

State Board of Equalization



Proposed FY-2023 Revenue Certification

Tuesday, February 22, 2022



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Office of Management
and Enterprise Services



OKLAHOMA
Office of Management
& Enterprise Services

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Purpose of February BOE Meeting

Report on Board required findings and certify amounts available for appropriation for FY-2023.

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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 fiscal year ending June 30, 2023, shall not exceed the amount appropriated for the current fiscal year, 2022, plus 12 percent (12%) adjusted for inflation as measured at the close of the calendar year. The amount appropriated from each fund by the First Regular Session of the Fifty-eighth Legislature and acted upon by the Governor was \$6,923,706,551. The limit on appropriations for the First Regular Session of the Fifty-ninth Legislature is \$9,382,867,235 for the fiscal year ending June 30, 2023.

Column 1	Column 2
FUND NAME	AMOUNT
FY-2022 General Revenue Fund	\$6,065,155,775
FY-2021 General Revenue Fund	501,686,376
FY-2020 General Revenue Fund	0
FY-2022 Mineral Leasing Fund	5,225,000
FY-2020 Mineral Leasing Fund	3,524,406
FY-2022 Land Office Fund	8,379,276
FY-2022 Public Building Fund	1,598,917
FY-2020 Public Building Fund	522,776
Special Cash	57,315,210
FY-2022 OHSA Fund	902,500
FY-2020 OHSA Fund	282,698
FY-2022 CLEET Fund	2,510,658
FY-2020 CLEET Fund	19,488
FY-2022 Alcoholic Beverage Control Fund	12,350,000
FY-2020 Alcoholic Beverage Control Fund	1,199,736
Education Lottery Trust Fund	76,557,982
State Health Care Enhancement Fund	161,798,283
FY-2021 State Public Safety Fund	23,149,071
FY-2019 State Public Safety Fund	<u>1,528,399</u>
TOTAL	<u><u>\$6,923,706,551</u></u>

The initial appropriation growth limitation is calculated by multiplying the preceding years' total appropriation by the sum of 100% plus 12% adjusted for inflation [(100% plus 12%) times 107.036% (adjustment for inflation)]=119.88%

Total Appropriation FY-2021	\$6,923,706,551
Factor	<u>119.88%</u>
Initial Limit on Appropriation FY-2022	<u><u>\$8,300,161,569</u></u>
* Adjustment - Certified Funds not Previously Appropriated	<u><u>\$ 1,082,705,666</u></u> *
Final Limit on Appropriation FY-2023	\$9,382,867,235

*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 Certified General Revenue funds that were not previously appropriated.

**CERTIFICATION OF 5-YEAR AVERAGES
REVENUE STABILIZATION ACT
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

Column 1	Column 2	Column 3	Column 4
	GROSS PRODUCTION OIL TAX	GROSS PRODUCTION NATURAL GAS TAX	CORPORATE INCOME TAX
TITLE 62, SECTION 34.103, Paragraph A:			
Certification of General Revenue Fund Five-Year Averages:			
FY-2017	23,008,646	134,428,633	130,621,000
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
<u>FY-2021</u>	<u>136,654,276</u>	<u>281,945,361</u>	<u>452,137,848</u>
Five-Year Average:	\$184,264,557	\$240,760,051	\$251,151,273
FY-2023 Apportionment:	<u>\$361,606,000</u>	<u>\$460,996,000</u>	<u>\$278,896,448</u>
DIFFERENCE:	\$177,341,443	\$220,235,949	\$27,745,175
			<u>\$20,808,881</u> Amount to RSF
TITLE 62, SECTION 34.102, Paragraph B:			<u>\$6,936,294</u> Amount to CRF
Statutory GRF Requirement:	\$6,600,000,000		<u>\$418,386,273</u> Total uncapped RSF deposit
Certified FY-2019 Actual Collections:	\$6,859,924,396 *		<u>\$230,077,540</u> 3% Capped RSF Deposit

TITLE 62, SECTION 34.102, Paragraph C, as amended by SB1072, Effective 11/1/2019:
 "no deposits shall be made during a fiscal year where the...General Revenue Fund certification for said fiscal year is less than the...General Revenue certification for the previous fiscal year plus an increment equal to the amount otherwise calculated for deposit pursuant to subsection E..."

