

STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

SENATE JOINT  
RESOLUTION 9

By: Holt

AS INTRODUCED

A Joint Resolution directing the Secretary of State to refer to the people for their approval or rejection a proposed amendment to Section 23 of Article X of the Oklahoma Constitution; modifying limit on Legislative appropriations for a fiscal year; providing ballot title; and directing filing.

BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE  
1ST SESSION OF THE 55TH OKLAHOMA LEGISLATURE:

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 23 of Article X of the Oklahoma Constitution to read as follows:

Section 23. The state shall never create or authorize the creation of any debt or obligation, or fund or pay any deficit, against the state, or any department, institution or agency thereof, regardless of its form or the source of money from which it is to be paid, except as may be provided in this section and in Sections 24 and 25 of Article X of the Constitution of the State of Oklahoma.

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

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

17 Amounts certified as available for appropriation from each fund,  
18 as hereinbefore provided, shall be ninety-five percent (95%) of an  
19 itemized estimate made by the State Board of Equalization, which  
20 shall include all sources of revenue to each fund for the next  
21 ensuing fiscal year; provided, however, appropriated federal funds  
22 shall be certified for the full amount of the estimate. Said  
23 estimate shall consider any increase or decline in revenues that  
24 would result from predictable changes in the economy.

1 Legislative appropriations for any fiscal year, except for  
2 special appropriations provided for in paragraph 6, 7 or 8 shall be  
3 limited to the lesser of these two amounts:

4 a. a sum not to exceed the total amount appropriated from  
5 all funds in the preceding fiscal year, plus twelve  
6 percent (12%), adjusted for inflation for the previous  
7 calendar year. Said limit shall be adjusted for funds  
8 not previously appropriated, or

9 b. a sum of the rate of inflation for the previous  
10 calendar year and the percent increase in population  
11 growth for the state for the previous calendar year as  
12 certified by the State Board of Equalization to be the  
13 most recent Federal Decennial Census or the most  
14 recent official population estimates from the United  
15 States Census Bureau at the time of the certification  
16 provided for in this paragraph.

17 The limit on the growth of appropriations shall be certified to  
18 by the State Board of Equalization.

19 2. Such certification shall be filed with the Governor, the  
20 President and President Pro Tempore of the Senate, and the Speaker  
21 of the House of Representatives. The Legislature shall not pass or  
22 enact any bill, act or measure making an appropriation of money for  
23 any purpose until such certification is made and filed, unless the  
24 State Board of Equalization has failed to file said certification at

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

1        3. The State Board of Equalization shall meet within five (5)  
2 days after the monthly apportionment in February of each year, and  
3 at that time may adjust the certification, based upon the most  
4 current information available, and determine the amount of funds  
5 available for appropriation for that legislative session. At said  
6 meeting the Board shall determine the limit on the growth of  
7 appropriations as provided for in this section.

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

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

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

1 Constitutional Reserve Fund be in excess of the  
2 difference between the two said certifications.

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

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

22 (b) the incentive will result in a substantial  
23 benefit to this state, and  
24

1 (c) payment of the incentive would be in  
2 accordance with the provisions of this  
3 subparagraph and laws enacted to implement  
4 provisions of this subparagraph.

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

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

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

22 (3) For any fiscal year, the incentives shall not  
23 exceed ten percent (10%) of the amount invested  
24 by an establishment in capital assets to be

utilized in this state. Incentives may only be paid pursuant to an investment contract between the establishment and a state agency designated by law, which provides for a specified amount of investment in a capital asset to be made by the establishment over a period of not to exceed five (5) years. No incentive payment shall be made prior to the actual investment by the establishment. The contract shall make payment of any incentives in any fiscal year contingent on the balance at the beginning of such fiscal year in the Constitutional Reserve Fund being equal to or greater than Eighty Million Dollars (\$80,000,000.00) and on the certification by the State Board of Equalization for such fiscal year of the amount available for appropriation from the General Revenue Fund being greater than the amount certified for the preceding fiscal year. Investment contracts authorized by this subparagraph shall provide that if any incentive payment is payable during a fiscal year in which either the balance at the beginning of the fiscal year in the Constitutional Reserve Fund is not equal to or greater than Eighty Million Dollars



1 (\$80,000,000.00) or when the certification by the  
2 State Board of Equalization for such fiscal year  
3 General Revenue Fund is less than that of the  
4 immediately prior fiscal year certification, then  
5 any incentive payments which would have been  
6 payable during such fiscal year shall be payable  
7 in the first fiscal year 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, then no new  
14 contracts may be authorized during such year and  
15 incentive payments which are made shall be  
16 reduced pro rata as necessary to apply all  
17 available funds to incentive payments which are  
18 payable in such year.

