

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 HOUSE JOINT
4 RESOLUTION 1052

By: Gann

5
6 AS INTRODUCED

7
8 A Joint Resolution directing the Secretary of State
9 to refer to the people for their approval or
10 rejection a proposed amendment to Section 26 of
11 Article V and Section 23 of Article X of the
12 Constitution of the State of Oklahoma; modifying
13 provisions related to legislation considered in odd-
14 numbered year of legislative session; requiring two-
15 year budget cycle; modifying provisions related to
16 appropriations; modifying provisions related to
17 revenue estimation process; modifying provisions
18 related to the Constitutional Reserve Fund; providing
19 ballot title; and directing filing.

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22 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE OF THE
23 2ND SESSION OF THE 56TH OKLAHOMA LEGISLATURE:

24
SECTION 1. The Secretary of State shall refer to the people for
their approval or rejection, as and in the manner provided by law,
the following proposed amendment to Section 26 of Article V of the
Constitution of the State of Oklahoma and the following proposed
amendment to Section 23 of Article X of the Constitution of the
State of Oklahoma to read as follows:

1 Section 26. A. The Legislature shall meet in regular session
2 at the seat of government at twelve o'clock noon on the first Monday
3 in February of each year and the regular session shall be finally
4 adjourned sine die not later than five o'clock p.m. on the last
5 Friday in May of each year.

6 B. The Legislature shall also meet in regular session at the
7 seat of government on the first Tuesday after the first Monday in
8 January of each odd-numbered year, beginning at twelve o'clock noon
9 for the purposes only of performing the duties as required by
10 Section 5 of Article VI of the Constitution and organizing pursuant
11 to the provisions of this Article and shall recess not later than
12 five o'clock p.m. of that same day until the following first Monday
13 in February of the same year, beginning at twelve o'clock noon.

14 C. During each odd-numbered year, the Legislature may only
15 consider measures related to budgetary or revenue and financial
16 matters. In the sessions occurring during odd-numbered years, the
17 Legislature shall provide for a state budget for each of the two (2)
18 ensuing fiscal years.

19 D. The changes made to this section pursuant to this amendment
20 shall become effective January 1, 2019.

21 Section 23. The state shall never create or authorize the
22 creation of any debt or obligation, or fund or pay any deficit,
23 against the state, or any department, institution or agency thereof,
24 regardless of its form or the source of money from which it is to be

1 paid, except as may be provided in this section and in Sections 24
2 and 25 of Article X of the Constitution of the State of Oklahoma.

3 To ensure a balanced annual budget, pursuant to the limitations
4 contained in the foregoing, procedures are herewith established as
5 follows:

6 1. Not more than forty-five (45) days or less than thirty-five
7 (35) days prior to the ~~convening of each regular session of the~~
8 ~~Legislature~~ first Monday in February in each odd-numbered year, the
9 State Board of Equalization shall certify the total amount of
10 revenue which accrued during the ~~last two (2)~~ preceding fiscal ~~year~~
11 years to the General Revenue Fund and to each Special Revenue Fund
12 appropriated directly by the Legislature, and shall further certify
13 amounts available for appropriation which shall be based on a
14 determination, in accordance with the procedure hereinafter
15 provided, of the revenues to be received by the state under the laws
16 in effect at the time such determination is made, for the next
17 ensuing two (2) fiscal ~~year~~ years, showing separately the revenues
18 to accrue to the credit of each such fund of the state appropriated
19 directly by the Legislature.

20 Amounts certified as available for appropriation from each fund,
21 as hereinbefore provided, shall be ninety-five percent (95%) of an
22 itemized estimate made by the State Board of Equalization, which
23 shall include all sources of revenue to each fund for each of the
24 next two (2) ensuing fiscal ~~year~~ years; provided, however,

1 appropriated federal funds shall be certified for the full amount of
2 the estimate. Said estimate shall consider any increase or decline
3 in revenues that would result from predictable changes in the
4 economy.

5 Legislative appropriations for any two-year fiscal ~~year~~ period,
6 except for special appropriations provided for in paragraph 6, 7 or
7 8 shall be limited to a sum not to exceed the total amount
8 appropriated from all funds in the preceding two-year fiscal ~~year~~
9 period, plus twelve percent (12%), adjusted for inflation for the
10 previous two (2) calendar ~~year~~ years. Said limit shall be adjusted
11 for funds not previously appropriated. The limit on the growth of
12 appropriations shall be certified to by the State Board of
13 Equalization.

