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# BLUEPRINT

*for a*

# BETTER BUDGET

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For more information about the coalition and to download the full blueprint, visit: [SaverOurStateOK.org](http://SaverOurStateOK.org).

## A letter from the SOS Coalition:

A strong and prosperous Oklahoma depends on communities and families that thrive with the help of quality schools with good teachers, well-maintained infrastructure, safe streets and neighborhoods, and public works like state parks, libraries, and arts initiatives. We strengthen communities by investing and building, not cutting back or tearing down. This Blueprint for a Better Budget recognizes that the path down which our budget practices have taken us in recent years must change.

We can't wait another year to fix this. Our schools have already seen funding cuts larger than any other state, and they are struggling to keep class sizes down, to keep well-qualified teachers, or even to keep their doors open five days a week. Nursing homes, rural hospitals, and county health departments are looking at shutting down or cutting back on crucial health services. We could see shuttered state parks, furloughed state troopers, and other deep cuts to basic services for Oklahomans. Without budget reforms this year, revenues may plunge to an all-time low compared to what our communities need to thrive and what Oklahomans expect.

We've allowed the budget process to become riddled with special interest giveaways, industry loopholes, and one-time gimmicks that are bankrupting Oklahoma's future. This process is draining the revenues needed to strengthen our communities and invest in our future. Many of these special interest giveaways and budget gimmicks have been allowed to grow on auto-pilot through triggers and off-the-top transfers. These tactics make it look like the money needed to save our state isn't there, but that's just not true.

Leaders such as Republican Governor Mary Fallin, Republican State Treasurer Ken Miller, State Finance Director Preston Doerflinger, and a bipartisan group of lawmakers all have recognized that falling revenues and irresponsible budget practices are damaging the health and prosperity of our entire state.

Our leaders should seek to fix the budget crisis with responsible tax and revenue reform that stops draconian cuts to state services and invests in core functions of government like education, healthcare, transportation, and public safety. In fact, Oklahoma has sensible revenue options like:

- Ending special interest tax giveaways
- Stopping out-of-state tax shelters
- Repealing unnecessary sales tax exemptions for luxury purchases like NBA basketball tickets
- Modernizing a gas tax that has not been adjusted for inflation in three decades
- Putting an end to unnecessary tax breaks for the oil and gas industry
- Restoring a 6 percent rate for extremely high income earners
- Bringing Oklahoma in line with other states in taxing certain services

When lawmakers release their budget plan, we hope these considerations are included in order to Save Our State.

Sincerely,  
SOS Coalition

# Executive Summary

## Budget Principles

- Address the overall budget situation and not just the crisis with teacher salaries.
- Spread the burden of necessary revenue increases.
- Look beyond immediate crisis and propose solutions to the structural budget and revenue problems facing the state.
- Propose reforms to budgeting practices that will increase legislative oversight and lessen the potential for future revenue failures.

## FY'18 Budget Need- \$1.44 billion

- Adjusted Budget Shortfall- \$750 million
- Teacher Salaries- \$300 million
- Other K-12 Initiatives- \$100 million
- Debt Service for ROADS Bonds-\$6 million
- Health and Human Services Maintenance Needs- \$130 million
  - Department of Human Services
    - Pinnacle Plan Commitment
    - FMAP Increase
    - Annualize Supplemental
  - Health Care Authority
    - FMAP Increase
    - Medicaid Growth
  - Mental Health
    - FMAP Increase
    - Medicaid Growth
  - Juvenile Affairs
    - FMAP Increase
- Other State Government Needs- \$152 million
  - State Employee Pay Increase
  - Department of Public Safety
    - Remove Mileage Restrictions
    - Real ID Implementation
    - System Modernization
  - Corrections
    - Address Overcrowding Issues/Chronic Understaffing
    - Annualize Leasing Costs
  - Mental Health
    - Oklahoma Justice Reform Initiatives
    - Restore cuts to behavioral health providers
  - Human Services
    - Restore rate cuts to home- and community based waiver providers
    - Move families off the DDS waiting list
  - Debt Service Payments
    - Capital Repairs, Medical Examiner, Health Department Lab
  - Higher Education
    - Partially restore historic 16 percent FY17 budget cuts

