ENGROSSED HOUSE AMENDMENT
TO
ENGROSSED SENATE BILL NO. 1030 By: Mazzei, Standridge and Yen of the Senate

and

Brumbaugh of the House

[public finance - revenue and budget estimates - requirements - Oklahoma Tax Commission - multi-year trend analysis - noncodification - ~~emergency~~]

AUTHOR: Add the following House Coauthor: Bennett

AMENDMENT NO. 1. Strike the stricken title, enacting clause and entire bill and insert

"An Act relating to public finance; providing short title; amending 62 O.S. 2011, Sections 34.2, as amended by Section 333, Chapter 304, O.S.L. 2012, 34.36, as last amended by Section 2, Chapter 168, O.S.L. 2015, 34.95, as amended by Section 410, Chapter 304, O.S.L. 2012 and 49, as amended by Section 429, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2015, Sections 34.2, 34.36, 34.95 and 49), which relate to revenue and budget estimates; requiring certain agencies to include additional years as part of specified revenue estimate and expanding related reporting requirements; requiring Oklahoma Tax Commission to include additional years as part of specified report; requiring appropriated agencies to include additional years in certain estimate of needs and expected revenues and report related to capital leases; requiring certain committees establish budget performance measurements; requiring submission of certain analysis reports; modifying

contents of multi-year trend analysis and requiring distribution thereof; providing for noncodification; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

This act shall be known as the "Oklahoma Multi-year Revenue and Expenditure Projection Act".

SECTION 2. AMENDATORY 62 O.S. 2011, Section 34.2, as amended by Section 333, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2015, Section 34.2), is amended to read as follows:

Section 34.2 A. Agencies responsible for the collection of monies deposited to the credit of the General Revenue Fund and each of the Special Revenue Funds shall be subject to the provisions of this act. Upon request of the Director of the Office of Management and Enterprise Services, these agencies shall provide the Director of the Office of Management and Enterprise Services an itemized estimate of funds expected to accrue to the General Revenue Fund and each of the Special Revenue Funds for the ensuing fiscal year in the manner and form established by the Director, in accordance with the duties assigned to the State Board of Equalization in Section 23 of Article X of the Oklahoma Constitution. Each of these agencies shall also provide to the Director, as requested, a written

explanation of the methodology and relevant assumptions used in developing the current and future revenue estimates submitted, a statement of ~~the~~:

1. The prior year's actual revenue collections ~~and a~~;

2. A projection of the current year's revenue collections; and

3. Estimated revenue collections for the ensuing fiscal year and the following two (2) fiscal years. No expenditure shall be made from any General Revenue Fund or Special Revenue Fund until such fund has been assigned to an agency by law or by the Director of the Office of Management and Enterprise Services.

B. In addition to providing the information listed above, the Oklahoma Tax Commission shall also provide to the Director of the Office of Management and Enterprise Services a comprehensive economic report no later than two (2) weeks prior to each of the meetings of the State Board of Equalization pursuant to paragraphs 1 and 3 of Section 23 of Article X of the Constitution of the State of Oklahoma. Each report shall include a summary of recent national and state economic performance and a forecast of national and state economic performance for ~~both~~ the current fiscal year, the ensuing fiscal year and the ~~upcoming~~ following two (2) fiscal years. These reports shall be considered a basis upon which the itemized revenue estimates of the Commission are developed. The report shall include an analysis of the relative accuracy of the economic forecasts on

which the previous and current fiscal years' revenue estimates were based.

C. The Tax Commission shall also provide all estimates, explanations, statements, projections, reports and other documents required by this section to the President Pro Tempore of the Senate ~~and~~, members of the Senate Appropriations and Finance Committees, the Speaker of the House of Representatives and members of the House Appropriations and Budget Committee at the same time that such documents are provided to the Director of the Office of Management and Enterprise Services.

SECTION 3. AMENDATORY 62 O.S. 2011, Section 34.36, as last amended by Section 2, Chapter 168, O.S.L. 2015 (62 O.S. Supp. 2015, Section 34.36), is amended to read as follows:

Section 34.36 A. On the first day of October preceding each regular session of the Legislature, each state agency, including those created or established pursuant to constitutional provisions, shall report to the Director of the Office of Management and Enterprise Services and the Chair and Vice Chair of the Legislative Oversight Committee on State Budget Performance an itemized request showing the amount needed for the ensuing fiscal year beginning with the first day of July.

B. The forms which must be used in making these reports shall be approved by the Director of the Office of Management and

Enterprise Services and the Legislative Oversight Committee on State Budget Performance.

