 | \$68,475,050 | \$64,292,000 | \$61,077,400 |
| Collections by Other Agencies (see Appendix 3) | \$158,158,382 | \$150,250,463 | \$156,228,062 | \$148,416,659 |
| General Revenue Totals | \$9,129,713,268 | \$8,673,227,604 | \$8,740,809,985 | \$8,303,769,486 |
| Reserve Fund Statutory Despots | | | (\$262,224,299.56) | (\$249,113,084.59) |
| Total General Revenue | \$9,129,713,268 | \$8,673,227,604 | \$8,478,585,686 | \$8,054,656,402 |
| State Certified Funds | | | | |
| C.L.E.E.T. | \$2,503,905 | \$2,378,710 | \$2,503,905 | \$2,378,710 |
| COMMISSIONERS OF THE LAND OFFICE | \$11,723,596 | \$11,137,416 | \$11,723,596 | \$11,137,416 |
| MINERAL LEASING FUND | \$5,022,121 | \$4,771,015 | \$5,022,121 | \$4,771,015 |
| OK EDUCATION LOTTERY TRUST FUND | \$65,000,000 | \$61,750,000 | \$65,000,000 | \$61,750,000 |
| PUBLIC BUILDING | \$2,024,204 | \$1,922,994 | \$2,024,204 | \$1,922,994 |
| OSHA FUND | \$1,229,175 | \$1,167,717 | \$1,229,175 | \$1,167,716 |
| ALCOHOLIC BEVERAGE CONTROL FUND | \$13,912,834 | \$13,217,192 | \$13,912,834 | \$13,217,192 |
| OK PENSION IMPROVEMENT REVOLVING FUND | \$172,172 | \$163,563 | \$172,172 | \$163,563 |
| STATE PUBLIC SAFETY FUND | \$18,500,385 | \$17,575,365 | \$18,500,385 | \$17,575,365 |
| STATE HEALTH CARE ENHANCEMENT FUND | \$151,736,000 | \$144,149,200 | \$149,146,000 | \$141,688,700 |
| GRAND TOTAL STATE FUNDS | \$9,401,537,660 | \$8,931,460,777 | \$8,747,820,077 | \$8,310,429,073 |
| Federal Certified Funds | | | | |
| STATEWIDE RECOVERY FUND | \$256,116,591 | \$256,116,591 ¹ | \$256,116,591 | \$256,116,591 ¹ |

Agenda Item 10

The estimate of total certified state revenues is \$8,747,820,077 and the certified state revenue available for appropriation is \$8,310,429,073. The estimate of total certified federal revenue available for appropriation is \$256,116,591.

¹ Federal funds are certified at the full amount of the estimate for appropriation and not subject to the 95% availability rule (Oklahoma Constitution, Article 10, Section 23).

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, \$67.7 million to fund the Higher Learning Access Act per Title 62 Section 34.87 (see Schedule 2, Dec 2022 BOE Packet), and \$254.6 million in transfers to the ROADS Fund (see Schedule 2) have been apportioned from Personal Income Tax.

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

⁴ \$5,000,000 has been apportioned from Sales Tax for Route 66 Commission Revolving Fund (Appendix 2). \$37,321,500 has been apportioned from Sales Tax for Redbud School Grants (Appendix 3).

Budget Outlook



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**FY 2024 BUDGET OUTLOOK
SCHEDULE 7**