	FY-2022 ESTIMATE 21-Jun-21	PROPOSED FY-2023 ESTIMATE 22-Feb-22
Total General Revenue	\$6,642,298,328	\$7,546,677,285
Potential Revenue Stabilization Fund Deposit	\$418,386,273	
Total General Revenue Plus Adjustments	\$7,060,684,601	\$7,546,677,285 **

*Pursuant to Title 62, Section 34.102, Paragraph B, certified FY-2019 actual collections have exceeded the \$6,600,000,000 cap as referenced above.

**The proposed FY-2023 General Revenue Fund estimate exceeds the FY-2022 General Revenue Fund estimate plus the potential deposit and therefore a deposit will be made.

**OKLAHOMA TEACHERS' RETIREMENT SYSTEM DEDICATED REVENUE REVOLVING FUND BASELINE
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." HB2741, 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

**FEB'12-JAN'13
APPORTIONMENT
19-Feb-13**

SOURCE

Income Tax-Individual	\$137,593,766
Income Tax-Corporate	26,097,934
Sales Tax	114,199,302
Use Tax	<u>11,032,292</u>

TOTAL APPORTIONMENT

\$288,923,294

**INITIAL OTRS REVOLVING FUND
BASELINE FINDING 19-FEB-2013**

**PRIOR
5-YR AVE
APPORTIONMENT
16-Feb-20**

SOURCE

Income Tax-Individual	\$155,234,340
Income Tax-Corporate	15,159,831
Sales Tax	118,501,012
Use Tax	<u>15,785,691</u>

TOTAL AVERAGE APPORTIONMENT

\$304,680,874

NEW OTRS 5-YR AVERAGE/FY-2023 BASELINE

Additional Information:

***FY-2021 APPORTIONMENTS:**

Income Tax-Individual	\$136,678,702
Income Tax-Corporate	\$23,952,798
Sales Tax	\$95,335,310
Use Tax	<u>\$15,915,529</u>
TOTAL APPORTIONMENT	\$271,882,339

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 2023 shall be \$304,680,874.

*HB2741 redirected a portion of TRS dedicated revenues in FY21 to the Education Reform Revolving Fund (1017 Fund). HB2894 restored TRS apportionment percentages for FY22 and will increase the apportionment share of dedicated revenues from FY23 through FY27.

FY-2023 Revenue Certification



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CERTIFICATION PROPOSALS
REVENUES ESTIMATED FOR FY-2023, AMOUNTS AVAILABLE FOR APPROPRIATION
SCHEDULE 6

