

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 SENATE BILL 591

By: Montgomery

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5  
6 AS INTRODUCED

7 An Act relating to investments by State Treasurer;  
8 authorizing the implementation of a program to invest  
9 certain funds; providing limit on amount of  
10 investment; permitting certain manner of investment;  
11 authorizing the State Treasurer to enter into certain  
12 agreements; amending Section 1, Chapter 337, O.S.L.  
13 2016, as last amended by Section 1, Chapter 5, O.S.L.  
14 2020 (62 O.S. Supp. 2020, Section 34.102), which  
15 relates to the Revenue Stabilization Fund;  
16 authorizing certain revenue to be invested in certain  
17 program; providing for codification; and providing an  
18 effective date.

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

20 SECTION 1. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 89.2a of Title 62, unless there  
22 is created a duplication in numbering, reads as follows:

23 A. The State Treasurer may implement a program to invest funds  
24 as a hedge against the volatility of monies collected pursuant to  
25 Section 1001 et seq. of Title 68 of the Oklahoma Statutes.

26 B. The State Treasurer may invest no more than Two Million  
27 Dollars (\$2,000,000.00) per fiscal year of monies deposited to the  
28 credit of the Revenue Stabilization Fund and derived from Section

1 1001 of Title 68 of the Oklahoma Statutes. Investments may be made  
2 in commodity futures contracts and call and put options on commodity  
3 futures contracts.

4 C. The State Treasurer may enter into agreements with third  
5 party entities to implement the provisions of this act.

6 SECTION 2. AMENDATORY Section 1, Chapter 337, O.S.L.  
7 2016, as last amended by Section 1, Chapter 5, O.S.L. 2020 (62 O.S.  
8 Supp. 2020, Section 34.102), is amended to read as follows:

9 Section 34.102. A. There is hereby created in the State  
10 Treasury a revolving fund to be known and designated as the "Revenue  
11 Stabilization Fund". The fund shall be a continuing fund, not  
12 subject to fiscal year limitations.

13 B. For determinations made regarding deposits for fiscal years  
14 beginning on or after July 1, 2019, no monies shall be deposited to  
15 the credit of the Revenue Stabilization Fund until such time as the  
16 amount of actual revenue certified by the State Board of  
17 Equalization as having been deposited into the General Revenue Fund  
18 for the first fiscal year prior to the beginning of the fiscal year  
19 that deposits to the Revenue Stabilization Fund are first made  
20 equals or exceeds Six Billion Six Hundred Million Dollars  
21 (\$6,600,000,000.00).

22 C. Once the provisions prescribed by subsection B of this  
23 section have been met, deposits to the Revenue Stabilization Fund as  
24 prescribed by this section may be made during any subsequent fiscal

1 year according to the requirements and limitations imposed by ~~this~~  
2 ~~act~~ Section 34 et seq. of this title; provided that no deposits  
3 shall be made during a fiscal year where the State Board of  
4 Equalization General Revenue Fund certification for ~~said~~ the fiscal  
5 year is less than the State Board of Equalization General Revenue  
6 Fund certification for the previous fiscal year plus an increment  
7 equal to the amount otherwise calculated for deposit pursuant to  
8 subsection E of this section.

9 D. Notwithstanding any other provisions of this section, unless  
10 such deposits are the result of a direct appropriation to the  
11 Revenue Stabilization Fund by the Legislature, no monies shall be  
12 deposited to the credit of the Revenue Stabilization Fund:

13 1. For any month during a fiscal year after the month during  
14 which the declaration of a revenue failure pursuant to the  
15 provisions of Section 34.49 of this title has been made. For  
16 purposes of this subsection, the limitation on deposits to the  
17 Revenue Stabilization Fund shall be imposed for the remaining months  
18 of the fiscal year during which the revenue failure was declared,  
19 but shall not operate as a limitation upon deposits for any  
20 subsequent fiscal year unless a revenue failure is declared at some  
21 time during such fiscal year; or

22 2. That would cause deposits to the Revenue Stabilization Fund  
23 for the fiscal year to exceed three percent (3%) of the State Board  
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1 of Equalization General Revenue Fund certification for that fiscal  
2 year.

3 E. Except as provided in subsection I of this section, the  
4 Revenue Stabilization Fund shall consist of:

5 1. One hundred percent (100%) of the revenue derived from the  
6 gross production tax on oil levied pursuant to Section 1001 of Title  
7 68 of the Oklahoma Statutes which is in excess of the five-year  
8 average computed as prescribed by Section 34.103 of this title.