| <i>Column 1</i> | <i>Column 2</i> | <i>Column 3</i> | <i>Column 4</i> | <i>Column 5</i> |
|---|--|---|--|--|
| | FY 2023 Jun 2022 APPROPRIATIONS AUTHORITY | FY 2023 Jun 2022 AUTHORIZED EXPENDITURES | FY 2024 Dec 2022 APPROPRIATIONS AUTHORITY | FY 2024 Feb 2023 APPROPRIATIONS AUTHORITY |
| CERTIFIED | | | | |
| General Revenue Fund | \$7,064,534,033 | \$6,871,511,961 | \$8,673,227,604 | \$8,054,656,402 |
| C.L.E.E.T. | \$2,513,699 | \$2,513,699 | \$2,378,710 | \$2,378,710 |
| MINERAL LEASING FUND | \$4,750,000 | \$4,750,000 | \$4,771,015 | \$4,771,015 |
| OSHA FUND | \$1,186,873 | \$1,186,873 | \$1,167,717 | \$1,167,716 |
| PUBLIC BUILDING | \$1,705,508 | \$1,705,508 | \$1,922,994 | \$1,922,994 |
| COMMISSIONERS OF THE LAND OFFICE | \$9,603,286 | \$6,703,421 | \$11,137,416 | \$11,137,416 |
| OK EDUCATION LOTTERY TRUST FUND | \$57,000,000 | \$57,000,000 | \$61,750,000 | \$61,750,000 |
| STATE PUBLIC SAFETY FUND | \$19,987,055 | \$19,987,055 | \$17,575,365 | \$17,575,365 |
| STATE HEALTH CARE ENHANCEMENT FUND | \$148,825,100 | \$148,825,100 | \$144,149,200 | \$141,688,700 |
| ALCOHOLIC BEVERAGE CONTROL FUND | \$13,477,750 | \$13,477,750 | \$13,217,192 | \$13,217,192 |
| OK PENSION IMPROVEMENT REVOLVING FUND | \$141,968 | \$0 | \$163,563 | \$163,563 |
| TOTAL CERTIFIED FUNDS | \$7,323,725,272 | \$7,127,661,367 | \$8,931,460,777 | \$8,310,429,073 |
| AUTHORIZED | | | | |
| ERRF (1017) FUND | \$909,342,945 | \$890,120,375 | \$1,033,655,730 | \$1,036,701,366 |
| 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 SETTLEMENT FUND | \$12,572,152 | \$12,572,152 | \$13,102,080 | \$13,102,080 |
| STATE JUDICIAL REVOLVING FUND | \$23,097,008 | \$23,097,008 | \$25,895,523 | \$25,895,523 |
| STATE TRANSPORTATION FUND | \$216,543,366 | \$193,878,499 | \$219,911,938 | \$219,911,938 |
| ROADS Fund | \$590,000,000 | \$590,000,000 | \$590,000,000 | \$590,000,000 |
| TRS Dedicated Revenues | \$401,291,331 | \$401,906,190 | \$457,971,203 | \$460,152,210 |
| TOTAL AUTHORIZED FUNDS | \$2,293,923,905 | \$2,252,651,327 | \$2,481,613,577 | \$2,486,840,220 |
| Total Certified and Authorized Funds | \$9,617,649,177 | \$9,380,312,694 | \$11,413,074,353 | \$10,797,269,293 |
| STATEWIDE RECOVERY FUND | \$930,206,306 | \$140,046,527 | \$256,116,591 ¹ | \$256,116,591 ¹ |
| SPECIAL CASH FUND APPROPRIATIONS | \$82,064,867 | \$82,064,867 | \$473,489 | \$473,489 |
| CASH FLOW RESERVE FUND | \$114,665,239 | \$114,665,239 | \$27,373,999 ² | \$27,373,999 ² |
| ADD'L REV FUND APPROPRIATIONS | \$0 | \$30,188,549 ³ | \$0 | \$0 |
| GENERAL REVENUE SURPLUS APPROPRIATIONS | \$0 | \$452,992,364 | \$1,326,636,201 | \$1,326,636,201 |
| TOTAL ALL FUNDS | \$10,744,585,589 | \$10,200,270,240 | \$13,023,674,633 | \$12,407,869,573 |

¹ Statewide Recovery Fund includes total ARPA funds and interest received after all administrative expenses paid and appropriations made. Federal funds are certified at the full amount of the estimate for appropriation and not subject to the 95% availability rule (Oklahoma Constitution, Article 10, Section 23).

² All remaining cash in the Cash Flow Reserve Fund is expected to be available for appropriation due to adequate funds in the General Revenue Fund and higher than expected FY 23 General Revenue projections.

³ Appropriations from the FMAP Rate Preservation Fund.

