

State Question 800

QUICK FACTS

ACTION:

- Vote **NO** on State Question 800 on Nov. 6 because it will endanger dedicated funding for public schools.
- Ask your friends, family and key influencers in your community to join you in voting **NO** on Nov. 6.

SUMMARY:

State Question 800 is a proposed state Constitutional amendment to create a new state budget reserve fund to collect an increasing percentage of collections from the gross production tax (GPT) on oil and gas. This off-the-top set-aside to the new Oklahoma Vision Fund would begin on July 1, 2020. SQ 800 originated from Senate Joint Resolution 35 and was placed on the ballot by the state Legislature.

WHAT IT WOULD DO:

- Beginning July 1, 2020, 5 percent of the collections from the gross production tax (GPT) on oil and gas would be deposited into a trust fund called the Oklahoma Vision Fund.
- The percentage of GPT directed to the fund would increase by .2 percent every year until it reaches 100 percent. The fund would also include any investment and income returns and other appropriations made by the Legislature.
- Monies in the fund will be invested by the state Treasurer. The fund is exempt from constitutional restrictions on state owning stock. The state Treasurer is required to make prudent investment decisions and diversify the fund investments to minimize risk.
- After July 1, 2020, 4 percent of the fund's principal will be deposited each year into the state's General Revenue Fund. Principal will be calculated by using an average of the fund's annual principal for the five years before the deposit. No more than 5 percent of the fund may be used to pay interest on bonds issued by the state or local governments.



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AREAS OF CONCERN:

- Schools now receive about 10 percent of all gross production revenue in dedicated funding outside of the appropriations process. The annual diversion of GPT collections will erode the level of dedicated funding and take millions of dollars in potential funding for schools off the table every year.
- The percentage of GPT collections would increase every year with no cap until all GPT collections would be directed to the fund. Eventually, this would eliminate GPT as a dedicated revenue source for schools.
- There's no limit on how much the fund can hold in reserve.
- The proposed amendment contains no mechanism for the legislature to tap the fund or delay a deposit in the event of a revenue shortfall or other emergency.
- Deposits to the fund would be made every year even when state revenues are below collections. The two existing constitutional reserve funds (Rainy Day and Revenue Stabilization) receive deposits only when revenue collections exceed projects or when anticipated collections from taxes exceed recent historical averages, respectively.
- A set amount of the fund would be spent every year, while the other two reserve funds are available to be tapped only when revenues fall short of projections or prior collections.
- Loose restrictions on investments would allow the state to invest in companies that it regulates and from which it receives tax revenue and would allow the state to pay the debt obligations of counties and cities.
- Gov. Mary Fallin vetoed a similar bill because of myriad concerns about the broad language and possible impact on available funding for core state services.
- Changes to the state Constitution to address any issues in this proposed amendment are difficult to undo and would require another statewide vote.