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 fiscal year in the Constitutional Reserve Fund may be  
24 appropriated for the current fiscal year if the State Board of

1 Equalization determines that a revenue failure has occurred with  
2 respect to the General Revenue Fund of the State Treasury. In no  
3 event shall the amount of monies appropriated from the  
4 Constitutional Reserve Fund pursuant to this paragraph be in excess  
5 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. 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 are equal to or less than,  
12 but not in excess of, the total appropriation amount for such entity  
13 in effect at the beginning of the then current fiscal year.

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

1        9. That portion of every appropriation, at the end of each  
2 fiscal year, in excess of actual revenues collected and allocated  
3 thereto, as hereinafter provided, shall be null and void. Revenues  
4 deposited in the State Treasury to the credit of the General Revenue  
5 Fund or of any special fund (which derives its revenue in whole or  
6 in part from state taxes or fees) shall, except as to principal and  
7 interest on the public debt, be allocated monthly to each  
8 department, institution, board, commission or special appropriation  
9 on a percentage basis, in that ratio that the total appropriation  
10 for such department, institution, board, commission or special  
11 appropriation from each fund for that fiscal year bears to the total  
12 of all appropriations from each fund for that fiscal year, and no  
13 warrant shall be issued in excess of said allocation. Any  
14 department, institution or agency of the state operating on revenues  
15 derived from any law or laws which allocate the revenues thereof to  
16 such department, institution or agency shall not incur obligations  
17 in excess of the unencumbered balance of cash on hand. Nothing in  
18 this section shall prevent, under such conditions and limitations as  
19 shall be prescribed by law, the governing board of an institution of  
20 higher education within The Oklahoma State System of Higher  
21 Education from contracting with a president of such institution of  
22 higher education for periods extending more than one (1) year, but  
23 not to exceed three (3) years beyond the fiscal year in which the  
24 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 to prevent obligations  
4 being incurred in excess of the revenue to be collected, and  
5 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 bears to  
11 the total of all appropriations from that fund for that fiscal year;  
12 provided, however, that the Governor shall have discretion to issue  
13 deficiency certificates to the State Treasurer for the benefit of  
14 any department, institution or agency of the state, if the amount of  
15 such deficiency certificates be within the limit of the current  
16 appropriation for that department, institution or agency, whereupon  
17 the State Treasurer shall issue warrants to the extent of such  
18 certificates for the payment of such claims as may be authorized by  
19 the Governor, and such warrants shall become a part of the public  
20 debt and shall be paid out of any money appropriated by the  
21 Legislature and made lawfully available therefor; provided further,  
22 that in no event shall said deficiency certificates exceed in the  
23 aggregate the sum of Five Hundred Thousand Dollars (\$500,000.00) in  
24 any fiscal year.

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

BALLOT TITLE

Legislative Referendum No. \_\_\_\_\_ State Question No. \_\_\_\_\_

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

This measure amends Section 23 of Article 10 of the Oklahoma Constitution. This measure limits the amount of funds the Legislature can appropriate. This measure adds a method to calculate the maximum percentage that appropriations may increase over the previous year. The rate of inflation and the percentage of population growth of the state are added together to equal the maximum percentage appropriations can be increased.

SHALL THE PROPOSAL BE APPROVED?

FOR THE PROPOSAL — YES \_\_\_\_\_

AGAINST THE PROPOSAL — NO \_\_\_\_\_

SECTION 3. The President Pro Tempore of the Senate shall, immediately after the passage of this resolution, prepare and file one copy thereof, including the Ballot Title set forth in SECTION 2 hereof, with the Secretary of State and one copy with the Attorney General.

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