

ENROLLED SENATE BILL 755

**ENACTED BY THE FIRST REGULAR SESSION OF THE
50TH LEGISLATURE OF THE STATE OF OKLAHOMA**

NUMBERED BY THE SECRETARY OF STATE

STATE QUESTION NUMBER 725

LEGISLATIVE REFERENDUM NUMBER 340

RECEIVED: June 2, 2005

An Act

ENROLLED SENATE
BILL NO. 755

By: Leftwich, Gumm, Corn,
Lawler, Branam and
Crutchfield of the Senate

and

Nance, Nations, Calvey,
Dorman, Auffet, Balkman,
Denney, Hilliard, Kiesel,
McDaniel, McMullen,
Peterson (Pam), Pruett,
Sherrer, Shumate, Sullivan,
Tibbs and Winchester of the
House

An Act relating to economic development; 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 Constitution of the State of Oklahoma; expanding allowable uses of the Constitutional Reserve Fund; authorizing incentive payments to at-risk manufacturing establishments; providing procedures and restrictions for such payments; authorizing Legislature to enact necessary laws; providing ballot title; and directing filing

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

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 Constitution of the State of Oklahoma 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.

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

1. Not more than forty-five (45) days or less than thirty-five (35) days prior to the convening of each regular session of the Legislature, the State Board of Equalization shall certify the total amount of revenue which accrued during the last preceding fiscal

year to the General Revenue Fund and to each Special Revenue Fund appropriated directly by the Legislature, and shall further certify amounts available for appropriation which shall be based on a determination, in accordance with the procedure hereinafter provided, of the revenues to be received by the state under the laws in effect at the time such determination is made, for the next ensuing fiscal year, showing separately the revenues to accrue to the credit of each such fund of the state appropriated directly by the Legislature.

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

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

2. Such certification shall be filed with the Governor, the President and President Pro Tempore of the Senate, and the Speaker of the House of Representatives. The Legislature shall not pass or enact any bill, act or measure making an appropriation of money for any purpose until such certification is made and filed, unless the State Board of Equalization has failed to file said certification at the time of convening of said Legislature. In such event, it shall be the duty of the Legislature to make such certification pursuant to the provisions of this section. All appropriations made in excess of such certification shall be null and void; provided, however, that the Legislature may at any regular session or special session, called for that purpose, enact laws to provide for additional revenues or a reduction in revenues, other than ad valorem taxes, or transferring the existing revenues or unappropriated cash on hand from one fund to another, or making provisions for appropriating funds not previously appropriated directly by the Legislature. Whereupon, it shall be the duty of the State Board of Equalization to make a determination of the revenues that will accrue under such laws and ninety-five percent (95%) of the amount of any increase or decrease resulting, for any reason, from such changes in laws shall be added to or deducted from the amount previously certified available for appropriation from each respective fund, as the case may be. The State Board of Equalization shall file the amount of such adjusted certification, or additional certification for funds not previously appropriated directly by the Legislature, with the Governor, with the President and President Pro Tempore of the Senate, and the Speaker of the House of Representatives, and such adjusted amount shall be the

maximum amount which can be appropriated for all purposes from any such fund for the fiscal year being certified.

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

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

5. Beginning July 1, 1985, all such surplus funds or monies accruing after said date shall be placed in a Constitutional Reserve Fund by the State Treasurer until such time that the amount of said Fund equals ten percent (10%) of the General Revenue Fund certification for the preceding fiscal year. Appropriations made from said Fund shall be considered special appropriations.

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

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

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

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

- (c) payment of the incentive would be in accordance with the provisions of this 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, 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 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 (\$80,000,000.00) or when the certification by the State Board of Equalization for such fiscal year General Revenue Fund is less than that of the immediately prior fiscal year certification, then any incentive payments which would have been

payable during such fiscal year shall be payable in the first fiscal year when funds are available pursuant to the provisions of division (1) of this subparagraph. In the event that the amount of incentives payable under investment contracts authorized by this subparagraph is greater than the amounts available for payment under this subparagraph in a fiscal year, then no new contracts may be authorized during such year and incentive payments which are made shall be reduced pro rata as necessary to apply all available funds to incentive payments which are payable in such year.