14 2. Such certification shall be filed with the Governor, the
15 President and President Pro Tempore of the Senate, and the Speaker
16 of the House of Representatives. The Legislature shall not pass or
17 enact any bill, act or measure making an appropriation of money for
18 any purpose until such certification is made and filed, unless the
19 State Board of Equalization has failed to file said certification at
20 the time of convening of said Legislature. In such event, it shall
21 be the duty of the Legislature to make such certification pursuant
22 to the provisions of this section. All appropriations made in
23 excess of such certification shall be null and void; provided,
24 however, that the Legislature may at any ~~regular~~ session held in an

1 odd-numbered year or in any special session, called for that
2 purpose, enact laws to provide for additional revenues or a
3 reduction in revenues, other than ad valorem taxes, or transferring
4 the existing revenues or unappropriated cash on hand from one fund
5 to another, or making provisions for appropriating funds not
6 previously appropriated directly by the Legislature. Whereupon, it
7 shall be the duty of the State Board of Equalization to make a
8 determination of the revenues that will accrue under such laws and
9 ninety-five percent (95%) of the amount of any increase or decrease
10 resulting, for any reason, from such changes in laws shall be added
11 to or deducted from the amount previously certified available for
12 appropriation from each respective fund, as the case may be. The
13 State Board of Equalization shall file the amount of such adjusted
14 certification, or additional certification for funds not previously
15 appropriated directly by the Legislature, with the Governor, with
16 the President and President Pro Tempore of the Senate, and the
17 Speaker of the House of Representatives, and such adjusted amount
18 shall be the maximum amount which can be appropriated for all
19 purposes from any such fund for the fiscal ~~year~~ period being
20 certified.

21 3. The State Board of Equalization shall meet within five (5)
22 days after the monthly apportionment in February of each odd-
23 numbered year, and at that time may adjust the certification, based
24 upon the most current information available, and determine the

1 amount of funds available for appropriation for ~~that legislative~~
2 ~~session~~ the ensuing two-year fiscal period. At said meeting the
3 Board shall determine the limit on the growth of appropriations as
4 provided for in this section.

5 4. Surplus funds or monies shall be any amount accruing to the
6 General Revenue Fund of the State of Oklahoma over and above the
7 itemized estimate made by the State Board of Equalization.

8 5. All such surplus funds or monies shall be placed in a
9 Constitutional Reserve Fund by the State Treasurer until such time
10 that the amount of said Fund equals fifteen percent (15%) of the
11 General Revenue Fund certification for the preceding two-year fiscal
12 ~~year~~ period. Appropriations made from said Fund shall be considered
13 special appropriations.

14 6. a. Up to three-eighths (3/8) of the balance at the
15 beginning of the current fiscal ~~year~~ period in the
16 Constitutional Reserve Fund may be appropriated for
17 the forthcoming fiscal ~~year~~ period, when the
18 certification by the State Board of Equalization for
19 said forthcoming fiscal ~~year~~ period General Revenue
20 Fund is less than that of the current fiscal ~~year~~
21 period certification. In no event shall the amount of
22 monies appropriated from the Constitutional Reserve
23 Fund be in excess of the difference between the two
24 said certifications.

1 b. (1) In years when the provisions of subparagraph a of
2 this paragraph are not applicable and the balance
3 at the beginning of the current fiscal ~~year~~
4 period in the Constitutional Reserve Fund is
5 equal to or greater than Eighty Million Dollars
6 (\$80,000,000.00), up to Ten Million Dollars
7 (\$10,000,000.00) may be expended for the purpose
8 of providing incentives to support retention of
9 at-risk manufacturing establishments in this
10 state in order to retain employment for residents
11 of this state. Such incentives shall be paid by
12 the Oklahoma Tax Commission upon a unanimous
13 finding by the Governor, the Speaker of the House
14 of Representatives and the President Pro Tempore
15 of the Senate that:

16 (a) such incentives have been recommended by an
17 independent committee created by the
18 Legislature for such purposes as provided
19 herein pursuant to criteria set out by law,

20 (b) the incentive will result in a substantial
21 benefit to this state, and

22 (c) payment of the incentive would be in
23 accordance with the provisions of this
24

subparagraph and laws enacted to implement provisions of this subparagraph.