	PROPOSED FY-2023 ESTIMATE 21-Dec	PROPOSED FY-2023 95% ESTIMATE 21-Dec	PROPOSED FY-2023 ESTIMATE 22-Feb	PROPOSED FY-2023 95% ESTIMATE 22-Feb
General Revenue Fund				
Alcohol Beverage Tax	\$52,792,000	\$50,152,400	\$51,169,000	\$48,610,550
Mixed Beverage Receipts Tax	\$87,866,000	\$83,472,700	\$92,830,000	\$88,188,500
Cigarette Tax	\$47,868,964	\$45,475,515	\$48,262,667	\$45,849,534
Tobacco Products Tax	\$40,089,199	\$38,084,739	\$38,730,094	\$36,793,589
Franchise Tax	\$57,232,000	\$54,370,400	\$58,168,000	\$55,259,600
Gross Production Tax-Gas	\$439,533,852	\$417,557,159	\$460,996,000	\$437,946,200
Gross Production Tax-Oil	\$283,513,896	\$269,338,201	\$361,606,000	\$343,525,700
Income Tax-Individual	\$2,686,594,780	\$2,552,265,041	\$2,831,179,836	\$2,689,620,844
Income Tax-Corporate	\$296,473,913	\$281,650,217	\$278,896,448	\$264,951,625
Insurance Premium Tax	\$115,615,655	\$109,834,872	\$115,615,655	\$109,834,872
Motor Vehicle Taxes	\$38,149,000	\$36,241,550	\$38,973,000	\$37,024,350
Sales Tax	\$2,427,524,893	\$2,306,148,648	\$2,510,882,392	\$2,385,338,272
Use Tax	\$451,112,534	\$428,556,908	\$490,671,022	\$466,137,471
Interest & Investments	\$56,500,000	\$53,675,000	\$75,000,000	\$71,250,000
Total Other OTC (See Appendix 3)	\$61,890,000	\$58,795,500	\$64,197,000	\$60,987,150
Collections by Other Agencies	\$181,502,545	\$172,427,418	\$181,074,227	\$172,020,515
General Revenue Totals	\$7,324,259,231	\$6,958,046,270	\$7,698,251,341	\$7,313,338,774
¹ Reserve Fund Statutory Deposits	\$0	\$0	(\$230,077,540)	(\$218,573,663)
Transfers & Lapses	\$1,000,000	\$950,000	\$1,000,000	\$950,000
Total General Revenue	\$ 7,325,259,231	\$ 6,958,996,270	\$ 7,469,173,801	\$ 7,095,715,111
C.L.E.E.T.	\$ 2,648,915	\$ 2,516,469	\$ 2,645,999	\$ 2,513,699
COMM of LAND OFFICE	\$ 10,108,722	\$ 9,603,286	\$ 10,108,722	\$ 9,603,286
MINERAL LEASING	\$ 2,750,000	\$ 2,612,500	\$ 5,000,000	\$ 4,750,000
OK EDUCATION LOTTERY TRUST FUND	\$ 60,000,000	\$ 57,000,000	\$ 60,000,000	\$ 57,000,000
PUBLIC BUILDING	\$ 1,795,271	\$ 1,705,508	\$ 1,795,271	\$ 1,705,508
SPECIAL OCCUPATIONAL HEALTH & SAFETY	\$ 1,249,340	\$ 1,186,873	\$ 1,249,340	\$ 1,186,873
ALCOHOLIC BEVERAGE CONTROL FUND	\$ 14,187,105	\$ 13,477,750	\$ 14,187,105	\$ 13,477,750
OKLAHOMA PENSION IMPROVEMENT REVOLVING FUND	\$ 156,685	\$ 148,851	\$ 149,440	\$ 141,968
STATE PUBLIC SAFETY FUND	\$ 21,039,005	\$ 19,987,055	\$ 21,039,005	\$ 19,987,055
HEALTH CARE ENHANCEMENT FUND	\$ 156,658,000	\$ 148,825,100	\$ 156,658,000	\$ 148,825,100
GRAND TOTAL	\$ 7,595,852,275	\$ 7,216,059,661	\$ 7,742,006,683	\$ 7,354,906,349

¹ The first statutorily required deposit into the Revenue Stabilization Fund is expected to be made in FY-2023. See Schedule 4.

Agenda Item 10

The estimate summation of certified revenues is \$7,742,006,683 and the certified revenue available for appropriation is \$7,354,906,349

Budget Outlook



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**Summary of Appropriations Authority FY-2022 (21-Jun-2021),
Authorized Expenditures FY-2022 (21-Jun-2021), and
Appropriations Authority FY-2023 (27-Dec-2021)
SCHEDULE 7**