Appendices



OKLAHOMA
Office of Management
& Enterprise Services

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

| <i>Column 1</i> | <i>Column 2</i> | <i>Column 3</i> | <i>Column 4</i> |
|--------------------------------------|---|--|---|
| | FY-2023 APPROPRIATION AUTHORITY* 2022 SESSION Jun 2022 | FY-2023 AUTHORIZED EXPENDITURES 2022 Session Jun 2022 | FY-2024 APPROPRIATION AUTHORITY* 2023 SESSION Feb 2023 |
| NON-RESTRICTED FUNDS | | | |
| GENERAL REVENUE FUND | | | |
| Certified | \$7,064,534,034 | \$6,871,511,961 | \$8,054,656,402 |
| Prior Year Certified | \$245,027,636 | \$245,027,636 | \$193,022,073 |
| Cash | \$834,856,031 | \$456,515,976 | \$1,326,636,201 |
| TOTAL | \$8,144,417,701 | \$7,573,055,573 | \$9,574,314,675 |
| C.L.E.E.T. FUND | | | |
| Certified | \$2,513,699 | \$2,513,699 | \$2,378,710 |
| Cash | \$0 | \$0 | \$172,712 |
| TOTAL | \$2,513,699 | \$2,513,699 | \$2,551,422 |
| MINERAL LEASING FUND | | | |
| Certified | \$4,750,000 | \$4,750,000 | \$4,771,015 |
| Cash | \$240,763 | \$240,763 | \$0 |
| TOTAL | \$4,990,763 | \$4,990,763 | \$4,771,015 |
| OHSA FUND | | | |
| Certified | \$1,186,873 | \$1,186,873 | \$1,167,716 |
| Cash | \$557,896 | \$557,896 | \$190,126 |
| TOTAL | \$1,744,769 | \$1,744,769 | \$1,357,843 |
| PUBLIC BUILDING FUND | | | |
| Certified | \$1,705,508 | \$1,705,508 | \$1,922,994 |
| Cash | \$552,467 | \$552,467 | \$0 |
| TOTAL | \$2,257,975 | \$2,257,975 | \$1,922,994 |
| SPECIAL CASH FUND | | | |
| Cash | \$82,064,867 ¹ | \$82,064,867 ¹ | \$473,489 |
| TOTAL | \$82,064,867 | \$82,064,867 | \$473,489 |
| STATEWIDE RECOVERY FUND | | | |
| Certified | \$930,206,306 | \$140,046,527 | \$256,116,591 |
| SUBTOTAL NON-RESTRICTED FUNDS | \$9,168,196,080 | \$7,806,674,173 | \$9,841,508,029 |

¹ SB1040 directs the following transfers to the Special Cash Fund: Sec. 137 - \$22,664,867 from the State Transportation Fund; Sec. 138 - \$30,000,000 from the Unclaimed Property Fund; Sec. 139 - \$7,800,000 from the Insurance Commissioner Rev Fund; Sec. 140 - \$7,800,000 from the Secretary of State Rev Fund, Sec. 141 - \$6,000,000 from the Oklahoma Tax Commission, and Sec. 142 - \$7,800,000 from the Weigh Station Improvement Fund

(Continued)

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

| <i>Column 1</i> | <i>Column 2</i> | <i>Column 3</i> | <i>Column 4</i> |
|--|---|---|---|
| | FY-2023 EXPENDITURE AUTHORITY* 2022 SESSION Jun 2022 | FY-2023 AUTHORIZED EXPENDITURES* 2022 Session Jun 2022 | FY-2024 EXPENDITURE AUTHORITY* 2023 Session Feb 2023 |