### **FY'18 Revenue Sources- \$1.51 billion**

- One-Time Revenues- \$459 million
  - Rainy Day Fund- \$150 million
  - Two Year Automobile Tag- \$59 million
  - ROAD Bond- \$250 million
- Recurring Revenues- \$1.05 billion
  - Severance Tax Increase- \$313 million
  - Income Tax- \$189 million
    - New 6% Rate Over \$200k/\$400k- \$95 million
    - Limit Itemized Deduction- \$19 million
    - Restore Earned Income Credit- loss of \$28.5 million
    - Eliminate Capital Gains Deduction- \$100 million
    - Eliminate Coal Credit- \$4 million
  - Tobacco Tax Increases- \$211 million
  - Sales Tax- \$166 million
    - Tax Selected Services- \$90 million
    - Reduce/Eliminate Exemptions- \$76 million
  - Motor Vehicle Taxes- \$14 million
  - Motor Fuel Taxes- \$151 million
  - Limit Wind Tax Exemptions and Misc. Fees- \$6 million

### **FY'19 Budget Need- \$488 million**

- Cost of Apportioning ROADS Money to GR- \$29 million (make ROADS fund whole)
- Replace One-Time Funds Used in the FY'18 Budget- \$459 million
- Additional Funding for Debt Service for ROADS Bond- \$10 million

### **FY'19 Revenue Sources- \$425 million**

- One-Time Revenues- \$58 million
  - Two Year Automobile Tag- \$58 million
- Recurring Revenues- \$367 million
  - Severance Tax Increase- \$156 million
  - Eliminate Income Tax Credits- \$13 million
  - Tobacco Tax Increases- \$43 million
  - Sales Tax- \$56
    - Tax Selected Services- \$30 million
    - Reduce/Eliminate Exemptions- \$26 million
  - Motor Vehicle Taxes- \$5 million
  - Motor Fuel Taxes- \$45 million
  - Limit Wind Tax Exemptions- \$49 million

### **FY'20 Budget Needs - \$59 million**

- Replace One-Time Funds Used in the FY'18 budget- \$59 million

### **FY'20 Revenue Sources- \$85 million**

- One-Time Revenues- \$0
- Recurring Revenues- \$85 million
  - Eliminate Personal Income Tax Credit- \$4 million
  - Eliminate Corporate Income Tax Credit- 10 million
  - Corporate Income Tax Combined Reporting- \$71 million

## Why Submit a Blueprint for a Better Budget?

In recent years, it has become all too common for Oklahoma's elected officials to individually support spending and revenue proposals yet fail to do anything collectively that addresses the budget practices which have plunged our state into a full-blown revenue crisis. As a result, decisions regarding the budget process are often made in last minute deals bearing little transparency and drastic cuts that leave our citizens without the critical state services all Oklahomans expect.

The Save Our State Coalition is composed of nonprofit and professional organizations representing hundreds of thousands of Oklahomans on the frontlines of public service. Our members, and the Oklahomans they fight for every day, are calling upon our lawmakers to address our state's universally-known revenue and budget problems.

Many savvy candidates and elected officials on both sides of the aisle commonly cite finding "efficiencies" in the current budget. But they fail to acknowledge that the most popular efficiencies they appear to find in the state's couch cushions are reliance on one-time money, special interest tax giveaways, and financially crippling state agencies to the point where they are unable to provide the core services Oklahomans deserve.

### **The Save Our State Coalition acknowledges the following:**

- Oklahoma has a self-inflicted budget crisis that can't be fixed overnight.
- This crisis is revenue-centered.
- The unfortunate results of the crisis impede our ability to adequately recruit businesses, educate children, protect our citizenry, and maintain public health.
- The crisis affects rural and urban communities, Republicans and Democrats, and Oklahomans of all income levels.
- Solving the crisis will not be easy, but it is possible.