	FY-2022 21-Jun-21 APPROPRIATIONS AUTHORITY	FY-2022 21-Jun-21 AUTHORIZED EXPENDITURES	FY-2023 27-Dec-21 APPROPRIATIONS AUTHORITY	FY-2023 22-Feb-22 APPROPRIATIONS AUTHORITY
CERTIFIED				
General Revenue Fund	\$6,310,183,411	\$6,065,155,775	\$6,958,996,270	\$7,095,715,111
CLEET Fund	\$2,510,658	\$2,510,658	\$2,516,469	\$2,513,699
Mineral Leasing Fund	\$5,225,000	\$5,225,000	\$2,612,500	\$4,750,000
OHSA Fund	\$902,500	\$902,500	\$1,186,873	\$1,186,873
Public Building Fund	\$1,598,917	\$1,598,917	\$1,705,508	\$1,705,508
Commissioners of the Land Office Fund	\$8,406,944	\$8,379,276	\$9,603,286	\$9,603,286
OK Education Lottery Trust Fund	\$57,950,000	\$57,950,000	\$57,000,000	\$57,000,000
State Public Safety Fund	\$23,149,071	\$23,149,071	\$19,987,055	\$19,987,055
Health Care Enhancement Fund	\$147,611,950	\$147,611,950	\$148,825,100	\$148,825,100
Alcoholic Beverage Control Fund	\$12,350,000	\$12,350,000	\$13,477,750	\$13,477,750
OK Pension Improvement Rev Fund	\$57,000	\$0	\$148,851	\$141,968
TOTAL CERTIFIED FUNDS	\$6,569,945,451	\$6,324,833,147	\$7,216,059,661	\$7,354,906,349
AUTHORIZED				
1017 Fund	\$878,830,612	\$875,289,631	\$883,266,830	\$910,770,550
Common Ed. Technology Fund (GP-Oil)	\$47,372,299	\$47,372,299	\$46,997,253	\$47,025,701
OK Student Aid Fund (GP – Oil)	\$47,372,299	\$47,372,299	\$46,997,253	\$47,025,701
Higher Ed. Capital Fund (GP – Oil)	\$47,372,299	\$47,372,299	\$46,997,253	\$47,025,701
Tobacco Fund	\$13,684,375	\$13,684,375	\$12,572,152	\$12,572,152
Judicial Revolving Fund	\$20,000,000	\$20,000,000	\$26,279,262	\$23,097,008
Transportation Fund	\$186,893,663	\$186,893,663	\$214,969,818	\$216,543,366
ROADS Fund	\$575,000,000	\$575,000,000	\$590,000,000	\$590,000,000
TOTAL AUTHORIZED FUNDS	\$1,816,525,547	\$1,812,984,566	\$1,868,079,821	\$1,894,060,179
Total Certified and Authorized Funds	\$8,386,470,998	\$8,137,817,713	\$9,084,139,482	\$9,248,966,528
CARRYOVER AND SPECIAL CASH	\$1,234,282,208	\$598,873,404	\$1,125,184,436	\$1,127,923,004
CASH FLOW RESERVE FUND	\$200,000,000	\$200,000,000	\$114,665,239	\$114,665,239
ADD'L REV FUND APPROPRIATIONS	\$128,057,134 ¹	\$128,057,134 ¹	\$0	\$0

² **Total Appropriations Authorized by Legislature for FY-2022** **\$9,064,748,251**

¹ \$12,500,000 appropriated from Oklahoma Medical Marijuana Authority Revolving Fund; \$28,957,134 appropriated from the Opioid Lawsuit Settlement Fund; \$86,600,000 appropriated from the Master Teacher Program Fund.

² This number includes appropriations made from carryover and special cash, cash flow reserve fund, and additional revolving fund appropriations.

Appendices



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**BUDGET DETAIL BY FUND OF EXPENDITURE AUTHORITY 2021 SESSION (21-Jun-2021)
 AUTHORIZED EXPENDITURES 2021 SESSION (21-JUN-2021), AND
 PROPOSED EXPENDITURE AUTHORITY 2022 SESSION (22-Feb-2022)
 Appendix A-1**

