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RYAN A. RAY

December 20, 2017

VIA HAND DELIVERY

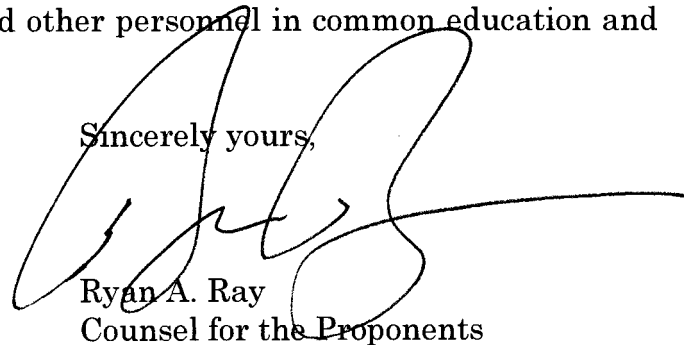
The Honorable Dave Lopez
Oklahoma Secretary of State
2300 N. Lincoln Boulevard, Ste. 101
Oklahoma City, Oklahoma 73105-4897

Re: Initiative Petition

Dear Mr. Secretary:

Please accept for filing the enclosed copy of an initiative petition and the Proponents' suggested ballot title. The initiative petition requests that a proposed Oklahoma constitutional amendment by article be submitted to the voters at the general election on November 6, 2018. The proposed amendment would levy an additional five percent (5%) gross production tax on oil and gas wells during the first thirty-six (36) months of production which will be used, in specified ways, to fund increased compensation for teachers and other personnel in common education and early learning.

Sincerely yours,



Ryan A. Ray
Counsel for the Proponents

RAR/src
Enclosures

c: The Honorable Mike Hunter
Oklahoma Attorney General (via hand delivery, w/ encls.)

RECEIVED

DEC 20 2017

OKLAHOMA SECRETARY
OF STATE

FILED

DEC 20 2017

PROPOSED BALLOT TITLE

OKLAHOMA SECRETARY
OF STATE

This measure adds a new Article to the Oklahoma Constitution, which creates two limited purpose funds to support quality instruction. It increases compensation for all certified personnel and promotes school readiness. It levies a five percent tax on gross production of oil and gas on wells during the first thirty-six months of production to provide revenue for the funds. The tax does not supplant or replace existing gross production taxes. The Article mandates a \$4,000 increase in salaries for all common education certified personnel. It allocates 90% of the available proceeds in the Quality Instruction Fund for that purpose. It also allocates 10% of the available proceeds in the Fund to support compensation for instructors and other instructional expenses for early learning. It requires annual audits of the use of monies from the Funds. It prohibits the use of such funds for superintendent salaries. It requires monies from the Funds not supplant or replace other educational funding, and requires the State Board of Equalization to prohibit further appropriations by the Legislature if such supplanting or replacement has occurred, until remedied. The Article takes effect on January 1 following passage or sixty (60) days after passage, whichever is sooner.

Shall the proposal be approved?

For the proposal - YES

Against the proposal - NO

A "YES" vote is a vote in favor of this measure. A "NO" vote is a vote against this measure.

State Question No. 795, Initiative Petition No. 416

WARNING

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FILED

INITIATIVE PETITION

DEC 20 2017

OKLAHOMA SECRETARY
OF STATE

To the Honorable Mary Fallin, Governor of Oklahoma:

We, the undersigned legal voters of the State of Oklahoma, respectfully order that the following proposed amendment to the Constitution shall be submitted to the legal voters of the State of Oklahoma for their approval or rejection at the regular general election, to be held on the 6th day of November, 2018 (or at a special election as may be called by the Governor), and each for himself says: I have personally signed this petition; I am a legal voter of the State of Oklahoma; my residence or post office are correctly written after my name. The time for filing this petition expires ninety (90) days from _____. The question we herewith submit to our fellow voters is:

Shall the following proposed new Article XIII-C to the Constitution be approved?