(2) The independent committee will be composed of not less than seven (7) people appointed or otherwise determined pursuant to laws enacted by the Legislature providing for membership on the committee. The committee shall make recommendations to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate for the awarding of incentives. Such recommendations shall give priority to establishments which:

(a) are at greater risk of losing jobs because the plant is no longer competitive or leaving the state and thereby causing the loss of more employment in this state than other eligible recipients, and

(b) provide the largest economic impact to the state.

(3) For any fiscal ~~year~~ period, the incentives shall not exceed ten percent (10%) of the amount invested by an establishment in capital assets to be utilized in this state. Incentives may only be paid pursuant to an investment contract

1 between the establishment and a state agency
2 designated by law, which provides for a specified
3 amount of investment in a capital asset to be
4 made by the establishment over a period of not to
5 exceed five (5) years. No incentive payment
6 shall be made prior to the actual investment by
7 the establishment. The contract shall make
8 payment of any incentives in any fiscal ~~year~~
9 period contingent on the balance at the beginning
10 of such fiscal ~~year~~ period in the Constitutional
11 Reserve Fund being equal to or greater than
12 Eighty Million Dollars (\$80,000,000.00) and on
13 the certification by the State Board of
14 Equalization for such fiscal ~~year~~ period of the
15 amount available for appropriation from the
16 General Revenue Fund being greater than the
17 amount certified for the preceding fiscal ~~year~~
18 period. Investment contracts authorized by this
19 subparagraph shall provide that if any incentive
20 payment is payable during a fiscal ~~year~~ period in
21 which either the balance at the beginning of the
22 fiscal ~~year~~ period in the Constitutional Reserve
23 Fund is not equal to or greater than Eighty
24 Million Dollars (\$80,000,000.00) or when the

1 certification by the State Board of Equalization
2 for such fiscal ~~year~~ period General Revenue Fund
3 is less than that of the immediately prior fiscal
4 ~~year~~ period certification, then any incentive
5 payments which would have been payable during
6 such fiscal ~~year~~ period shall be payable in the
7 first fiscal ~~year~~ period when funds are available
8 pursuant to the provisions of division (1) of
9 this subparagraph. In the event that the amount
10 of incentives payable under investment contracts
11 authorized by this subparagraph is greater than
12 the amounts available for payment under this
13 subparagraph in a fiscal ~~year~~ period, then no new
14 contracts may be authorized during such ~~year~~
15 period and incentive payments which are made
16 shall be reduced pro rata as necessary to apply
17 all available funds to incentive payments which
18 are payable in such ~~year~~ period.

19 (4) The Legislature is authorized to enact laws
20 necessary to implement the provisions of this
21 section.

22 7. Up to three-eighths (3/8) of the balance at the beginning of
23 the current two-year fiscal ~~year~~ period in the Constitutional
24 Reserve Fund may be appropriated for the current fiscal ~~year~~ period

1 if the State Board of Equalization determines that a revenue failure
2 has occurred with respect to the General Revenue Fund of the State
3 Treasury. In no event shall the amount of monies appropriated from
4 the Constitutional Reserve Fund pursuant to this paragraph be in
5 excess of the amount of the projected revenue failure in the General
6 Revenue Fund, which total amount shall be computed by the State
7 Board of Equalization, for the entire fiscal ~~year~~ period. Monies
8 appropriated to any state governmental entity from the
9 Constitutional Reserve Fund pursuant to this paragraph may only be
10 made in order to ensure that the monies actually received by the
11 entity for the then current fiscal ~~year~~ period are equal to or less
12 than, but not in excess of, the total appropriation amount for such
13 entity in effect at the beginning of the then current fiscal ~~year~~
14 period.

15 8. Up to one-quarter ($1/4$) of the balance at the beginning of
16 the current fiscal ~~year~~ period in the Constitutional Reserve Fund
17 may be appropriated, upon a declaration by the Governor that
18 emergency conditions exist, with concurrence of the Legislature by a
19 two-thirds ($2/3$) vote of the House of Representatives and Senate for
20 the appropriation; or said one-quarter ($1/4$) could be appropriated
21 upon a joint declaration of emergency conditions by the Speaker of
22 the House of Representatives and the President Pro Tempore of the
23 Senate, with a concurrence of a three-fourths ($3/4$) vote of the
24 House of Representatives and Senate.