	FY-2022 EXPENDITURE AUTHORITY* 2021 SESSION 21-Jun-21	FY-2022 AUTHORIZED EXPENDITURES 2021 Session 21-Jun-21	FY-2023 EXPENDITURE AUTHORITY* 2022 SESSION 22-Feb-22
NON-RESTRICTED FUNDS			
GENERAL REVENUE FUND			
Certified	\$6,310,183,411	\$6,065,155,775	\$7,095,715,111
Prior Year Certified	\$1,136,992,815	\$501,686,376	\$245,027,636
Cash	\$0	\$0	\$837,678,030
TOTAL	\$7,447,176,226	\$6,566,842,151	\$8,178,420,777
C.L.E.E.T. FUND			
Certified	\$2,510,658	\$2,510,658	\$2,513,699
Cash	\$19,488	\$19,488	\$0
TOTAL	\$2,530,146	\$2,530,146	\$2,513,699
MINERAL LEASING FUND			
Certified	\$5,225,000	\$5,225,000	\$4,750,000
Cash	\$3,524,406	\$3,524,406	\$240,763
TOTAL	\$8,749,406	\$8,749,406	\$4,990,763
OHSA FUND			
Certified	\$902,500	\$902,500	\$1,186,873
Cash	\$282,698	\$282,698	\$557,896
TOTAL	\$1,185,198	\$1,185,198	\$1,744,769
PUBLIC BUILDING FUND			
Certified	\$1,598,917	\$1,598,917	\$1,705,508
Cash	\$522,776	\$522,776	\$552,467
TOTAL	\$2,121,693	\$2,121,693	\$2,257,975
SPECIAL CASH FUND			
Cash	\$57,315,210 ¹	\$57,315,210 ¹	\$0
TOTAL	\$57,315,210	\$57,315,210	\$0
SUBTOTAL NON-RESTRICTED FUNI	\$7,519,077,879	\$6,638,743,804	\$8,189,927,982

¹ HB2900 directed the following transfers to the Special Cash Fund: Sec. 133 - \$19,315,210 from the State Transportation Fund; Sec. 134 - \$25,000,000 from the Unclaimed Property Fund; Sec. 135 - \$6,500,000 from the Insurance Commissioner Rev Fund; Sec. 136 - \$6,500,000 from the Secretary of State Rev Fund.

**BUDGET DETAIL BY FUND OF EXPENDITURE AUTHORITY 2021 SESSION (21-Jun-2021)
 AUTHORIZED EXPENDITURES 2021 SESSION (21-JUN-2021), AND
 PROPOSED EXPENDITURE AUTHORITY 2022 SESSION (22-FEB-2022)
 Appendix A-1 (Continued)**