BE IT ENACTED BY THE PEOPLE OF OKLAHOMA THAT A NEW ARTICLE XIII-C TO THE OKLAHOMA CONSTITUTION BE APPROVED:

**CONSTITUTION OF OKLAHOMA, ARTICLE XIII-C --
OKLAHOMA QUALITY INSTRUCTION**

§ 1. CREATION OF OKLAHOMA QUALITY INSTRUCTION FUND

There is hereby created in the State Treasury a limited purpose fund to be known as the "Oklahoma Quality Instruction Fund." The Fund shall be a continuing fund not subject to fiscal year limitations and shall not be subject to legislative appropriation. Beginning July 1 in the calendar year subsequent to the passage of this Article XIII-C, the Fund shall consist of the funds collected from the Gross Production Tax levied in Section 3 of this Article XIII-C, and any monies or assets contributed to the Fund from any other source, public or private. All monies accruing to the credit of the Fund are hereby appropriated to be expended for the purposes set forth in this Article XIII-C. The monies accruing to the credit of the Fund shall not be distributed or expended for any other purposes.

§ 2. CREATION OF OKLAHOMA QUALITY INSTRUCTION RESERVE FUND

A. There is hereby created in the State Treasury a limited purpose fund to be known as the "Oklahoma Quality Instruction Reserve Fund." The Reserve Fund shall be a continuing fund not subject to fiscal year limitations and shall not be subject to legislative appropriation. The Reserve Fund shall consist of one hundred percent (100%) of the funds collected from the Gross Production Tax levied in Section 3 of this Article XIII-C during the period of the Effective Date of this Article XIII-C through June 30 of the next calendar year, and any monies or assets contributed to the Reserve Fund from any other source, public or private. Beginning July 1 in the calendar year following this Article XIII-C's passage, the Reserve Fund shall consist of any monies deposited in the Reserve Fund in accordance with Paragraph B of this Section of this Article XIII-C, and any monies or assets contributed to the Reserve Fund from any other source, public or private. All monies accruing to the credit of the Reserve Fund are hereby appropriated to be expended for the purposes set forth in this Article XIII-C. The monies accruing to the credit of the Reserve Fund shall not be distributed or expended for any other purposes.

B. The State Board of Education may direct the State Treasurer to deposit monies collected from the Gross Production Tax levied in Section 3 of this Article XIII-C to the Oklahoma

Quality Instruction Reserve Fund and to transfer monies between the Oklahoma Quality Instruction Fund and the Oklahoma Quality Instruction Reserve Fund as the State Board of Education determines is necessary to meet the proposed distributions from the Oklahoma Quality Instruction Fund to school districts or to sustain the Oklahoma Quality Instruction Reserve Fund.

In the event that funds available in the Oklahoma Quality Instruction Fund or the Oklahoma Quality Instruction Reserve Fund are not sufficient to fully make a distribution to school districts, the amount to be distributed to each district shall be reduced proportionately. Scheduled distributions that are reduced during a fiscal year shall be fully funded if revenues during that fiscal year are sufficient to pay the deficit. If revenues during a fiscal year are not sufficient to fully fund all distributions for that year, the State Board of Education shall utilize funds for the ensuing year to fully fund the prior year's scheduled distributions.

§ 3. LEVY OF FIVE PERCENT GROSS PRODUCTION TAX FOR OKLAHOMA QUALITY INSTRUCTION FUND

There is hereby levied a Gross Production Tax of five percent (5%) on the gross value of the production of oil, gas or oil and gas from all oil and gas wells spudded after July 1, 2015, during the first thirty-six (36) months of production, commencing with the month of first production, from and after the effective date of this Article XIII.

This five percent (5%) Gross Production Tax levy shall be in addition to, and shall not supplant any other taxes or fees currently levied or assessed, or levied or assessed in the future, on the production of oil, gas, or oil and gas.

All revenue from the Gross Production Tax levied pursuant to this Article XIII-C, and penalties and interest thereon, collected by the Oklahoma Tax Commission shall be paid to the State Treasurer and deposited into the Oklahoma Quality Instruction Fund and Oklahoma Quality Instruction Reserve Fund as set forth in Sections 1 and 2 of this Article XIII-C.