| RESTRICTED FUNDS | | | |
| COMMISSION OF THE LAND OFFICE FUND | | | |
| Certified | \$9,603,286 | \$6,703,421 | \$11,137,416 |
| Cash | \$0 | \$0 | \$35,115 |
| TOTAL | \$9,603,286 | \$6,703,421 | \$11,172,531 |
| OK EDUCATION LOTTERY TRUST FUND | | | |
| Certified | \$57,000,000 | \$57,000,000 | \$61,750,000 |
| Cash | \$27,535,983 | \$27,535,983 | \$20,637,378 |
| TOTAL | \$84,535,983 | \$84,535,983 | \$82,387,378 |
| STATE PUBLIC SAFETY FUND | | | |
| Certified | \$19,987,055 | \$19,987,055 | \$17,575,365 |
| Cash | \$0 | \$0 | \$25,349 |
| TOTAL | \$19,987,055 | \$19,987,055 | \$17,600,714 |
| HEALTH CARE ENHANCEMENT FUND | | | |
| Certified | \$148,825,100 | \$148,825,100 | \$144,149,200 |
| Cash | \$14,362,576 | \$14,362,576 | \$3,914,484 |
| TOTAL | \$163,187,676 | \$163,187,676 | \$148,063,684 |
| ALCOHOLIC BEVERAGE CONTROL FUND | | | |
| Certified | \$13,477,750 | \$13,477,750 | \$13,217,192 |
| Cash | \$1,792,158 | \$1,792,158 | \$1,104,455 |
| TOTAL | \$15,269,908 | \$15,269,908 | \$14,321,647 |
| OKLAHOMA PENSION IMPROVEMENT REV FUND | | | |
| Certified | \$141,968 | \$0 | \$163,563 |
| Cash | \$175,495 | \$0 | \$351,045 |
| TOTAL | \$317,463 | \$0 | \$514,608 |
| SUBTOTAL RESTRICTED FUNDS | \$292,901,371 | \$289,684,043 | \$274,060,563 |
| TOTAL-RESTRICTED & NON-RESTRICTED | \$9,461,097,451 | \$8,096,358,216 | \$10,115,568,592 |
| 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 | \$909,342,945 | \$890,120,375 | \$1,036,701,366 |
| TOBACCO SETTLEMENT FUND | | | |
| Revolving Fund Estimate | \$12,572,152 | \$12,572,152 | \$13,102,080 |
| STATE JUDICIAL REVOLVING FUND | | | |
| Revolving Fund Estimate | \$23,097,008 | \$23,097,008 | \$25,895,523 |
| STATE TRANSPORTATION FUND | | | |
| Revolving Fund Estimate | \$216,543,366 | \$193,878,499 | \$219,911,938 |
| ROADS Fund | | | |
| Revolving Fund Estimate | \$590,000,000 | \$590,000,000 | \$590,000,000 |
| TEACHERS RETIREMENT SYSTEM REVOLVING FUND | | | |
| Revolving Fund Estimate | \$401,906,190 | \$401,906,190 | \$460,152,210 |
| TOTAL | \$11,755,636,215 | \$10,349,009,543 | \$12,602,408,812 |
| **ADDITIONAL BUDGETARY AUTHORIZATIONS: | | | |
| Cash Flow Reserve Fund | \$114,665,239 | \$114,665,239 | \$27,373,999 |
| Constitutional Reserve Fund | \$0 | \$0 | \$0 |
| Revenue Stabilization Fund | \$0 | \$0 | \$0 |
| TOTAL AUTHORIZED BUDGET | \$11,998,358,588 | \$10,591,731,916 | \$12,629,782,811 |