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

7. Up to three-eighths (3/8) of the balance at the beginning of the current fiscal year in the Constitutional Reserve Fund may be appropriated for the current fiscal year if the State Board of Equalization determines that a revenue failure has occurred with respect to the General Revenue Fund of the State Treasury. In no event shall the amount of monies appropriated from the Constitutional Reserve Fund pursuant to this paragraph be in excess of the amount of the projected revenue failure in the General Revenue Fund, which total amount shall be computed by the State Board of Equalization, for the entire fiscal year. Monies appropriated to any state governmental entity from the Constitutional Reserve Fund pursuant to this paragraph may only be made in order to ensure that the monies actually received by the entity for the then current fiscal year are equal to or less than, but not in excess of, the total appropriation amount for such entity in effect at the beginning of the then current fiscal year.

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

9. That portion of every appropriation, at the end of each fiscal year, in excess of actual revenues collected and allocated thereto, as hereinafter provided, shall be null and void. Revenues deposited in the State Treasury to the credit of the General Revenue Fund or of any special fund (which derives its revenue in whole or in part from state taxes or fees) shall, except as to principal and interest on the public debt, be allocated monthly to each department, institution, board, commission or special appropriation on a percentage basis, in that ratio that the total appropriation for such department, institution, board, commission or special appropriation from each fund for that fiscal year bears to the total

of all appropriations from each fund for that fiscal year, and no warrant shall be issued in excess of said allocation. Any department, institution or agency of the state operating on revenues derived from any law or laws which allocate the revenues thereof to such department, institution or agency shall not incur obligations in excess of the unencumbered balance of cash on hand. Nothing in this section shall prevent, under such conditions and limitations as shall be prescribed by law, the governing board of an institution of higher education within The Oklahoma State System of Higher Education from contracting with a president of such institution of higher education for periods extending more than one (1) year, but not to exceed three (3) years beyond the fiscal year in which the contract is signed.

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

SECTION 2. The Ballot Title for the proposed Constitutional amendment as set forth in SECTION 1 of this act 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 the Oklahoma Constitution. It amends Section 23 of Article 10. This section involves the Constitutional Reserve Fund also known as the Rainy Day Fund. This measure allows for money to be spent from the Rainy Day Fund to induce people to make investments. The investments would have to be for assets used by businesses which make things in this state. The money would be spent to try to keep jobs in this state. No more than Ten Million Dollars (\$10,000,000.00)

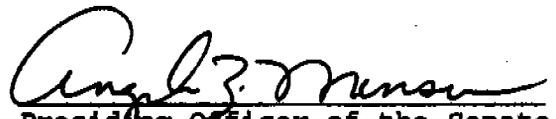
could be spent in one year. The amount spent could not be more than ten percent (10%) of the amount invested. No money could be spent if there is less than Eighty Million Dollars (\$80,000,000.00) in the Rainy Day Fund at the start of the year. The Legislature could make laws to carry out this amendment.

SHALL THIS AMENDMENT BE APPROVED BY THE PEOPLE?

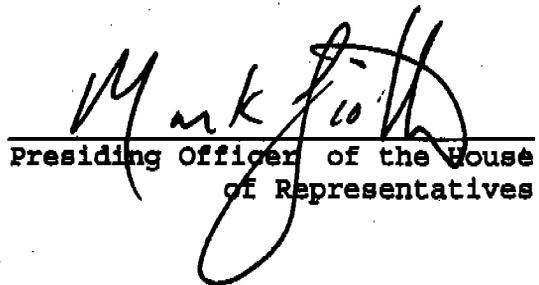
- YES, FOR THE AMENDMENT
- NO, AGAINST THE AMENDMENT

SECTION 3. The President Pro Tempore of the Senate shall, immediately after passage of this act, 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.

Passed the Senate the 27th day of May, 2005.


Presiding Officer of the Senate

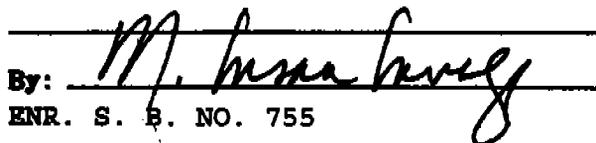
Passed the House of Representatives the 27th day of May, 2005.


