

# **State of Oklahoma**

## **FY 2022 Revenue**

### **Certification**

**Dec. 18, 2020**



**OKLAHOMA**

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# Agenda Item #5

- **FY 2020 Actual**
  - (Board action as required by law)

# FY 2020 General Revenue Fund

- **\$6.273 billion actual amount**
- **\$716.1 million, -10.2% below the estimate**
- **Final revenue failure \$366,654,505, -5.2%**
- **Improvement over the projected revenue failure of \$416.9 million declared during April's BOE**
- **Total Reserves: \$229.9 Million**
  - **New Rainy Day Balance = \$58.7 million**
  - **New Revenue Stabilization Fund = \$171.2 million**



# Board Action

- **Certification of FY 2020 Actual Revenues**
- **Schedule 2: Column 2**
  - Move to certify FY 2020 General Revenue Fund collections of \$6,273,129,664 and total collections to all certified funds of \$6,542,233,920

# Agenda Item #6

- **Report of monies remaining in the GR Cash-flow Reserve Fund available for appropriation (page 10, bottom of column 3)**

**Total moved to Cash-flow Reserve =  
\$563 million, 8.8% of FY 2020  
GRF Appropriations Authority**

**~\$358 million used for July allocations**

**~\$200 million remains in Cash-flow  
Reserve and at this time is not expected  
to be expended**

**\$200 million is projected to be available  
for appropriation in FY 2022.**





# Agenda Item #7

- **Report and Determination of OHLAP funding for FY 2021**  
**(Board action as required by law)**

See Schedule 2, page 2 in the Board of Equalization packet.







# Board Action

- Report and possible action regarding the funding of Oklahoma's Promise scholarships (OHLAP)
  - **Move to accept the FY 2022 estimate of \$65.4 million as funds needed from General Revenue for the Oklahoma Higher Learning Access Act to be funded as submitted by the State Regents for Higher Education.**



# Agenda Item #8

- **Report and Action to Certify the Estimate of Funds Available for Appropriation for FY 2022**

# Economic Outlook



# Economic Slide

## April Conditions

- Outlook similar to the 2008 cycle in magnitude
- National unemployment claims exceed 20M
- Impact of oil gas sector on local downturn
- COVID-19 uncertainty

## December Conditions

- Effective stimulus packages
- Softening views of COVID-19 risks
- Rapid job recovery
- Quick approval for vaccine

Comparison of Gross Production Tax (Natural Gas) Forecasts				
	FY 21 Forecast (Certified in Feb 2020)	FY 21 Forecast Advisory BOE	FY 21 Re-estimate	FY 22 Forecast
Average Henry Hub Price Forecast	\$2.51	\$2.61	\$2.64	\$3.17
With Differential	<b>(\$1.08)</b>	<b>(\$1.09)</b>	<b>(\$1.12)</b>	<b>(\$1.12)</b>
Forecast Average OK Price (mcf)	\$1.43	\$1.52	\$1.52	\$2.05
Estimated Production (mcf)	3,118,319,000	2,295,408,000	2,890,282,000	3,063,350,000
Tax Rate:				
5%	\$111,066,000	\$86,986,000	\$108,962,000	\$157,204,000
7%	\$155,492,000	\$121,781,000	\$147,729,000	\$220,086,000
GP Tax on Natural Gas	\$266,558,000	\$208,767,000	\$256,691,000	\$377,290,000
Less Rebates and Refunds	<b>(\$15,093,000)</b>	<b>(\$15,093,000)</b>	<b>(\$16,190,000)</b>	<b>(\$300,000)</b>
GP Tax to Apportion	\$251,465,000	\$193,674,000	\$240,501,000	\$376,990,000
To General Revenue Fund	\$209,203,000	\$161,042,000	\$199,892,000	\$314,164,000
Difference From February		<b>(\$48,161,000)</b>	<b>(\$9,311,000)</b>	\$104,961,000
Difference From April			\$38,850,000	\$153,122,000
Difference From FY 21 Dec. Forecast				\$114,272,000