FY 2023 CERTIFIED FUND REVENUE PROJECTIONS
Appendix 2

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 | Column 6 |
|--|---------------------------------|-----------------------------------|-----------------------------------|--|-------------------|
| | FY 2023 Estimate Jun 2022 | FY 2023 Projection Dec 2022 | FY 2023 Projection Feb 2023 | CHANGE IN Feb 2023 Projection From Jun 2022 Estimate | DIFFERENCE (%) |
| General Revenue Fund | | | | | |
| Alcohol Beverage Tax | \$51,169,000 | \$47,062,000 | \$45,533,000 | (\$5,636,000) | -11.0% |
| Mixed Beverage | \$92,830,000 | \$103,973,000 | \$100,879,000 | \$8,049,000 | 8.7% |
| Cigarette Tax | \$48,262,667 | \$43,527,926 | \$45,404,915 | (\$2,857,752) | -5.9% |
| Tobacco Products Tax | \$38,730,094 | \$30,156,520 | \$31,401,067 | (\$7,329,027) | -18.9% |
| Franchise Tax | \$58,168,000 | \$53,383,000 | \$54,445,000 | (\$3,723,000) | -6.4% |
| Gross Production Tax-Gas | \$460,996,000 | \$688,287,460 ¹ | \$531,750,460 ¹ | \$70,754,460 | 15.3% |
| Gross Production Tax-Oil | \$361,606,000 | \$507,432,000 | \$557,018,000 | \$195,412,000 | 54.0% |
| Income Tax-Individual | \$2,820,665,071 | \$3,348,596,055 | \$3,399,418,184 ³ | \$578,753,113 | 20.5% |
| Income Tax-Corporate | \$278,896,448 | \$500,569,958 | \$460,889,158 ⁴ | \$181,992,710 | 65.3% |
| Insurance Premium Tax | \$115,615,655 | \$114,333,216 | \$114,333,216 | (\$1,282,439) | -1.1% |
| Motor Vehicle Taxes | \$38,172,678 | \$59,045,000 | \$58,400,000 | \$20,227,322 | 53.0% |
| Sales Tax | \$2,489,375,293 | \$2,548,519,450 ² | \$2,574,010,104 ² | \$84,634,811 | 3.4% |
| Use Tax | \$490,671,022 | \$528,218,976 | \$499,882,411 | \$9,211,389 | 1.9% |
| Interest & Investments | \$75,000,000 | \$186,000,000 | \$186,000,000 | \$111,000,000 | 148.0% |
| Other OTC (see Appendix 3) | \$64,197,000 | \$75,503,000 | \$69,972,000 | \$5,775,000 | 9.0% |
| Collections by Other Agencies (see Appendix 3) | \$181,074,227 | \$161,956,101 | \$161,128,920 | (\$19,945,307) | -11.0% |
| General Revenue Subtotal | \$7,665,429,155 | \$8,996,563,662 | \$8,890,465,436 | | |
| Reserve Fund Statutory Deposits | \$230,077,540 | \$0 ¹ | \$0 ¹ | | |
| Transfers & Lapses | \$1,000,000 | \$0 | \$0 | | |
| Total General Revenue | \$7,434,351,615 | \$8,996,563,662 | \$8,890,465,436 | \$1,456,113,821 | 19.6% |
| C.L.E.E.T. | \$2,645,999 | \$2,581,306 | \$2,581,306 | (\$64,693) | -2.4% |
| COMMISSIONERS OF THE LAND OFFICE | \$10,108,722 | \$11,979,823 | \$11,979,823 | \$1,871,101 | 18.5% |
| MINERAL LEASING FUND | \$5,000,000 | \$4,759,482 | \$4,759,482 | (\$240,518) | -4.8% |
| OK EDUCATION LOTTERY TRUST FUND | \$60,000,000 | \$60,000,000 | \$60,000,000 | \$0 | 0.0% |
| PUBLIC BUILDING | \$1,795,271 | \$2,483,481 | \$2,483,481 | \$688,210 | 38.3% |
| OSHA FUND | \$1,241,952 | \$1,229,175 | \$1,241,952 | \$0 | 0.0% |
| ALCOHOLIC BEVERAGE CONTROL FUND | \$14,187,105 | \$13,843,615 | \$13,843,615 | (\$343,490) | -2.4% |
| OK PENSION IMPROVEMENT REVOLVING FUND | \$149,440 | \$172,172 | \$172,172 | \$22,732 | 15.2% |
| STATE PUBLIC SAFETY FUND | \$21,039,005 | \$15,987,055 | \$15,987,055 | (\$5,051,950) | -24.0% |
| STATE HEALTH CARE ENHANCEMENT FUND | \$156,658,000 | \$149,480,000 | \$149,966,000 | (\$6,692,000) | -4.3% |
| GRAND TOTAL | \$7,707,177,109 | \$9,259,079,771 | \$9,153,480,321 | \$1,446,303,212 | 18.8% |

¹ Full Reserve Fund Statutory Deposit of \$230,077,540 was apportioned from GPT-Gas per Title 62 Section 62-34.102.

² Per HB4457 passed by the 2022 Legislature, \$5,000,000 has been removed from state Sales Tax numbers from FY-2023 onwards for apportionment to the Oklahoma Route 66 Commission Revolving Fund.

\$38,709,798 has been apportioned from the Sales Tax to pay for Red Bud School Grants per Title 68 Section 1353 (Appendix 3).

³ \$58.8 has been removed from Personal Income Tax to fund Oklahoma's Promise scholarship (see Schedule 2, Dec 2022 BOE Packet).

⁴ Constitutional Reserve Fund Deposit from Corporate Income Tax has been removed (see Schedule 4).