Presiding Officer of the House
of Representatives

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this _____

2nd day of June, 2005,
at 10:24 o'clock A.M.

By: 
ENR. S. B. NO. 755



OFFICE OF ATTORNEY GENERAL
STATE OF OKLAHOMA

June 10, 2005

M. Susan Savage, Secretary of State
Office of the Secretary of State
101 State Capitol Building
Oklahoma City, Oklahoma 73105

The Honorable Mike Morgan
President Pro Tempore
422 State Capitol Building
Oklahoma City, OK 73105

The Honorable Todd Hiatt
Speaker of the House of Representatives
401 State Capitol Building
Oklahoma City, OK 73105

FILED

JUN 10 2005

OKLAHOMA SECRETARY
OF STATE

Re: Ballot Title for State Question No. 725, Legislative Referendum No. 340

Dear Speaker Hiatt, President Pro Tempore Morgan, and Secretary Savage:

We have, in accordance with the provisions of 34 O.S. 2001, § 9(C), reviewed the Ballot Title for the above-referenced State Question and conclude that it is not in harmony with the law for the following reasons:

1. It does not explain that incentives are awarded to business to support retention of at-risk manufacturing establishments to retain employment for residents; and
2. It does not explain that the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the Senate must be unanimous in their finding that incentives are to be paid.

June 10, 2005

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Having found that the Ballot Title is not in harmony with the law, we will, in conformity with the provisions of 34 O.S. 2001, § 9(C)(1), within ten (10) business days, prepare and file a Ballot Title which is in harmony with the law.

Respectfully submitted,



W.A. DREW EDMONDSON
ATTORNEY GENERAL

WAE:rjs



OFFICE OF ATTORNEY GENERAL
STATE OF OKLAHOMA

June 23, 2005

FILED

JUN 23 2005

OKLAHOMA SECRETARY
OF STATE

M. Susan Savage, Secretary of State
Office of the Secretary of State
101 State Capitol Building
Oklahoma City, Oklahoma 73105

The Honorable Mike Morgan
President Pro Tempore
422 State Capitol Building
Oklahoma City, OK 73105

The Honorable Todd Hiatt
Speaker of the House of Representatives
401 State Capitol Building
Oklahoma City, OK 73105

Re: Ballot Title for State Question No. 725, Legislative Referendum No. 340

Dear Speaker Hiatt, President Pro Tempore Morgan, and Secretary Savage:

Having found that the suggested Ballot Title for the above-referenced State Question was not in harmony with the law, we have, in accordance with the provisions of 34 O.S.2001, § 9(C), prepared the following Substitute Ballot Title for filing. As a Title 34 Ballot Title review, the following does not constitute an Attorney General's Opinion on the merits or constitutionality of the underlying proposed change in the law. The Substitute Ballot Title reads as follows:

BALLOT TITLE

This measure amends the State Constitution. It amends Section 23 of Article 10. The measure deals with the Constitutional Reserve Fund also known as the Rainy Day Fund. The measure allows

money to be spent from the Rainy Day Fund. The purpose of the authorized spending is to retain employment for state residents by helping at-risk manufacturers. Payments from the Fund would be used to encourage such manufacturers to make investments in Oklahoma. All such payments from the Fund must be unanimously approved by three State officers. Those officers are the Governor and the head of the Senate and House of Representatives. Those officers could only approve payments recommended by an independent committee. Such spending is allowed in years when there is Eighty Million Dollars or more in the Fund and other conditions are met. Such spending is limited to Ten Million Dollars a year. The help given to a manufacturer is limited to ten percent of its in-State capital investments. The Legislature could make laws to carry out the amendment.

SHALL THE PROPOSAL BE APPROVED?