§ 4. INCREASE IN COMPENSATION OF CERTIFIED PERSONNEL

Subsequent to the Effective Date of this Article XIII-C, each common school district of the State of Oklahoma shall increase the compensation of each certified personnel, as that term is defined in 70 *Okla. Stat.* § 26-103 (Supp. 2012), employed by such district by \$4,000 greater than the salary schedule transmitted by such district for the most recent fiscal year prior to the Effective Date of this Article XIII-C. For purposes of this Article XIII-C, "certified personnel" shall not mean a superintendent or an assistant superintendent of a school district. The monies generated by the Gross Production Tax levied in Section 3 of this Article XIII-C shall continue to be used to support the increase in certified personnel salaries annually thereafter. Any additional monies available from the Oklahoma Quality Instruction Fund to each common school district in the State of Oklahoma may be used for additional increases to certified personnel compensation and benefits or the hiring, recruitment, and/or retention of additional certified personnel as determined by each common school district in its sole discretion as available funds allow.

§ 5. DISTRIBUTION AND ALLOCATION OF MONIES IN OKLAHOMA QUALITY INSTRUCTION FUND - PURPOSES - USES - ETC.

A. Prior to the beginning of each school year the State Board of Education shall determine the amount of monies to be apportioned pursuant to Paragraph B of this Section from the Oklahoma Quality Instruction Fund for the upcoming year. In determining how much revenue will be available for apportionment from the Oklahoma Quality Instruction Fund, the Board shall utilize the revenue estimate for the Gross Production Tax levy in Section XIII-C estimated at the meeting of the State Board of Equalization held within five (5) days after the monthly apportionment in February of each year. In addition to the other requirements of Article 10, Section 23 of the Oklahoma Constitution, the State Board of Equalization shall provide estimates as to the revenue to be expected by the state for the ensuing fiscal year from the Gross Production Tax levy in Section 3 of this Article XIII-C. The amount that may be distributed by the State Board of Education from the revenue to be expected for the ensuing fiscal year shall not exceed ninety-five percent (95%) of this estimate.

B. Monies in the Oklahoma Quality Instruction Fund shall be apportioned by the State Board of Education for the purposes established herein, as follows: For the purposes identified in Section 4 of Article XIII-C, Ninety percent (90%) of said monies shall be apportioned among and between all the several common school districts of the State on the basis of the state aid formula for common education then in effect, and such monies shall be specifically identified and segregated from other monies appropriated and apportioned among the several common school districts of the State on the basis of said state aid formula. To promote school readiness, ten percent (10%) of said monies shall be paid to the State Department of Education, to support compensation for instructors and other instructional expenses in high-quality early learning centers for at-risk children prior to entry into the common education system. Monies expended or distributed from the Oklahoma Quality Instruction Fund as provided herein shall be used only for the purposes specified in this Article XIII-C, Sections 4 and 5.

C. Monies distributed from the Oklahoma Quality Instruction Fund or Oklahoma Quality Instruction Reserve Fund may be used for the purposes specified in this Article XIII-C, Sections 4 and 5, but only for such purposes. Any monies found to be used for any other purposes shall be repaid by the recipients of such monies and deposited into the Oklahoma Quality Instruction Fund. The State Board of Education shall have the authority to distribute monies in the Oklahoma Quality Instruction Reserve Fund for the purposes specified in this Article XIII-C, Sections 4 and 5, but only for such purposes.

D. The annual independent audits conducted by each common school district shall include, and separately report, the use made of the monies distributed to the common school districts under this Article XIII-C to ensure that it is used only for the purposes specified in this Article XIII-C. The audits, including the use made of the monies distributed to the common school districts, shall be publicly available.

E. Monies in the Oklahoma Quality Instruction Fund and the Oklahoma Quality Instruction Reserve Fund shall be invested by the State Treasurer in whatever instruments are authorized by law for investments by the State Treasurer and the interest earned by any investment of monies in these Funds shall be credited back to these Funds.