9 Each fiscal year, the first Two Million Dollars (\$2,000,000.00) of  
10 revenue derived pursuant to this paragraph may be invested by the  
11 State Treasurer in the program provided in Section 1 of this act;

12 2. One hundred percent (100%) of the revenue derived from the  
13 gross production tax on natural gas levied pursuant to Section 1001  
14 of Title 68 of the Oklahoma Statutes which is in excess of the five-  
15 year average computed as prescribed by Section 34.103 of this title;

16 3. Seventy-five percent (75%) of the revenue derived from  
17 corporate income tax levied pursuant to Section 2355 of Title 68 of  
18 the Oklahoma Statutes which is in excess of the five-year average  
19 computed as prescribed by Section 34.103 of this title; and

20 4. Any amounts appropriated by the Legislature.

21 F. 1. Except as provided in paragraph 2 of this subsection, in  
22 the event that a revenue failure is declared with respect to the  
23 General Revenue Fund pursuant to Section 34.49 of this title, the  
24 Director of the Office of Management and Enterprise Services may

1 withdraw up to one-quarter (1/4) of the balance of the Revenue  
2 Stabilization Fund available at the beginning of the fiscal year,  
3 provided the total amount withdrawn shall not exceed the amount of  
4 the declared revenue failure, to in equal proportions reduce or  
5 avoid reductions to agencies for the current fiscal year and to  
6 mitigate potential reductions of funds to be expended by common  
7 school districts which were appropriated or authorized by the  
8 Legislature, but excluding any funds which are apportioned directly  
9 to common school districts.

10 2. For the fiscal year ending June 30, 2020, in the event that  
11 a revenue failure is declared with respect to the General Revenue  
12 Fund pursuant to Section 34.49 of this title, the Director of the  
13 Office of Management and Enterprise Services may withdraw amounts up  
14 to a total of one-half (1/2) of the highest balance during the  
15 fiscal year ending June 30, 2020, of the Revenue Stabilization Fund;  
16 provided, the total amount withdrawn shall not exceed the amount of  
17 the declared revenue failure less any appropriations made by the  
18 Legislature to offset such revenue failure, to in equal proportions  
19 reduce or avoid reductions to agencies for the fiscal year and to  
20 mitigate potential reductions of funds to be expended by common  
21 school districts which were appropriated or authorized by the  
22 Legislature for the fiscal year ending June 30, 2020, but excluding  
23 any funds which are apportioned directly to common school districts.  
24 No monies shall be withdrawn under the provisions of this subsection

1 for the purpose of reducing or avoiding reductions of appropriations  
2 made pursuant to Section 129 of Enrolled House Bill No. 2765 of the  
3 1st Session of the 57th Oklahoma Legislature or Section 1 of  
4 Enrolled Senate Bill No. 1076 of the 1st Session of the 57th  
5 Oklahoma Legislature.

6 G. In the event that a revenue failure is declared with respect  
7 to the General Revenue Fund pursuant to Section 34.49 of this title,  
8 the Legislature may appropriate up to one-quarter (1/4) of the  
9 balance of the Revenue Stabilization Fund available at the beginning  
10 of the fiscal year, not to exceed the amount of the revenue failure  
11 as declared with respect to the General Revenue Fund pursuant to  
12 Section 34.49 of this title.

13 H. If the amount of revenue certified by the State Board of  
14 Equalization at its February meeting in any year to be collected in  
15 the General Revenue Fund for the upcoming fiscal year is less than  
16 the amount of revenue certified by the State Board of Equalization  
17 to be collected in the General Revenue Fund for the current fiscal  
18 year as determined at its February meeting conducted in the  
19 preceding calendar year, the Legislature may appropriate up to one-  
20 half (1/2) of the balance of the Revenue Stabilization Fund  
21 available at the beginning of the fiscal year; provided, that the  
22 amount withdrawn shall not exceed the amount of the decline in  
23 revenue certified.

1 I. If during the Board of Equalization certification process,  
2 one or more of the revenue sources identified in paragraphs 1, 2 and  
3 3 of subsection E of this section are forecasted to experience a  
4 revenue decrease, then the total deposits to the Revenue  
5 Stabilization Fund as otherwise calculated under subsection E of  
6 this section shall be reduced in an amount equal to such revenue  
7 decreases. For purposes of this subsection, "revenue decrease"  
8 means an identified revenue source derived in an amount less than  
9 the five-year average for such revenue source.

10 SECTION 3. This act shall become effective November 1, 2021.

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