

STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

HOUSE BILL HB2538:

Cargill

AS INTRODUCED

An Act relating to public finance; enacting the Oklahoma Tax and Expenditure Limitation Act; defining terms; imposing limitation upon expenditures; providing method for determination of expenditure amounts; requiring enactment of certain methodology; providing for transfer of excess funds; creating Budget Reserve Fund; prescribing procedures for appropriation from Budget Reserve Fund; requiring refund of excess revenues; requiring reduction of tax rates; authorizing exceptions to expenditure limitations; prescribing procedures related thereto; requiring enactment of enabling legislation; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3001 of Title 62, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Tax and Expenditure Limitation Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3002 of Title 62, unless there is created a duplication in numbering, reads as follows:

As used in this act:

1. "Personal income" means the total income received by residents of the state from all sources, including transfer payments as defined and officially reported by the United States Department of Commerce for a twelve-month period;

2. "Cost-of-living" means the Consumer Price Index (all items) for the United States of America, or any comparable index, as

computed by the Bureau of Labor Statistics or the United States Department of Commerce for a twelve-month period;

3. "Population" means the number of people residing in the state, excluding armed forces stationed overseas, as determined by the U.S. Bureau of the Census;

4. "Expenditures" means the total amount of monies appropriated by the state except:

- a. appropriations received from the federal government,
- b. principal and interest on bonded indebtedness,
- c. appropriations funded by unemployment and disability insurance funds,
- d. appropriations funded by discretionary user charges to the extent that such charges do not exceed the cost of the goods or services and its purchase by the user is discretionary,
- e. appropriations funded from permanent endowment, trust funds, or pension funds,
- f. proceeds of gifts or bequests made for purposes specified by the donor, or
- g. monies appropriated for tax relief;

5. "Fiscal year" means any accounting period consisting of twelve (12) consecutive months;

6. "Per capita expenditures" means the quotient derived from dividing expenditures of the state for a fiscal year by its population on the first day of that fiscal year; and

7. "Emergency" means an extraordinary event or occurrence that could not have been reasonably foreseen or prevented and that requires immediate expenditure to preserve the health, safety, and general welfare of the people.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3003 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. A limit on the total amount of expenditures by the State of Oklahoma in each fiscal year is established.

B. The annual state expenditures shall not exceed the total expenditures for the prior fiscal year, except for annual percentage changes in the cost-of-living and population. The Legislature shall, by law, provide a method for determining the percentage change in the cost-of-living and population, but in no case shall such percentage change in expenditures exceed the average percentage change in the state's per capita personal income over the prior three (3) fiscal years.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3004 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Any excess of state revenues over expenditures at the end of a fiscal year shall be transferred to a Budget Reserve Fund. The Budget Reserve Fund shall not exceed twenty-five percent (25%) of the total expenditures of the current fiscal year.

B. Appropriations from the Budget Reserve Fund may be made only upon the total depletion of all other available funds in the event of such state emergencies as natural disasters, budget shortfalls, and other unforeseen circumstances. Appropriations from the Fund can only occur upon a two-thirds (2/3) vote of all elected members of the House of Representatives and the State Senate. Income earned on the Budget Reserve Fund shall accrue to the Fund.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3005 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. For any fiscal year, the excess of revenues over expenditures, except as otherwise provided by this act, shall be refunded pro rata on annual income tax returns.

B. The Legislature shall reduce state tax rates for the next tax year to reflect the excess of revenues over expenditures except as otherwise required by this act.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3006 of Title 62, unless there is created a duplication in numbering, reads as follows:

The limitation imposed by Section 3 of this act may be exceeded upon the exhaustion of the Fund established in accordance with Section 4 of this act, and upon the declaration of an emergency by the Governor, and upon a two-thirds (2/3) vote of all members elected to each chamber of the Legislature concurring therein. The Legislature, by law, shall set forth the amount of the cost of the emergency and the method by which it shall be defrayed. The limitation may be exceeded only for the year in which the emergency is declared. In no event shall such emergency expenditures, as defined in paragraph 7 of Section 2 of this act, be included in the computation of the limitation imposed by Section 3 of this act for any other year.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3007 of Title 62, unless there is created a duplication in numbering, reads as follows:

The Legislature shall enact laws that may be necessary to implement and enforce the provisions of this act.

SECTION 8. This act shall become effective July 1, 2004.

SECTION 9. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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