Comparison of Gross Production Tax (Oil) Forecasts				
	FY 21 Forecast (Certified in Feb 2020)	FY 21 Forecast Advisory BOE	FY 21 Re-estimate	FY 22 Forecast
Average WTI Price Forecast	\$58.50	\$29.00	\$40.49	\$46.58
With Differential	<u>(\$2.93)</u>	<u>(\$2.99)</u>	<u>(\$3.67)</u>	<u>(\$3.67)</u>
Forecast Average OK Price (bbl)	\$55.57	\$26.01	\$36.82	\$42.91
<b>Estimated Production (bbl)</b>	<b>206,459,000</b>	<b>160,034,000</b>	<b>157,140,000</b>	<b>172,178,000</b>
<b>Tax Rate:</b>				
5%	\$344,151,000	\$124,875,000	\$177,258,000	\$221,731,000
7%	\$321,207,000	\$116,550,000	\$159,784,000	\$206,949,000
<b>GP Tax on Oil</b>	<b>\$665,358,000</b>	<b>\$241,425,000</b>	<b>\$337,042,000</b>	<b>\$428,680,000</b>
<b>Less Rebates and Refunds</b>	<b><u>(\$8,266,000)</u></b>	<b><u>(\$8,266,000)</u></b>	<b><u>(\$10,369,000)</u></b>	<b><u>(\$300,000)</u></b>
<b>GP Tax to Apportion</b>	<b>\$657,092,000</b>	<b>\$233,159,000</b>	<b>\$326,673,000</b>	<b>\$428,380,000</b>
<b>To General Revenue Fund</b>	<b>\$367,274,000</b>	<b>\$33,404,000</b>	<b>\$106,765,000</b>	<b>\$187,365,000</b>
<b>Difference From February</b>		<b><u>(\$333,870,000)</u></b>	<b><u>(\$260,509,000)</u></b>	<b><u>(\$179,909,000)</u></b>
<b>Difference From April</b>			<b>\$73,361,000</b>	<b>\$153,961,000</b>
<b>Difference From FY 21 Dec. Forecast</b>				<b>\$80,600,000</b>



## Comparison of Gross Production Tax (Gas) Forecasts

	FY20 Forecast Based on 2/19 EIA Report	FY20 Re-estimate Based on 12/19 EIA Report	FY21 Forecast Based on 12/19 EIA Report
(Certified in February 2019)			
Average Henry Hub Price Forecast With Differential	\$2.94 <u>(\$0.23)</u>	\$2.45 <u>(\$1.01)</u>	\$2.58 <u>(\$1.01)</u>
Forecast Average OK Price (mcf)	\$2.71	\$1.44	\$1.57
Estimated Production (mcf)	3,263,000,000	3,378,000,000	3,057,000,000
<b>TAX RATE:</b>			
5%	\$199,271,000	\$130,656,000	\$119,668,000
7%	<u>\$309,977,000</u>	<u>\$153,113,000</u>	<u>\$167,535,000</u>
GP Tax on Gas	\$509,248,000	\$283,769,000	\$283,203,000
Less Rebates and Refunds	<u>(\$15,093,000)</u>	<u>(\$16,129,000)</u>	<u>(\$15,093,000)</u>
GP Tax to Apportion	\$494,154,000	\$267,640,000	\$272,110,000
To General Revenue Fund	\$412,191,000	\$222,626,000	\$226,408,000
GRF Difference From February Forecast		<u>(\$189,565,000)</u>	
GRF Difference From FY20 Feb. Forecast			<u>(\$185,783,000)</u>



## Comparison of Gross Production Tax (Oil) Forecasts

	FY20 Forecast Based on 2/19 EIA Report (Certified in February 2019)	FY20 Re-estimate Based on 12/19 EIA Report	FY21 Forecast Based on 12/19 EIA Report
Average WTI Price Forecast With Differential	\$56.33 <u>(\$2.10)</u>	\$55.77 <u>(\$3.03)</u>	\$57.00 <u>(\$3.03)</u>
Forecast Average OK Price (bbl)	\$54.23	\$52.74	\$53.97
Estimated Production (bbl)	211,000,000	214,000,000	206,408,000
TAX RATE:			
5%	\$344,119,000	\$361,055,000	\$334,156,000
7%	<u>\$321,178,000</u>	<u>\$283,412,000</u>	<u>\$311,878,000</u>
GP Tax on Oil	\$655,297,000	\$644,467,000	\$646,034,000
Less Rebates and Refunds	<u>(\$8,266,000)</u>	<u>(\$12,417,000)</u>	<u>(\$8,266,000)</u>
GP Tax to Apportion	\$657,031,000	\$632,050,000	\$637,768,000
To General Revenue Fund	\$367,226,000	\$345,948,000	\$352,056,000
GRF Difference From February Forecast		<u>(\$21,278,000)</u>	
GRF Difference From FY20 Feb. Forecast			<u>(\$15,170,000)</u>





# General Revenue Forecast

FY 2021 Projection  
FY 2022 Estimate

## FY-2021 GR Estimate (June) vs. FY-2021 GR Projection (Dec)

	FY21 GR Estimate (June, in \$M's)	FY21 GR Projection (Dec., in \$M's)	Difference (\$M's)	Difference (%)
Gross Production - Gas	\$209.2	\$199.9	\$(9.3)	-4.5%
Gross Production - Oil	367.3	106.8	(260.5)	-70.9%
Individual Income Tax	2,693.2	2,485.4	(207.8)	-7.7%
Corporate Income Tax	245.6	225.6	(19.9)	-8.1%
Motor Vehicle Tax	26.0	44.2	18.2	70.0%
Sales Tax	2,164.0	2,049.3	(114.7)	-5.3%
Use Tax	339.1	339.9	0.9	0.3%
<b>Subtotal</b>	<b>6,044.4</b>	<b>5,451.2</b>	<b>(593.2)</b>	<b>-9.8%</b>
Other	\$681.4	\$657.8	(23.5)	-3.5%
<b>Total Authorized Budget</b>	<b>\$6,725.7</b>	<b>\$6,108.9</b>	<b>\$(616.8)</b>	<b>-9.2%</b>

\*For more detail, see Schedule 6, page 6. (Totals may not sum to packet, due to rounding.)