For far too long, Oklahoma's elected leaders have kicked the can down the road, using budget gimmicks to plug budget holes. Meanwhile state agencies continue getting cut to the bone, and the budget is rolled out with little time to study how it was put together or to research the structural problems that must be addressed to resolve recurring revenue shortfalls.

The Save Our State Coalition has no more patience for these practices. We want accountability, reform, and transparency in the budget process and a budget that includes responsible revenue to solve our budget crisis beginning this year.

We believe it is unfair to criticize elected officials without providing recommendations of our own. Therefore, we have gone down the difficult path of drafting this Blueprint for a Better Budget to answer the question, "How did we get here and how do we fix it?"

**We have elected to submit a responsible three-year blueprint for a better budget for the public's consideration based upon the following principles:**

- Address the overall budget situation, not just the public education crisis. The plan ensures there will be enough revenue to avert further budget cuts and invest in key priorities.
- Acknowledge revenue is part of the problem and modernize the tax system while ending special interest giveaways.
- Look beyond the current crisis and propose realistic solutions to structural budget problems plaguing the state.
- Propose reforms to budgeting practices that will increase legislative oversight and reduce the potential for future revenue failures.
- Model the transparency we believe our elected officials should adopt.

The result is a three-year plan that fills the current budget hole and transparently lays out how to provide quality services Oklahomans deserve at adequate funding levels, while ending the devastating cuts that will continue if the Legislature does nothing.

We acknowledge this process was difficult, and tough decisions had to be made, but we also have demonstrated that it is not impossible by any means.

**Our revenue proposal contains the following highlights:**

- An immediate and significant pay raise for Oklahoma teachers to address the teacher shortage crisis
- An immediate pay raise for Oklahoma State Employees, who have not had a pay increase in over a decade
- Provides critical funding for Oklahoma's health care infrastructure
- Maintains current road construction priorities
- Allocates resources for public safety, teacher recruitment and classroom enhancements, and other core service needs
- Restores the Earned Income Tax Credit for Oklahoma's poorest families

This is not a wish list. It is a realistic and responsible path toward financial stability for the future of Oklahoma.

If elected officials choose to ignore the solutions we have put forward, we await their detailed response on how they will choose to address or ignore our state's needs.

**Notes on Revenue and Efficiency Proposals:**

**Ending the Addiction to One-Time Funding Sources**

In the recent past, Oklahoma's government has become overly reliant on one-time funding sources. This is in direct response to a self-inflicted revenue crisis, from year after year of state budgets that severely choke off funding for core government services in exchange for giveaways to special interest groups.

Reliance on one-time money is also widely acknowledged as bad practice in government, business,

and personal financial management – you should not spend “one-time” money on an expense you know will occur yearly.

A family should not sell its only car to make a payment on its house mortgage, just as the state should not make a one-time sale of a state park to pay for next year’s Highway Patrol budget. The mortgage will still be there, as will the public safety need, and both examples have shortsightedly exchanged a future means of income for a one-time payment on a permanent need. It’s a financial death spiral that eventually erodes one’s ability to sustain a healthy lifestyle.

Unfortunately, the state is in a situation where it needs to not only fill the existing budget hole but also begin clawing its way back to permanent economic sustainability. This budget lays out a financial path that indeed uses one-time funding, but only as a sound means of short-term use in exchange for long-term stability.

We propose the following use of one-time monies to regain solid financial footing:

### **Rainy Day Funds**

We propose using Rainy Day Funds in FY-2018 to address Oklahoma’s budget shortfall. Specifically, we recommend using \$90.3 million that is constitutionally available for a revenue shortfall and an additional \$60.2 million that could be used if an emergency is declared. Rainy Day funds must be used because collections from revenue increases being proposed will not go into effect in time to address the hole in the FY-2018 budget. If this proposed budget is adopted, there would be no need to tap Rainy Day funds for operational purposes in FY-2019 and FY-2020.