C. The forms shall be uniform, and shall clearly designate the information to be given.

D. The information provided shall include, but not be limited to:

1. A budget analysis of existing and proposed programs utilizing performance-informed budgeting techniques. Such analysis shall be included as a part of the estimate of funds needed;

2. A statement listing any other state, federal or local agencies which administer a similar or cooperating program and an outline of the interaction among such agencies;

3. A statement of the statutory authority for the missions and quantified objectives of each program;

4. A description of the groups of people served by each program in the agency;

5. A quantification of the need for the program;

6. A description of the tactics which are intended to accomplish each objective;

7. A list of quantifiable program outcomes which measure the efficiency and effectiveness of each program;

8. A ranking of these programs by priority;

9. Actual program expenditures for the current fiscal year and prior fiscal years and the number of personnel required to accomplish each program;

10. Revenues expected to be generated by each program, if any;

11. With respect to appropriated state agencies, a detailed listing of all employees and resources dedicated to the provision of financial services including but not limited to procurement, payroll, accounts receivable and accounts payable. The provisions of this paragraph shall not be applicable to the Oklahoma State Regents for Higher Education or to any institutions within The Oklahoma State System of Higher Education; and

12. A certification that following the effective date of this act and prior to July 1, 2011, no expenditure shall have been made or funds encumbered for the purchase, lease, lease-purchase or rental of any computers, software, telecom, information technology hardware, firmware or information technology services, including support services without the prior written approval of the State Comptroller or his or her designee.

E. These appropriated agencies shall make an itemized estimate of needs <u>for the ensuing fiscal year and the following two (2) fiscal years</u> and request for funds for the ensuing fiscal year and an estimate of the revenues from all sources to be received by the agency during the ensuing fiscal year <u>and the following two (2) fiscal years</u>.

F. The Director of the Office of Management and Enterprise Services shall submit to the Governor and the Legislative Oversight Committee on State Budget Performance no later than the fifth day of October a complete list of all spending agencies which have failed to submit budgets by October 1.

G. The reports required by this section shall include an itemized listing of outstanding capital lease debt and estimated capital lease needs for the ensuing fiscal year <u>and the following two (2) fiscal years</u>, and shall be provided on forms prescribed by the Director of the Office of Management and Enterprise Services.

H. For the purposes of this section, "capital lease" means a lease-purchase agreement which provides an option for the State of Oklahoma or its agencies to purchase property, including personal and real property, which is the subject thereof and/or a lease agreement that provides an option for the State of Oklahoma or its agencies to lease such property, which is the subject thereof, at a nominal annual amount, after a period in which leased property is rented at fair market value.

I. The provisions of this section shall not apply to CompSource Oklahoma if CompSource Oklahoma is operating pursuant to a pilot program authorized by Sections 3316 and 3317 of Title 74 of the Oklahoma Statutes.

J. Not later than January 1, the Director of the Office of Management and Enterprise Services shall publish a shared services

cost-performance assessment report documenting the amount of each state agency's cost for providing shared services. The lowest ranking state agencies shall enter into a contract with the Office of Management and Enterprise Services for the provision of shared financial services, provided that the Director of the Office of Management and Enterprise Services determines that implementation of such a contract would be feasible and documents that the contractual agreement will result in cost savings or efficiencies to the state. Contracts required by this subsection shall be entered into at the start of the next fiscal year. When a state agency is contracted with the Office of Management and Enterprise Services for the provision of shared financial services, the agency may discontinue using shared services when documentation showing that the agency can provide the services at a lower cost to the state is provided to and approved by the Director of the Office of Management and Enterprise Services. As used in this subsection, "shared services" means process, resource utilization or action as defined by administrative rule. On a yearly basis the Director of the Office of Management and Enterprise Services shall compile and publish a report documenting the cost savings resulting from shared services contracts. The provisions of this subsection shall not be applicable to the Oklahoma State Regents for Higher Education or to any institutions within The Oklahoma State System of Higher Education.

SECTION 4. AMENDATORY 62 O.S. 2011, Section 34.95, as amended by Section 410, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2015, Section 34.95), is amended to read as follows:

Section 34.95 A. The Appropriations and Budget Committee of the Oklahoma House of Representatives and the Appropriations Committee of the State Senate shall:

1. Utilize information collected by the Office of Management and Enterprise Services pursuant to Section 34.36 of this title and any reports issued by the Legislative Oversight Committee on State Budget Performance to evaluate management programs, operations and fiscal needs of state agencies, boards, commissions, departments, divisions, offices, bureaus, institutions and other spending agencies, including those created or established pursuant to constitutional provisions; and

2. File an evaluation report no later than March 1 of each fiscal year with the Chief Clerk of the Oklahoma House of Representatives and the Clerk of the State Senate which shall include, but not be limited to, the following information:

a. a review of the agency's programs, performance and management,

b. whether the agency has demonstrated a public need for the services and programs justifying the agency's continued existence, and

c. whether the agency is the most appropriate provider of the programs and services furnished by the agency.