## FY-2021 GR Projection (Dec) vs. FY-2022 GR Estimate (Dec)

	FY21 GR Projection (Dec, in \$M's)	FY22 GR Estimate (Dec., in \$M's)	Difference (\$M's)	Difference (%)
Gross Production - Gas	\$199.9	314.2	114.3	57.2%
Gross Production - Oil	106.8	187.4	80.6	75.5%
Individual Income Tax	2,485.4	2,376.1	(109.3)	-4.4%
Corporate Income Tax	225.6	216.5	(9.1)	-4.0%
Motor Vehicle Tax	44.2	44.2	(0.0)	0.0%
Sales Tax	2,049.3	2,066.2	16.9	0.8%
Use Tax	339.9	393.5	53.6	15.8%
<b>Subtotal</b>	<b>5,451.2</b>	<b>5,598.1</b>	<b>146.9</b>	<b>2.7%</b>
Other	657.8	659.3	1.5	0.2%
<b>Total Authorized Budget</b>	<b>\$6,108.9</b>	<b>6,257.4</b>	<b>148.5</b>	<b>2.4%</b>

\*For more detail, see Schedule 5, page 5. (Totals may not sum to packet, due to rounding.)

# Budgetary Context FY 2022

## FY-2021 Expenditure Authority vs. FY-2022 Expenditure Authority

	2020 Session FY21 Authority (June, in \$M's)	2020 Session FY21 Expenditures (June, in \$M's)	Difference (\$M's)	Difference (%)
Certified Funds	\$6,650.7	\$6,211.8	(\$438.9)	-6.6%
1017 Fund	1,169.6	\$1,108.8	(\$60.8)	-5.2%
GP – Oil Education Funds	140.8	\$142.1	\$1.3	0.9%
Tobacco Fund	11.7	\$11.2	(\$0.5)	-4.3%
Judicial Revolving Fund	37.0	\$24.0	(\$13.0)	-35.1%
State Transportation Fund	216.2	\$206.2	(\$10.0)	-4.6%
Accrued Cash and Special Cash	459.2	\$40.0	(\$419.3)	-91.3%
Prior Year Certified	3.1	\$520.2	\$517.2	17,240.0%
Constitutional Reserve Fund	-	\$200.0	243.7	n/a
<b>Total Authorized Budget</b>	<b>\$8,688.3</b>	<b>\$8,464.3</b>	<b>(\$224.0)</b>	<b>-2.6%</b>

\*For more detail, see Appendix A-2, page 11 and 12. (Totals may not sum to packet, due to rounding.)

# FY-2021 Authorized Expenditures vs. Expenditure Authority

	FY21 Expenditures (June, in \$M's)	FY22 Expenditure Authority (Dec., in \$M's)	Difference (\$M's)	Difference (%)
Certified Funds	\$5,502.9	\$6,211.8	(\$438.9)	-6.6%
1017 Fund	1,015.1	1,108.8	(\$60.8)	-5.2%
GP – Oil Education Funds	140.8	142.1	\$1.3	0.9%
Tobacco Fund	11.7	11.2	(\$0.5)	-4.3%
Judicial Revolving Fund	37.0	24.0	(\$13.0)	-35.1%
State Transportation Fund	170.0	206.2	(\$10.0)	-4.6%
Cash and Special Cash	459.2	40.0	(\$419.3)	-91.3%
Prior Year Certified	3.1	520.2	\$517.2	17,240.0%
Cash Flow Reserve Fund	0	200.0	\$200.0	-
Constitutional Reserve Fund	243.7		(\$243.7)	-
Revenue Stabilization Fund	162.5		(\$162.5)	-
Total Re-appropriations	22.0		(\$22.0)	-
Agency Revolving Fund Auth	26.3		(\$26.3)	-
Add'l Revolving Fund Approp	<u>39.0</u>		<u>(\$39.0)</u>	-
<b>Total Authorized Budget</b>	<b>\$7,833.2</b>	<b>\$8,464.3</b>	<b>\$631.1</b>	<b>8.1%</b>

# Recurring Funds VS Cash FY2022

**Total Authorized Budget: \$8,464.3 Million**

Summary of One-Time Cash vs. Recurring Revenue (in millions):

<b>Revenue Source</b>	<b>Amount</b>
Cash Flow Reserve Fund	-\$200
Projected Prior Year Cash	-\$520.2
1017 - ROADS funding reallocation	-\$180
1017 - TRS dedicated revenue reallocation	-\$80.1
1017 – Public safety pensions dedicated revenue reallocation	-\$45.6
FY22 Remaining Balance/Recurring Revenue	\$7,438.4

# Board Action

- **Certification of FY 2022 Estimated Revenues**
- **Page 1: Columns 2 and 3**
  - Move to certify FY 2022 Estimate Summation of Revenue from all certified funds of \$6,538,709,415 and Revenue Available for Appropriations of \$6,211,773,943.