	FY-2022 EXPENDITURE AUTHORITY* 2021 SESSION 21-Jun-21	FY-2022 AUTHORIZED EXPENDITURES 2021 Session 21-Jun-21	FY-2023 EXPENDITURE AUTHORITY* 2022 SESSION 22-Feb-22
RESTRICTED FUNDS			
COMMISSION OF THE LAND OFFICE FUND			
Certified	\$8,406,944	\$8,379,276	\$9,603,286
Prior Year Certified	\$0	\$0	\$0
Cash	<u>\$0</u>	<u>\$0</u>	<u>\$35,115</u>
TOTAL	\$8,406,944	\$8,379,276	\$9,638,401
OK EDUCATION LOTTERY TRUST FUND			
Certified	\$57,950,000	\$57,950,000	\$57,000,000
Cash	<u>\$18,607,982</u>	<u>\$18,607,982</u>	<u>\$27,535,983</u>
TOTAL	\$76,557,982	\$76,557,982	\$84,535,983
STATE PUBLIC SAFETY FUND			
Certified	\$23,149,071	\$23,149,071	\$19,987,055
Cash	<u>\$1,528,399</u>	<u>\$1,528,399</u>	<u>\$0</u>
TOTAL	\$24,677,470	\$24,677,470	\$19,987,055
HEALTH CARE ENHANCEMENT FUND			
Certified	\$147,611,950	\$147,611,950	\$148,825,100
Cash	<u>\$14,186,333</u>	<u>\$14,186,333</u>	<u>\$14,362,576</u>
TOTAL	\$161,798,283	\$161,798,283	\$163,187,676
ALCOHOLIC BEVERAGE CONTROL FUND			
Certified	\$12,350,000	\$12,350,000	\$13,477,750
Cash	<u>\$1,199,736</u>	<u>\$1,199,736</u>	<u>\$1,792,158</u>
TOTAL	\$13,549,736	\$13,549,736	\$15,269,908
OKLAHOMA PENSION IMPROVEMENT REV FUND			
Certified	\$57,000	\$0	\$141,968
Cash	<u>\$102,365</u>	<u>\$0</u>	<u>\$175,495</u>
TOTAL	\$159,365	\$0	\$317,463
SUBTOTAL RESTRICTED FUNDS	\$285,149,780	\$284,962,747	\$292,936,485
TOTAL-RESTRICTED & NON-RESTRICTED	\$7,804,227,659	\$6,923,706,551	\$8,482,864,468
COMMON ED. TECH FUND			
Revolving Fund Estimate	\$47,372,299	\$47,372,299	\$47,025,701
OK. STUDENT AID FUND			
Revolving Fund Estimate	\$47,372,299	\$47,372,299	\$47,025,701
HIGHER ED. CAPITAL FUND			
Revolving Fund Estimate	\$47,372,299	\$47,372,299	\$47,025,701
1017 FUND			
Revolving Fund Estimate	\$878,830,612	\$875,289,631	\$910,770,550
TOBACCO SETTLEMENT FUND			
Revolving Fund Estimate	\$13,684,375	\$13,684,375	\$12,572,152
STATE JUDICIAL REVOLVING FUND			
Revolving Fund Estimate	\$20,000,000	\$20,000,000	\$23,097,008
STATE TRANSPORTATION FUND			
Revolving Fund Estimate	\$186,893,663	\$186,893,663	\$216,543,366
ROADS Fund			
Revolving Fund Estimate	\$575,000,000	\$575,000,000	\$590,000,000
TOTAL	\$9,620,753,206	\$8,736,691,117	\$10,376,924,647
**ADDITIONAL BUDGETARY AUTHORIZATIONS:			
Cash Flow Reserve Fund	\$200,000,000	\$200,000,000	\$114,665,239
Constitutional Reserve Fund	\$0	\$0	\$0
Revenue Stabilization Fund	\$0	\$0	\$0
Total Reappropriations	\$0	\$0	\$0
Agency Revolving Fund Authorizations	\$0	\$0	\$0
Additional Revolving Fund Appropriations	\$128,057,134	\$128,057,134	\$0
TOTAL AUTHORIZED BUDGET	\$9,948,810,340	\$9,064,748,251	\$10,491,589,886