B. The Appropriations and Budget Committee of the Oklahoma House of Representatives and the Appropriations Committee of the State Senate shall utilize information contained in the evaluation report in determining final appropriations for state agencies and in any future adjustments in funding levels.

C. No action shall be taken on a measure making an appropriation unless the evaluation report described by paragraph 2 of subsection A of this section with respect to the entity to which the appropriation is made has first been filed with the applicable clerk.

D. Each subcommittee of the Appropriations Committee of the Oklahoma State Senate and the Appropriations and Budget Committee of the Oklahoma House of Representatives shall establish budget performance measurements for each spending agency under its jurisdiction. The performance measurements shall be developed in order to allow the Legislature and the Governor to obtain measureable data to determine if the agency is performing its duties in the most cost-effective manner possible.

Each spending agency, whether or not it receives state appropriations, shall submit analysis reports as required by the subcommittee in order to enable the subcommittee to make a

determination as to whether the agency has met the established performance measurements.

Such requirements may be established for the forthcoming fiscal year and for such additional fiscal years in the future as the subcommittees deem appropriate.

SECTION 5. AMENDATORY 62 O.S. 2011, Section 49, as amended by Section 429, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2015, Section 49), is amended to read as follows:

Section 49. On or before November 1 of each year, the Office of Management and Enterprise Services shall develop and publish a multi-year trend analysis of the state's budget outlook which includes the current fiscal year, the ensuing fiscal year and the following two (2) fiscal years. The trend analysis shall include projections of revenues and expenditures reflecting the best available information concerning economic activity, population change, policy developments and other factors affecting the state budget. The analysis shall be provided to the President Pro Tempore of the Senate, members of the Senate Appropriations and Finance Committees, the Speaker of the House of Representatives and members of the House Appropriations and Budget Committee.

SECTION 6. 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."

Passed the House of Representatives the 12th day of April, 2016.

_____
Presiding Officer of the House of Representatives

Passed the Senate the ____ day of _____, 2016.

_____
Presiding Officer of the Senate

ENGROSSED SENATE
BILL NO. 1030 By: Mazzei, Standridge and Yen of the Senate

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Section 34.2. A. Agencies responsible for the collection of monies deposited to the credit of the General Revenue Fund and each of the Special Revenue Funds shall be subject to the provisions of this act. Upon request of the Director of the Office of Management and Enterprise Services, these agencies shall provide the Director of the Office of Management and Enterprise Services an itemized

estimate of funds expected to accrue to the General Revenue Fund and each of the Special Revenue Funds for the ensuing fiscal year in the manner and form established by the Director, in accordance with the duties assigned to the State Board of Equalization in Section 23 of Article X of the Oklahoma Constitution. Each of these agencies shall also provide to the Director, as requested, a written explanation of the methodology and relevant assumptions used in developing the current and future revenue estimates submitted, a statement of ~~the~~:

1. The prior year's actual revenue collections ~~and a~~;

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economic performance for ~~both~~ the current fiscal year, the ensuring fiscal year and the ~~upcoming~~ following two (2) fiscal years. These reports shall be considered a basis upon which the itemized revenue estimates of the Commission are developed. The report shall include an analysis of the relative accuracy of the economic forecasts on which the previous and current fiscal years' revenue estimates were based.

C. The Tax Commission shall also provide all estimates, explanations, statements, projections, reports and other documents required by this section to the President Pro Tempore of the Senate ~~and~~, members of the Senate Appropriations and Finance Committees, the Speaker of the House of Representatives and members of the House Appropriations and Budget Committee at the same time that such documents are provided to the Director of the Office of Management and Enterprise Services.

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showing the amount needed for the ensuing fiscal year beginning with the first day of July.

B. The forms which must be used in making these reports shall be approved by the Director of the Office of Management and Enterprise Services and the Legislative Oversight Committee on State Budget Performance.

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2. File an evaluation report no later than March 1 of each fiscal year with the Chief Clerk of the Oklahoma House of Representatives and the Clerk of the State Senate which shall include, but not be limited to, the following information:

a. a review of the agency's programs, performance and management,

b. whether the agency has demonstrated a public need for the services and programs justifying the agency's continued existence, and

c. whether the agency is the most appropriate provider of the programs and services furnished by the agency.

B. The Appropriations and Budget Committee of the Oklahoma House of Representatives and the Appropriations Committee of the State Senate shall utilize information contained in the evaluation report in determining final appropriations for state agencies and in any future adjustments in funding levels.

C. No action shall be taken on a measure making an appropriation unless the evaluation report described by paragraph 2 of subsection A of this section with respect to the entity to which the appropriation is made has first been filed with the applicable clerk.

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~~SECTION 6. 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.~~

Passed the Senate the 3rd day of March, 2016.

_____
Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____, 2016.

_____
Presiding Officer of the House of Representatives