### **Motor Vehicle Taxes: Changing To a Two-Year Motor Vehicle Tag**

We propose that, as Oklahoma motor vehicle tags are renewed, replacement tags be sold for two years with a 5% total reduction in the cost of a tag during the next two years. Such a change will reduce costs for the Tax Commission, passing some of those savings on to citizens. If adopted, the proposed change will generate an additional \$59 million for FY-2018 and \$59 million for FY-2019.

### **Road Bonds**

We propose issuing \$250 million in bonds to pay for improvements to Oklahoma’s roads and highways. Using bonds will continue Oklahoma’s commitment to infrastructure improvements in FY-2018. The same road expenditures are part of this budget plan in FY-2019 and FY-2020, but there would be no need to issue additional bonds to fund those improvements if this plan is adopted for those years.

### **Recurring Funding Sources – Identifying Budget Efficiencies**

In our effort to dig out of the current budget hole, we must replace one-time monies with more reliable income for the state. We believe this must be a broad-based effort, so no industry or income level is asked to pay more than their fair share.

Over the course of decades, special interests have employed an army of professional lobbyists

to create industry-specific “carve outs” to benefit their clients. Oklahoma’s elected officials have, piece by piece, doled out these awards to lobbyists and industries without considering the totality of their actions on Oklahoma’s overall revenue and budget situation.

Many of these special interest giveaways are not in line with the regional and national practices of other states. As a result, there are many “sweet deals” for industries in Oklahoma that exist almost nowhere else. It’s time for Oklahoma’s elected officials and these special interests to recognize the free ride is over and Oklahoma’s citizenry can no longer afford to pick up the tab on corporate welfare.

We have also identified several budget efficiencies to produce more stable revenue for the state. Many of these changes will bring us in line with regional and national averages, too, and therefore will not affect our ability to recruit and retain job creators. In fact, quite the opposite will occur – we would instead have the ability to provide quality education, public safety, public health, and transportation services citizens and companies expect when choosing where to live and conduct business.

Most of the revenue efficiencies recommended involve reforms in the energy sector, corporate tax structure, personal income tax structure, and “high-end” service industry. All efficiencies are explained below.

### **Energy sector – Alignment on Oil and Natural Gas Collections With Other “Energy” States**

We propose to raise the rate of gross production tax on oil and natural gas wells from the current 2% rate for the first three years of production to 7%. This would raise the effective rate for oil and gas for 2017 from 3.24% to 6.68%. Such an increase in the rate is projected to bring in an additional \$313 million for FY-2018 and an additional \$156 million for FY-2019.

Even with the proposed increase, Oklahoma’s effective tax rate would remain among the lowest in the nation among states that collect a minimum of \$1 million in revenue a year from oil and gas taxes and related property taxes, according to a study completed for the state of Idaho. ([https://www.idl.idaho.gov/oil-gas/2016-oil-gas-taxation-comparison\\_rev.pdf](https://www.idl.idaho.gov/oil-gas/2016-oil-gas-taxation-comparison_rev.pdf)). The increase would leave Oklahoma’s effective rate for oil and gas at over 30% below the national average.

Recurring revenues generated by such a rate change will be vital for the future financial health of the state of Oklahoma.

### **End Special Interest Tax Breaks for Wind and Coal Energy Sector**

We propose to remove the refundable tax credit currently allowed for wind energy along with repealing the manufacturer’s exemption from state sales and use taxes. This repeal will have a budget impact of \$3.2 million in FY-2018, it will result in an additional \$49 million in FY-2019 and FY-2020.

Like other changes in the energy sector being proposed, we propose eliminating the tax credit for coal. Doing so will generate \$3.8 million in each of the next three fiscal years.

### **Income Tax Reform**

Our budget blueprint establishes a new income tax bracket at a rate of 6% for all taxable income above \$200,000 for individuals or \$400,000 for those filing jointly.