FY-2022 Certified Fund Revenue Projections

Appendix A-2

	FY-2022 ESTIMATE June	FY-2022 PROJECTED December	FY-2022 PROJECTED February	INCREASE or (DECREASE)	DIFFERENCE (%)
CERTIFIED FUNDS					
GENERAL REVENUE	\$6,642,298,328	\$7,379,387,771	\$7,723,229,434	\$1,080,931,106	16.3%
C.L.E.E.T.	\$2,642,798	\$2,680,240	\$2,688,165	\$45,367	1.7%
COMMISSIONERS OF THE LAND OFFICE	\$8,849,414	\$9,967,408	\$9,967,408	\$1,117,994	12.6%
MINERAL LEASING	\$5,500,000	\$2,770,000	\$4,000,000	(\$1,500,000)	-27.3%
SPECIAL OCCUPATIONAL HEALTH & SAFETY	\$950,000	\$1,260,854	\$1,260,854	\$310,854	32.7%
PUBLIC BUILDING	\$1,683,070	\$1,795,271	\$1,795,271	\$112,201	6.7%
OK EDUCATION LOTTERY TRUST FUND	\$61,000,000	\$61,000,000	\$61,000,000	\$0	0.0%
STATE PUBLIC SAFETY FUND	\$24,367,443	\$21,177,084	\$21,597,432	(\$2,770,011)	-11.4%
HEALTH CARE ENHANCEMENT FUND	\$155,381,000	\$157,664,000	\$157,664,000	\$2,283,000	1.5%
ALCOHOLIC BEVERAGE CONTROL FUND	\$13,000,000	\$14,025,105	\$14,025,105	\$1,025,105	7.9%
OKLAHOMA PENSION IMPROVEMENT REVOLVING FUND	\$60,000	\$156,685	\$145,440	\$85,440	142.4%
AUTHORIZED FUNDS					
1017 Fund	\$878,830,612	\$910,717,681	\$950,796,933	\$71,966,321	8.2%
Common Ed. Technology Fund (GP-Oil)	\$47,372,299	\$47,111,046	\$47,111,046	(\$261,253)	-0.6%
OK Student Aid Fund (GP – Oil)	\$47,372,299	\$47,111,046	\$47,111,046	(\$261,253)	-0.6%
Higher Ed. Capital Fund (GP – Oil)	\$47,372,299	\$47,111,046	\$47,111,046	(\$261,253)	-0.6%
Tobacco Settlement Fund	\$13,684,375	\$13,233,845	\$13,233,845	(\$450,530)	-3.3%
STATE Judicial Revolving Fund	\$20,000,000	\$32,849,078	\$30,796,010	\$10,796,010	54.0%
STATE Transportation Fund	\$186,893,663	\$215,429,016	\$218,242,133	\$31,348,470	16.8%
ROADS Fund	\$575,000,000	\$575,000,000	\$575,000,000	\$0	0.0%
REVENUE COLLECTIONS GRAND TOTAL	\$8,732,257,600	\$9,540,447,174	\$9,926,775,168	\$1,194,517,568	13.7%

Itemized Estimates of "Total Other OTC" Revenues

Appendix A-3

	<u>FY-2021 ACTUAL 21-Dec</u>	<u>FY-2022 ESTIMATE 21-Dec</u>	<u>FY-2023 ESTIMATE 21-Dec</u>	<u>FY-2023 ESTIMATE 22-Feb</u>
OTC:				
Bingo Excise & Charity Games	\$56,722	\$59,000	\$60,000	\$61,000
Tribal Cigarette Compacts	\$13,453,136	\$13,848,000	\$13,771,000	\$13,549,000
Other OTC	\$69,580,504	\$48,500,000	\$48,059,000	\$50,587,000
TOTAL OTHER OTC	<u>\$83,090,362</u>	<u>\$62,407,000</u>	<u>\$61,890,000</u>	<u>\$64,197,000</u>
 COLLECTIONS BY OTHER AGENCIES:				
Attorney General (Tobacco)	\$266,158	\$1,266,243	\$765,300	\$765,300
CLEET	\$263,178	\$265,305	\$262,288	\$262,007
Consumer Credit	\$781,352	\$650,000	\$650,000	\$650,000
District Attorney's Council	\$12,058,404	\$11,204,224	\$10,223,349	\$9,436,146
DPS	\$37,589,290	\$32,237,726	\$39,821,464	\$39,802,114
Horsereading Comm	\$101,056	\$98,423	\$98,423	\$98,423
Insurance Comm	\$81,366,419	\$73,229,777	\$73,229,777	\$73,229,777
Labor	\$421,725	\$420,253	\$422,017	\$425,262
Medical Licensure	\$449,265	\$444,000	\$425,500	\$425,500
Nursing Board	\$386,610	\$401,295	\$407,538	\$407,538
OMES-DCAM/formerly DCS	\$10,281	\$22,784	\$26,594	\$26,594
OMES-EBD/formerly EBC	\$3,130,420	\$2,898,659	\$2,898,659	\$2,898,659
OMES-HCM/formerly OPM	\$3,034,009	\$1,505,194	\$80,899	\$80,899
Sec of State	\$2,857,328	\$2,593,306	\$2,645,170	\$2,645,170
Securities Comm	\$17,814,708	\$17,729,000	\$17,707,000	\$17,707,000
Treasurer (Unclaimed Property)	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Tribal Gaming	\$19,555,965	\$18,582,000	\$18,824,730	\$19,200,000
Horse Track Gaming	\$2,706,636	\$3,013,838	\$3,013,838	\$3,013,838
Other	\$29,487,956	\$0	\$0	\$0
TOTAL MISC	<u>\$222,280,761</u>	<u>\$176,562,027</u>	<u>\$181,502,545</u>	<u>\$181,074,227</u>
 GRAND OTHER	 <u>\$305,371,122</u>	 <u>\$238,969,027</u>	 <u>\$243,392,545</u>	 <u>\$243,392,545</u>