FOR THE PROPOSAL—YES _____

AGAINST THE PROPOSAL—NO _____

Respectfully submitted,



**TOM GRUBER
ACTING ATTORNEY GENERAL**

WAE:rjs



Brad Henry
Governor

EXECUTIVE DEPARTMENT

EXECUTIVE PROCLAMATION

FILED

SEP 01 2006

**OKLAHOMA SECRETARY
OF STATE**

I, Brad Henry, Governor of the State of Oklahoma, pursuant to the authority vested in me by Section 3 of Article V and Section 1 of Article XXIV of the Oklahoma Constitution and Section 12 of Title 34 of the Oklahoma Statutes, do hereby order that State Question Number 725, Legislative Referendum Number 340, be submitted to qualified electors of the State of Oklahoma for their approval or rejection at the general election to be held statewide on November 7, 2006.

The substance of the measure, as reflected in the Substitute Ballot Title prepared by the Attorney General is as follows:

This measure amends the State Constitution. It amends Section 23 of Article 10. The measure deals with the Constitutional Reserve Fund also known as the Rainy Day Fund. The measure allows money to be spent from the Rainy Day Fund. The purpose of the authorized spending is to retain employment for state residents by helping at-risk manufacturers. Payments from the Fund would be used to encourage such manufacturers to make investments in Oklahoma. All such payments from the Fund must be unanimously approved by three State officers. Those officers are the Governor and the head of the Senate and House of Representatives. Those officers could only approve payments recommended by an independent committee. Such spending is allowed in years when there is Eighty Million Dollars or more in the Fund and other conditions are met. Such spending is limited to Ten Million Dollars a year. The help given to a manufacturer is limited to ten percent of its in-State capital investments. The Legislature could make laws to carry out the amendment.

Copies of this Executive Proclamation shall be distributed to the Secretary of State, the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the Secretary of the State Election Board. The Secretary of the State

Election Board and the secretaries of the appropriate county election boards are hereby directed to take all actions necessary to conduct the aforesaid election.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Oklahoma to be affixed at Oklahoma City, Oklahoma this 1st day of September, 2006.

BY THE GOVERNOR OF THE STATE OF OKLAHOMA



BRAD HENRY

Attest:



Secretary of State





Oklahoma State Election Board

ROOM B-6 • BOX 53156 • STATE CAPITOL • OKLAHOMA CITY, OKLAHOMA 73152 • (405) 521-2391

November 16, 2006

The Honorable Brad Henry
Governor of the State of Oklahoma
Room 212, State Capitol
Oklahoma City, Oklahoma 73105

Dear Governor Henry:

Pursuant to the provisions of 26 O.S. 2001, §12-118, the State Election Board herewith certifies the results of the vote at the General Election on November 7, 2006, on the following measures:

STATE QUESTION NO. 724
LEGISLATIVE REFERENDUM NO. 339

YES: 771,054
NO: 107,294

STATE QUESTION NO. 725
LEGISLATIVE REFERENDUM NO. 340

YES: 464,664
NO: 402,577

STATE QUESTION NO. 733
LEGISLATIVE REFERENDUM NO. 341

YES: 461,615
NO: 417,377

Governor Henry
November 16, 2006
Page 2

STATE QUESTION NO. 734
LEGISLATIVE REFERENDUM NO. 342

YES: 540,816
NO: 316,188

Sincerely,



MICHAEL CLINGMAN, Secretary
State Election Board

MC/mf

Receipt of the above hereby is acknowledged on this 16th day of November, 2006.

By: 

Time: 4:10 pm



Brad Henry
Governor

FILED

NOV 29 2006

OKLAHOMA SECRETARY
OF STATE

EXECUTIVE DEPARTMENT

EXECUTIVE PROCLAMATION

I, Brad Henry, Governor of the State of Oklahoma, pursuant to the authority vested in me by the provisions of Section 12-118 of Title 26 of the Oklahoma Statutes and the Certification by the State Election Board, hereby proclaim State Question 725 to have passed. The results of the election held on November 7, 2006, on State Question 725, Legislative Referendum No. 340 are as follows:

Total Votes – 867,241

YES – 464,664

NO – 402,577

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Oklahoma to be affixed at Oklahoma City, Oklahoma this 29 day of November 2006.

BY THE GOVERNOR OF THE STATE OF OKLAHOMA

Attest:

Secretary of State