We propose this change in recognition that our citizens with higher incomes are more likely to itemize deductions on personal income tax, so this proposal recaptures some revenue being paid to the federal government. The 6% top rate being proposed is lower than a majority of states and is less than the rate historically levied in Oklahoma in past years. This proposal would generate \$94.8 million in revenue for FY-2018 and the same amounts in FY-2019 and FY-2020.

### **Additional Changes in Income Taxes Being Proposed**

We propose to cap the amount of itemized deductions that can be claimed against personal income tax liabilities. Many states do not allow unlimited deductions but instead cap the amount that can be deducted so that citizens with higher incomes do not enjoy such a large tax deduction. This modest capping would only reduce the total cost of allowing itemized deductions by 10% and would generate \$19 million in additional revenue in each of the next three fiscal years. A portion of this increase will be deductible when Oklahomans file federal income taxes.

We propose to eliminate the special capital gains deduction being claimed by Oklahoma corporations. This deduction could violate federal law and could result in huge state liabilities if out-of-state corporations who are excluded from the provision were to prevail in court. Eliminating the capital gains deduction would result in an additional \$100 million of state revenue each of the next three fiscal years.

We propose to eliminate the affordable housing credit. Adopted in 2015, this credit is expected to cost as much as \$40 million when fully implemented. There are serious questions regarding whether it actually assists in creating affordable housing. Eliminating the credit will result in \$3.8 million of revenue in FY-2019 and \$7.6 million in FY-2020.

Finally, it is critical that the state decouple the standard deduction from that allowed under federal law. Not doing so could cost the state hundreds of millions of dollars if proposals being discussed by Congress were to be adopted. We believe state tax policy should be set by Oklahoma elected officials and not the federal government.

### **Restore the Earned Income Tax Credit for Oklahoma's Poorest Families**

We propose to restore the deductibility of the Oklahoma Earned Income Tax Credit. During the 2016 session, the Oklahoma Legislature removed its deductibility to gain additional revenue. We believe the effect of that change has been to place a burden on our poorest and most vulnerable citizens. This proposal restores the earned tax credit provision that would, once again, make it refundable. Such a change will cost \$28.5 million but is more than paid for through other proposed revenue efficiencies contained in this document.

### **Corporate Income Tax Reform**

Oklahoma corporate income tax collections have been extremely volatile over the past few years, and collections are projected to be historically low in FY-2018. The response to this volatility and

decline in collections shouldn't be to repeal this revenue source but to make improvements in corporate income tax so it will once again be a stable source of revenue to the state.

We propose the repeal of the net operating loss carryback. This provision currently allows corporations to apply current year losses to prior year tax payments. Repeal of this provision will take some of the volatility out of corporate collections. Of the 44 income tax states, 16 allow such a carryback and 28 do not. Repealing the net operating loss carryback provision would result in additional revenue of \$9.5 million in FY-2019 and \$19 million in FY-2020.

We propose that Oklahoma require corporate combined reporting beginning with Tax Year 2019. The delay will allow for the gathering of the necessary information to draft an appropriate statute that will make tax avoidance more difficult, spread the tax burden over more taxpayers, and stabilize revenues. We project this would increase revenues by \$71.2 million in FY-2020.

### **Tobacco Taxes**

We propose increasing state taxes levied on cigarettes by \$1.50 per pack. In addition we propose lowering the cigarette tax vendor discount and increasing the tax on smokeless tobacco. Most of the revenue generated by these increases is proposed to be used for additional funding needs for the Oklahoma Health Care Authority, for the Department of Human Services, and for the Department of Mental Health.

Increasing tobacco taxes will generate \$211 million in FY-2018 and an additional \$43 million in FY-2019.

### **Service and Sales Tax Reform**

Oklahoma taxes fewer services than most states. In many instances these services and products, including non-tangible products, are inside rapidly expanding industries. Exempting those items suppresses the sales tax base and, in many cases, puts Oklahoma retailers at a disadvantage. This is especially true as it relates to such products as streaming services, electronic books and music downloads, and software.