**Education Reform Act - HB 2017
Appendix A-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

SOURCE	FY-2021	FY-2022	PROPOSED	PROPOSED
	ACTUAL	PROJECTION	FY-2023	FY-2023
	Dec-21	Feb-22	ESTIMATE	ESTIMATE
			Dec-21	Feb-22
Income Tax-Individual	535,281,420	307,285,048	292,904,470	305,996,351
Income Tax-Corporate	109,793,897	73,183,440	63,324,525	59,570,115
Sales Tax	310,058,945	301,929,887	304,605,451	315,065,137
Use Tax	72,656,521	56,139,029	59,177,868	64,141,661
Cigarette Tax	2,235,990	2,239,223	2,216,308	2,230,901
Tobacco Products Tax	787,466	818,830	888,713	864,908
Tribal Gaming	143,187,585	149,600,000	138,048,020	140,800,000
Horse Track Gaming	19,848,667	22,101,476	22,101,476	22,101,476
Special License Plates	129	0	0	0
Business Activity Tax	168	0	0	0
Insurance Premium Tax	46,838,720	0	0	0
Med Marijuana Auth Rev Fund Appropriation	30,000,000.00	37,500,000	0	0
TOTAL - 100% OF ESTIMATE	1,270,689,508	950,796,933	883,266,830	910,770,550

Glossary

Appendix A-5

Additional Budgetary Authorizations: Funds available for appropriation, which are not contained by a certified fund, authorized fund, or special cash fund.

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: Revolving funds not certified by the Board of Equalization, but Legislature authorizes expenditures from the funds. The Legislature may authorize the total (100%) estimated collections for expenditure. Although the Board does not take action on these funds, the funds are included in the general appropriations bill and are included as additional information in the Board of Equalization information packet.

Cash Flow Reserve Fund: Fund used to make cash available for the July cash allocation and so that, insofar as possible, each monthly cash allocation thereafter can equal one-twelfth of the annual appropriation from the General Revenue Fund.

Certified Funds: Funds subject to direct legislative appropriation and certified by the Board of Equalization. The Legislature has the authority to appropriate 95% of total estimated collections of each certified fund. These funds include the General Revenue Fund and other special revenue funds.

Constitutional Reserve Fund: Reserve fund available for use during general revenue fund failures.

Estimate: Collections forecast for upcoming fiscal year.

Expenditure Authority: Expected collections and cash 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 is reappropriated 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 A-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 Constitution provides for a number of checks and balances to ensure the Governor and Legislature maintain a balanced budget every year. One of the most important provisions is Section 23 of Article 10, which outlines the framework for how Oklahoma sustains a balanced budget. This section designates the State Board of Equalization as the body responsible for establishing expenditure limits for the Governor and the Legislature. The State Board of Equalization 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 State Equalization Board 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” (sometime in late December or early January); and
- “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 State Equalization 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 benefit of this approach is that both the executive branch and legislative body are required to use the same revenue estimate and expenditure limit. State expenditures passed by the legislature and enacted by the governor cannot exceed the amount of funds certified and authorized by the board.

The Office of Management & Enterprise Services (OMES), which staffs the Board, compiles revenue projections from various revenue collecting agencies throughout the state, analyzes the information, and presents the information to the board for its consideration and approval. Projections for the General Revenue Fund, which makes up more than 80% of total state appropriated spending, are estimated utilizing a state economic model developed by Oklahoma State University and modified to fit the state’s customized needs by Tax Commission staff, with additional resources provided by RegionTrack, an Oklahoma City based research firm, 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 to the December estimate 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 the limit on which legislative appropriations are based.