ITEMIZED ESTIMATES OF "OTHER" REVENUES
Appendix 3

| <i>Column 1</i> | <i>Column 2</i> | <i>Column 3</i> | <i>Column 4</i> | <i>Column 5</i> |
|--|----------------------------------|----------------------------------|---------------------------------|---------------------------------|
| | FY 2023 PROJECTED Dec 2022 | FY 2023 PROJECTED Feb 2023 | FY 2024 ESTIMATE Dec 2022 | FY 2024 ESTIMATE Feb 2023 |
| OKLAHOMA TAX COMMISSION: | | | | |
| Bingo Excise & Charity Games | \$45,000 | \$45,000 | \$49,000 | \$45,000 |
| Tribal Cigarette Compacts | \$12,719,000 | \$12,335,000 | \$12,740,000 | \$12,217,000 |
| Other OTC | \$62,739,000 | \$57,592,000 | \$59,290,000 | \$52,030,000 |
| TOTAL OTHER OTC | \$75,503,000 | \$69,972,000 | \$72,079,000 | \$64,292,000 |
| MEDICAL MARIJUANA GROSS RECEIPTS TAX: | | | | |
| Total Collections | \$51,835,000 ¹ | \$49,762,000 | \$48,105,000 | \$41,706,000 |
| Redbud Grant Amount | \$38,709,798 ² | \$38,709,798 | \$38,876,250 | \$37,321,500 |
| COLLECTIONS BY OTHER AGENCIES: | | | | |
| Attorney General | \$0 | \$0 | \$500,000 | \$500,000 |
| Council on Law Enfc Ed & Trng | \$255,767 | \$255,767 | \$248,312 | \$248,312 |
| Commission on Consumer Credit | \$675,000 | \$675,000 | \$675,000 | \$675,000 |
| District Attorneys Council | \$10,524,041 | \$9,810,627 | \$10,685,687 | \$8,869,135 |
| Department of Public Safety | \$7,401,928 | \$7,401,928 | \$2,144,165 | \$2,144,165 |
| Okla Horse Racing Commission | \$3,198,805 | \$3,198,805 | \$3,198,805 | \$3,198,805 |
| Insurance Department | \$81,129,013 | \$81,129,013 | \$81,129,013 | \$81,129,013 |
| Department of Labor | \$415,193 | \$415,193 | \$416,742 | \$416,742 |
| Bd of Medical Licensure & Supv | \$455,000 | \$455,000 | \$455,000 | \$455,000 |
| Oklahoma Board of Nursing | \$546,261 | \$529,443 | \$546,261 | \$529,443 |
| Mgmt and Enterprise Services | \$3,548,084 | \$3,548,084 | \$3,259,966 | \$3,259,966 |
| Secretary of State | \$2,471,010 | \$2,471,010 | \$2,520,431 | \$2,520,431 |
| Department of Securities | \$19,736,000 | \$19,639,050 | \$20,539,000 | \$20,442,050 |
| State Treasurer | \$10,000,000 | \$10,000,000 | \$10,000,000 | \$10,000,000 |
| Tribal Gaming | \$21,600,000 | \$21,600,000 | \$21,840,000 | \$21,840,000 |
| Other | \$0 | \$0 | \$0 | \$0 |
| TOTAL MISC | \$161,956,101 | \$161,128,920 | \$158,158,382 | \$156,228,062 |
| GRAND OTHER | \$237,459,101 | \$231,100,920 | \$230,237,382 | \$220,520,062 |

¹ Title 70 Section 3-104 apportions a percentage of medical marijuana taxes in excess of what is needed to fund the Oklahoma Medical Marijuana Authority to General Revenue to fund the Redbud school grant program.

² OMMA's agency budget is anticipated to exceed projected collections for FY 2023 and estimated collections for FY 2024. Per Title 68 Section 1353, when medical marijuana taxes are insufficient to fund Redbud school grants, funding will be apportioned from the state Sales Tax. \$38,709,798 has been subtracted from the Sales Tax projection for FY 2023 (Appendix 2) and \$37,321,500 has been subtracted from the Sales Tax estimate for FY 2024 (Schedule 6).

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 2022 ACTUAL Dec 2022 | FY 2023 PROJECTION Feb 2023 | FY 2024 ESTIMATE Feb 2023 |
| Income Tax-Individual | \$338,971,319 | \$362,221,129 | \$371,740,488 |
| Income Tax-Corporate | \$134,537,776 | \$100,317,195 | \$78,080,970 |
| Sales Tax | \$311,973,243 | \$328,471,091 | \$336,137,748 |
| Use Tax | \$74,973,251 | \$62,725,168 | \$64,926,475 |
| Cigarette Tax | \$2,091,996 | \$2,090,410 | \$2,158,348 |
| Tobacco Products Tax | \$786,117 | \$33,294,717 | \$704,297 |
| Tribal Gaming | \$168,556,659 | \$158,400,000 | \$160,160,000 |
| Horse Track Gaming | \$27,130,987 | \$22,793,040 | \$22,793,040 |
| Special License Plates | \$251 | \$0 | \$0 |
| Business Activity Tax | \$57 | \$0 | \$0 |
| Insurance Premium Tax | \$0 | \$0 | \$0 |
| OMMA Revolving Fund Appropriation | \$37,500,000 | \$0 | \$0 |
| TOTAL - 100% OF ESTIMATE | \$1,096,521,656 | \$1,070,312,750 | \$1,036,701,366 |

GLOSSARY

Appendix 5

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 the Legislature has authority to

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 6

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 percent (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 HB1010XX 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 HB1019XX 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 sets 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 set a binding limit on appropriations for the legislative session.