A previous study done on this subject shows Oklahoma taxes 32 services - less than Texas (83), Arkansas (72), Kansas (74), and New Mexico (158).

We propose expanding the sales tax to include services taxed by most states that are not taxed in Oklahoma. Included in this proposal are digital goods; oilfield services; custom software; data processing mainframe access; fur storage; armored car services; automotive washing; delivery, repair, and installation of taxable goods; aircraft rental; land surveying; landscape services; and swimming pool cleaning. Taxing these select services routinely taxed by other states will yield additional revenue of \$90.4 million in FY-2018 and an additional \$30 million in FY-2019.

### **Tighten Definitions Used in Sales Tax Exemptions Allowed for Manufacturing**

Oklahoma's definitions to qualify for a sales tax exemption for manufacturing are broader than most states. There are \$2 billion in estimated exemptions claimed each year in Oklahoma. We

propose to tighten the definitions similar to other states in the region that allow exemptions less extensive than those allowed in Oklahoma. The proposal would generate an additional \$71.9 million in revenue in FY-2018 and an additional \$24 million in FY-2019.

### **Other Sales and Use Tax Reforms**

We propose other changes to Oklahoma's sales and use taxes. Those are to increase sales tax permit fees, to repeal the current exemption for sporting event tickets, and to repeal the advanced recovery electricity sales tax exemption. These proposals would generate \$3.9 million in FY-2018 and an additional \$1.3 million in FY-2019.

### **Motor Vehicle Tax Reform**

Three changes to motor vehicle taxes are being proposed. We propose to change the tax on boats to reflect the retail price (which mirrors current state policy on motor vehicle sales), to raise the excise tax for commercial trucks, and to institute an excise tax of 1.5% for repossessed vehicles. These changes would generate an additional \$14 million in FY-2018 and an additional \$5 million in FY-2019.

### **Reform and Stabilize Oklahoma's Ability to Fund Road Construction**

Current funding levels for transportation needs are maintained for each of the three years of this plan. Increased gasoline and diesel tax revenues and proceeds from a bond issue are all dedicated to the ROADS program. This allows other transportation funds to be used for other state government needs.

It is proposed that for FY-2019 funds currently earmarked "off-the-top" for the ROADS program be returned to the General Fund. This will result in these funds being subject to the constitutional 95% appropriation limit, which will significantly improve the state's budgeting and revenue forecasting practices.

We propose an increase in motor fuel and diesel taxes from the current .17 for gas and .14 for diesel to .23 cents. Even with this increase, Oklahoma's motor fuel taxes will remain lower than a majority of other states.

In addition, we propose a corresponding increase in the electric vehicle road fee and to repeal the "eligible purchaser" discount allowed under the motor fuel tax code.

This change will result in an increase to funds available that will be apportioned directly to roads of \$151.4 million in FY-2018 and an additional \$44 million in FY-2019.

# Summary of Budget Needs and Revenues

	FY'18	FY'19	FY'20
<b>Additional Budget Need</b>			
Adjusted Budget Shortfall	749,448,589	0	0
Education Funding Initiative	400,000,000	0*	0*
Other State Government Needs	282,000,000	0*	0*
Replace Proposed use of One-Time Funds from Prior Year	0**	459,421,675	58,933,250
Replace "5%" Monies from ROADS Income Tax	0	28,833,496	0
Debt Service for ROADS Bond Issue	6,000,000	10,000,000	0
	1,437,448,589	498,255,171	58,933,250
<b>Revenues</b>			
One-time Funding Sources	459,421,675	58,933,250	0
Carryover Funds from Prior Year	0	72,733,445	735,061
Recurring Revenue Sources	1,050,760,359	367,323,538	84,550,000
	1,510,182,034	498,990,232	85,285,061
<b>Balance</b>	72,733,445	735,061	26,351,811

\*It is anticipated that the balances and normal growth revenues will be available to fund budget needs in FY'19 and FY'20.

\*\* Included under "Adjusted Budget Shortfall" in FY'18.