1 9. That portion of every appropriation, at the end of each
2 fiscal ~~year~~ period, in excess of actual revenues collected and
3 allocated thereto, as hereinafter provided, shall be null and void.
4 Revenues deposited in the State Treasury to the credit of the
5 General Revenue Fund or of any special fund (which derives its
6 revenue in whole or in part from state taxes or fees) shall, except
7 as to principal and interest on the public debt, be allocated
8 monthly to each department, institution, board, commission or
9 special appropriation on a percentage basis, in that ratio that the
10 total appropriation for such department, institution, board,
11 commission or special appropriation from each fund for that fiscal
12 ~~year~~ period bears to the total of all appropriations from each fund
13 for that fiscal ~~year~~ period, and no warrant shall be issued in
14 excess of said allocation. Any department, institution or agency of
15 the state operating on revenues derived from any law or laws which
16 allocate the revenues thereof to such department, institution or
17 agency shall not incur obligations in excess of the unencumbered
18 balance of cash on hand. Nothing in this section shall prevent,
19 under such conditions and limitations as shall be prescribed by law,
20 the governing board of an institution of higher education within The
21 Oklahoma State System of Higher Education from contracting with a
22 president of such institution of higher education for periods
23 extending more than one (1) year, but not to exceed three (3) years
24 beyond the fiscal year in which the contract is signed.

1 10. The Legislature shall provide a method whereby
2 appropriations shall be divided and set up on a monthly, quarterly
3 or semiannual basis within each fiscal ~~year~~ period to prevent
4 obligations being incurred in excess of the revenue to be collected,
5 and notwithstanding other provisions of this Constitution, the
6 Legislature shall provide that all appropriations shall be reduced
7 to bring them within revenues actually collected, but all such
8 reductions shall apply to each department, institution, board,
9 commission or special appropriation made by the State Legislature in
10 the ratio that its total appropriation for that fiscal ~~year~~ period
11 bears to the total of all appropriations from that fund for that
12 fiscal ~~year~~ period; provided, however, that the Governor shall have
13 discretion to issue deficiency certificates to the State Treasurer
14 for the benefit of any department, institution or agency of the
15 state, if the amount of such deficiency certificates be within the
16 limit of the current appropriation for that department, institution
17 or agency, whereupon the State Treasurer shall issue warrants to the
18 extent of such certificates for the payment of such claims as may be
19 authorized by the Governor, and such warrants shall become a part of
20 the public debt and shall be paid out of any money appropriated by
21 the Legislature and made lawfully available therefor; provided
22 further, that in no event shall said deficiency certificates exceed
23 in the aggregate the sum of Five Hundred Thousand Dollars
24 (\$500,000.00) in any fiscal ~~year~~ period.

1 SECTION 2. The Ballot Title for the proposed Constitutional
2 amendments as set forth in SECTION 1 of this resolution shall be in
3 the following form:

4 BALLOT TITLE

5 Legislative Referendum No. _____ State Question No. _____

6 THE GIST OF THE PROPOSITION IS AS FOLLOWS:

7 This measure amends the Oklahoma Constitution. It amends Section
8 26 of Article 5 and it amends Section 23 of Article 10. It
9 would change the way in which the state budget is prepared.
10 Instead of an annual budget for one fiscal year, the Legislature
11 would write a budget for two fiscal years. The budget would be
12 passed in an odd-numbered year. Other laws would be considered
13 in the even-numbered year. The state board that estimates tax
14 revenue would change its procedures to match these changes. The
15 revenue estimate would be for a two-year period instead of a
16 one-year period. The Constitutional Reserve Fund would also
17 change. It would be changed so money would be deposited or
18 withdrawn based on the new two-year cycle for the budget.

19 SHALL THE PROPOSAL BE APPROVED?

20 FOR THE PROPOSAL — YES _____

21 AGAINST THE PROPOSAL — NO _____

22 SECTION 3. The Chief Clerk of the House of Representatives,
23 immediately after the passage of this resolution, shall prepare and
24 file one copy thereof, including the Ballot Title set forth in

1 SECTION 2 hereof, with the Secretary of State and one copy with the
2 Attorney General.

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