§ 6. FUNDS NOT TO SUPPLANT OTHER EDUCATION FUNDING

A. Monies expended or distributed from the Oklahoma Quality Instruction Fund and the Oklahoma Quality Instruction Reserve Fund shall supplement, and shall not be used to supplant or replace, any other state funds supporting common education and early childhood education. Monies expended or distributed from the Oklahoma Quality Instruction Fund and the Oklahoma Quality Instruction Reserve Fund shall not be used to supplant or replace, any other state funds supporting common education, including but not limited to the Permanent School Fund, the Oklahoma Education Lottery Trust Fund, the Education Reform Revolving Fund, the Common Education Technology Revolving Fund, the Higher Education Capital Revolving Fund, the Oklahoma Tuition Scholarship Revolving Fund, the Common School Fund, appropriations from the Legislature as provided in Article XIII, Section 1a of the Oklahoma Constitution, or any other appropriations from the Legislature used for educational purposes.

B. In order to ensure that the monies from the Oklahoma Quality Instruction Fund and the Oklahoma Quality Instruction Reserve Fund are used to enhance and not supplant funding for the purposes set forth in this Article XIII-C, the State Board of Equalization shall examine and investigate distributions and expenditures from the Fund each year. At the meeting of the State Board of Equalization held within five (5) days after the monthly apportionment in February of each year, the State Board of Equalization shall make a determination and report whether distributions and expenditures from the Oklahoma Quality Instruction Fund and the Oklahoma Quality Instruction Reserve Fund were used solely for the purposes set forth in Article XIII-C. If the State Board of Equalization finds that other education funding was supplanted or replaced by monies from the Oklahoma Quality Instruction Fund or the Oklahoma Quality Instruction Reserve Fund, the State Board of Equalization shall specify the amount by which existing compensation for certified personnel was supplanted or replaced. In this event, the Legislature shall not make any appropriations for the ensuing fiscal year until an appropriation in that amount is made to replenish the Oklahoma Quality Instruction Fund, or the Oklahoma Quality Instruction Reserve Fund, or both.

§ 7. EFFECTIVE DATE, CONSTRUCTION

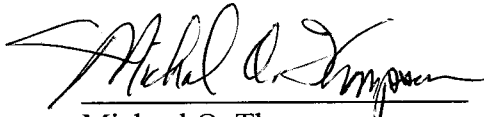
A. This Article XIII-C shall become effective on the January 1 following the Article's passage or the first day of the calendar month which is at least sixty (60) days after the Article's passage, whichever is sooner.

B. Nothing in this Article XIII-C shall be construed as conflicting with Article X, Section 23 of the Constitution.

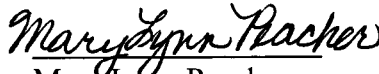
§ 8. SEVERABILITY

The provisions hereof are severable, and if any part or provision hereof shall be void, invalid, or unconstitutional, the decision of the court so holding shall not affect or impair any of the remaining parts or provisions hereof, and the remaining provisions hereof shall continue in full force and effect.

Name and Address of Proponents



Michael O. Thompson
14508 Longford Way
Edmond, OK 73013



Mary Lynn Peacher
10620 S. 69th East Ave.
Tulsa, OK 74133



Ray H. Potts
909⁸⁰⁸ E. Britton Road
Oklahoma City, OK 73114

SIGNATURES

The gist of the proposition is as follows: This measure adds a new Article to the Oklahoma Constitution. The new Article creates two limited purpose funds to support quality instruction. It increases compensation for all certified personnel, including teachers, and supports early learning. It levies a five percent tax on gross production of oil and gas on wells during the first thirty-six months of production to provide revenue for the Oklahoma Quality Instruction Fund (the "Fund"), and to provide revenue for a Reserve Fund ensuring the Fund can fulfill its obligations. The tax does not supplant or replace existing gross production taxes on such wells during such periods. The Article mandates a \$4,000 increase in salaries for all common education certified personnel, including teachers and others. It allocates 90% of the available proceeds in the Fund for that purpose. It also allocates 10% of the available proceeds in the Fund to support compensation for instructors and other instructional expenses in high-quality early learning centers for at-risk children prior to entry into the common education system. It requires annual audits of the use of monies from the Funds, which shall be made publicly available. It prohibits the use of such funds for superintendent or assistant superintendent salaries. It requires that monies from the Funds not supplant or replace other educational funding, and requires the State Board of Equalization to prohibit further appropriations by the Legislature if such supplanting or replacement has occurred, until remedied.

WARNING

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	Signature of Legal Voter	Print Name	Address	City	Zip	County