# Revenue Proposal Summary

One Time Funding Sources	FY'18	FY'19	FY'20	Effective Date	% Avail. to Spend*
<b>Rainy Day Fund</b>					
Available for Shortfall	90,293,055	0	0	7/1/17	100%
Available with and Emergency Declaration	60,195,370	0	0	7/1/17	100%
<b>Motor Vehicle Taxes</b>					
2 Year Automobile Tag Effective January 1, 2018	58,933,250	58,933,250	0	1/1/18	95%
<b>ROAD Bonds</b>	250,000,000	0	0	9/1/17	100%
<b>Total from One-Time Funding Sources</b>	459,421,675	58,933,250	0		
<b>Recurring Funding Sources</b>					
<b>Oil and Gas Severance Taxes</b>					
Raise Initial Rate from 2% to 6%	312,941,242	469,411,863	469,411,863	9/1/17	95%
<b>Personal Income Tax</b>					
New Top Rate of 6% at \$200k/\$400k	94,850,850	94,850,850	94,850,850	1/1/17	95%
Make EITC Refundable	-28,500,000	-28,500,000	-28,500,000	1/1/17	95%
Decouple from Federal Standard Deduction	0	0	0	1/1/17	
Cap Itemized Deduction Amount	19,000,000	19,000,000	19,000,000	1/1/17	95%
Eliminate Capital Gains Deduction	100,058,750	100,058,750	100,058,750	1/1/17	95%
Eliminate Affordable Housing Credit	0	3,800,000	7,600,000	1/1/17	95%
	185,409,600	189,209,600	193,009,600		
<b>Corporate Income Tax</b>					
Repeal Net Operating Loss Carryback	0	9,500,000	19,000,000	1/1/17	95%
Eliminate Coal Credit	3,798,100	3,798,100	3,798,100	1/1/17	95%
Combined Reporting	0	0	71,250,000	9/1/17	95%
	3,798,100	13,298,100	94,048,100		
<b>Tobacco Taxes</b>					
Raise Cigarette Tax by \$1.50/pack	204,123,987	244,948,785	244,948,785	9/1/17	95%
Lower Cigarette Tax Vendor Discount	1,361,667	1,634,000	1,634,000	9/1/17	95%
Smokeless Tobacco Tax	5,548,238	7,397,650	7,397,650	9/1/17	95%
	211,033,891	253,980,435	253,980,435		
<b>Sales and Use Taxes</b>					
Expand the Sales Tax to Cover Certain Services	90,354,988	120,473,317	120,473,317	9/1/17	95%
Limit Exemption for Manufacturing	71,893,316	95,857,755	95,857,755	9/1/17	95%
Increase Sales Tax Permit Fee	783,750	1,045,000	1,045,000	9/1/17	95%
Repeal Exemption for Sporting Event Tickets	1,775,550	2,367,400	2,367,400	9/1/17	95%
Repeal Advanced Recovery Electricity Exemption	1,393,650	1,858,200	1,858,200	9/1/17	95%
	166,201,254	221,601,672	221,601,672		
<b>Motor Vehicle Taxes</b>					
Change Boats to Retail Price	3,854,615	5,781,922	5,781,922	9/1/17	95%
Excise Tax for Commercial Trucks	1,218,375	1,624,500	1,624,500	9/1/17	95%
1.5% Excise Tax for Repossessed Vehicles	8,770,327	11,693,769	11,693,769	9/1/17	95%
	13,843,317	19,100,192	19,100,192		
<b>Motor Fuel Taxes</b>					
Gas Tax Rate Increase from .17 to .23	92,929,500	117,710,700	117,710,700	9/1/17	100%
Diesel Tax Rate Increase from .14 to .23	53,088,750	70,785,000	70,785,000	9/1/17	100%
Electric Vehicle Fee	1,021,048	1,361,398	1,361,398	9/1/17	100%
Repeal Eligible Purchaser Discount	4,369,125	5,825,500	5,825,500	9/1/17	100%
	151,408,423	195,682,598	195,682,598		
<b>Wind Taxes</b>					
Remove Refundability of Credit	0	47,500,000	47,500,000	9/1/17	95%
Eliminate Manufacturing Exemption	3,166,667	4,750,000	4,750,000	9/1/17	95%
	3,166,667	52,250,000	52,250,000		
<b>Misc. Fees</b>					
Vending Machine Decal Fees	2,375,000	2,850,000	2,850,000	9/1/17	95%
Increase Reinstatement Fee for Suspended Corp.	582,865	699,438	699,438	9/1/17	95%
	2,957,865	3,549,438	3,549,438		
<b>Total from Recurring Funding Sources</b>	1,050,760,359	1,418,083,896	1,502,633,896		
<b>Total Additional Funding</b>	1,510,182,034	1,477,017,146	1,502,633,896		
<b>Recurring Funding Over Prior Year</b>	1,050,760,359	367,323,538	84,550,000		

