

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
SECOND REGULAR SESSION, FIFTY-EIGHTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: February 3, 2022

BILL NUMBER: SJR 34 **STATUS AND DATE OF BILL:** Introduced 1/20/22

AUTHORS: House n/a Senate Jech

TAX TYPE (S): All General Revenue Source Taxes **SUBJECT:** Other

PROPOSAL: Amendatory

SJR 34 proposes to put to a vote of the people an amendment to Section 23, Article 10 of the Oklahoma Constitution relating to the Constitutional Reserve Fund.

EFFECTIVE DATE: Upon approval of the voters.

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 23: -0-

FY 24: -0-

Feb. 5, 2022
DATE

Rick Miller
DIVISION DIRECTOR

mk

2/7/2022
DATE

Huan Gong
HUAN GONG, ECONOMIST

2/7/2022
DATE

[Signature]
FOR THE COMMISSION

The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.

ATTACHMENT TO REVENUE IMPACT - SJR 34 [Introduced] Prepared 2/3/2022

SJR 34 proposes to put to a vote of the people an amendment to Section 23, Article 10 of the Oklahoma Constitution relating to the Constitutional Reserve Fund.

Section 23, Article 10 of the Oklahoma Constitution provides for a balanced budget and provides mechanisms to ensure a balanced budget. Part 5 specifically provides for a Constitutional Reserve Fund (CRF).

The CRF also known as the "Rainy Day Fund," was established by constitutional amendment in 1985. Currently all General Revenue Fund (GR) receipts collected in excess of the total certified estimate are deposited in this fund until the fund is equal to 15% of the certified GR funds from the preceding fiscal year.¹ This measure proposes to increase that percentage to 25%.²

This measure does not affect tax collections. The chart below shows the history of the CRF from FY10 to FY21

Fiscal Year	CRF Historical Balances, Appropriations From & Deposits To³			
	<u>Beginning Balance</u>	<u>Appropriations</u>	<u>End of FY deposit</u>	<u>Ending Balance</u>
FY10	596,573,270	-347,429,952	0	249,143,318
FY11	249,143,318	-249,143,316	249,203,155	249,203,157
FY12	249,203,157	0	328,256,975	577,460,132
FY13	577,460,132	-45,000,000	2,725,756	535,185,888
FY14	535,185,888	0	0	535,185,888
FY15	535,185,888	-150,000,000	0	385,185,888
FY16	385,185,888	-144,444,708	0	240,741,180
FY17	240,741,180	-147,388,502	0	93,352,678
FY18	93,352,678	-23,338,169	381,634,444	451,648,953
FY19	451,648,953	0	354,589,664	806,238,617
FY20	806,238,617	-503,899,135	0	302,339,482
FY21	302,339,482	-243,668,709	Undetermined	58,670,773

¹ Subsequent parts of Article 10, Section 23 provide that:

- Up to 3/8ths of the balance may be appropriated only in the event that the upcoming year's GR certification is lower than the preceding year's.
- Up to \$10 million may be expended for incentives to support retention of at-risk manufacturing establishments under certain conditions and after unanimous finding by the Governor, the Speaker of the House of Representatives and the President Pro tempore of the Senate.
- Up to 3/8ths of the balance may be appropriated in the event of a current-year revenue failure, declared by the State Board of Equalization.
- Up to 1/4th of the balance may be appropriated upon the declaration of an emergency by the Governor and approval by two-thirds of both legislative houses; or, absent a declaration of emergency, approval by 3/4ths of both houses.

² This measure only becomes effective if voters approve SJR 35 which creates the Taxpayer Allocation Program Fund to provide an income tax credit for individual taxpayers.

³ FY 2022 Oklahoma Executive Budget February 1, 2021; page 731
<https://oklahoma.gov/content/dam/ok/en/omcs/documents/bud22.pdf>