# Proposed Services to be Taxed

	<b>Projected Annual Revenue</b>
Delivery, Installation and Repair Services	59,820,000
Oil Field Services	31,401,592
Digital Goods	4,010,228
Custom Software	7,439,398
Data Processing, Mainframe Computer Access	9,142,471
Fur Storage	1,211,778
Armored Car Services	2,193,000
Aircraft Rental	1,890,373
Swimming Pool Cleaning and Maintenance	1,705,770
Land Surveying	7,130,408
Landscaping Services	869,000
	<b>126,814,018</b>
9 months collections	95,110,514
at 95%	90,354,988
12 months collections	126,814,018
at 95%	120,473,317

# Board of Equalization Shortfall Summary

		FY'17 Appropriations	FY'18 Expenditure Authority	Increase or (Decrease)
Appropriated Funds				
Certified Amounts				
	General Revenue	4,941,726,210	4,859,285,237	-82,440,973
	Other Funds	81,403,648	67,280,926	-14,122,722
	<b>Certified Total</b>	<b>5,023,129,858</b>	<b>4,926,566,163</b>	<b>-96,563,695</b>
<b>Cash Amounts</b>				
	General Revenue	48,857,724	0	-48,857,724
	<b>Special Cash Fund</b>			
	ROADS	200,000,000	0	-200,000,000
	Cash Flow Reserve	132,000,000	0	-132,000,000
	Const. and Maint.	73,000,000	0	-73,000,000
	Country Road/Bridges	50,000,000	0	-50,000,000
	Unclaimed Property	36,000,000	0	-36,000,000
	Railroad Maint.	26,628,480	0	-26,628,480
	Weigh Station Fund	12,500,000	0	-12,500,000
	Insurance Comm. Fund	6,000,000	0	-6,000,000
	Other	82,102,975	13,320,596	-68,782,379
	<b>Cash Total</b>	<b>618,231,455</b>	<b>13,320,596</b>	<b>-604,910,859</b>
	Other Funds	4,673,638	4,681,128	7,490
		671,762,817	18,001,724	-653,761,093
	<b>Appropriated Total</b>	<b>5,694,892,675</b>	<b>4,944,567,887</b>	<b>-750,324,788</b>
<b>Revolving Funds</b>				
Education Funds		820,459,490	813,772,997	-6,686,493
Tobacco Settlement Fund		13,687,500	11,797,214	-1,890,286
Judicial Fund		47,000,000	50,758,000	3,758,000
Transportation Fund		154,958,361	208,641,324	53,682,963
	Revolving Fund Total	1,036,105,351	1,084,969,535	48,864,184
	<b>Approp. And Rev. Total</b>	<b>6,730,998,026</b>	<b>6,029,537,422</b>	<b>-701,460,604</b>
<b>Other Funds</b>				
Rainy Day Fund		144,444,708	0	-144,444,708
Agency Revolving Funds		32,275,108	0	-32,275,108
		176,719,816	0	-176,719,816
	<b>Grand Total</b>	<b>6,907,717,842</b>	<b>6,029,537,422</b>	<b>-878,180,420</b>