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While Oklahoma’s political leaders, and as a result the direction of state government, will be decided on election day, another set of important choices face state voters – five proposed amendments to the Oklahoma Constitution.

The questions are quite varied, ranging from future election choices to education spending to crime victim rights to where to get eye exams and eye glasses. Another question would establish a trust fund from gross production taxes as an alternative source of budget funds.

Four of the questions were referred to the voters by the Legislature and one comes to the ballot via initiative petition.

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“Five state questions await voters’ verdicts

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State Question 793 – Optometrist and Optician practice locations

The result of an initiative petition, State Question 793 would allow optometrists and opticians to practice inside retail businesses.

Current Oklahoma law bars optometrists and opticians

SEE QUESTIONS PAGE 3
As the curtain closes on my time as governor, I'm glad to be offered this opportunity to let Oklahomans know that our state's future is bright and I'm proud to be leaving it in much better fiscal shape than when I found it after I took office eight years ago.

The energy industry economic downturn the past couple years and its adverse effect on state revenues certainly has made it challenging. However, our revenues and the state's economy are growing, and our overall state's business climate is healthy.

Statewide unemployment is low – 3.5 percent. When I took office in 2011, Oklahoma's unemployment rate was 6.2 percent.

Oklahoma has one of the lowest cost of living in the U.S. Our state has the second-lowest electric power costs in the country, an abundance of natural resources, and at the same time offers a great quality of life.

When I took office, my number one priority as governor was to create more higher-paying jobs and attract more investment. We've been very successful.

During my administration – we've announced 508 new and expanding businesses in the state. These are just jobs generated by projects handled only by the state Department of Commerce and does not count new businesses and jobs brought in by local entities and cities. We believe the total number of new jobs over the last eight years could be close to 200,000.

These companies will also need a diverse and skilled workforce.

Increasing the number of work-based learning opportunities in the state for youth and adults is vital to ensuring more Oklahomans obtain the specialized knowledge or credentials to enter in-demand occupations, start businesses, or continue their education with less time – and debt – upon completion.

In the first five years of Oklahoma’s Complete College America Initiative that I helped launch, the number of degrees and certificates earned in the state by all postsecondary institutions increased by 8,912, surpassing the state goal of 8,500 new degrees and certificates. In addition, since I became governor, colleges and universities and CareerTech centers have increased...
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From practicing inside retail establishments, such as at the front of big box stores such as Wal-Mart and Costco. If approved, Oklahoma would join 47 other states that allow eye glasses to be sold in big box stores and 34 states that permit optometrists to practice within those establishments.

In March 2017, the Oklahomans for Consumer Freedom filed the proposed initiative petition with the Secretary of State. In April of that year, the Oklahoma Association of Optometric Physicians challenged the petition before the state supreme court.

In February 2018, the state’s high court upheld ruled against the challenge and the initiative process was allowed to continue. In May of this year, signed petitions were filed with the Secretary of State. While a minimum of 123,725 signatures of registered voters were required, 249,451 signatures were certified by the Secretary of State.

State Question 794 – Marsy’s Law, Crime Victim Rights Amendment

SQ 794 was referred to the people by the Legislature with passage of Senate Joint Resolution 46 during the 2017 legislative session.

Named for the sister of Dr. Henry Nicholas of California, who was killed by her former boyfriend 35 years ago, Marsy’s Law for Oklahoma would add a number of new rights for crime victims to the state constitution. These new rights include:

- Expanding the court proceedings at which victims have the right to be heard
- Adding a right to reasonable protection
- Adding a right to proceedings free from unreasonable delay
- Adding a right to talk with the prosecutor
- Allowing victims to refuse interview requests from the defendant without a subpoena

These new rights would be added

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Questions

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to several others added to the state constitution 22 years ago and would apply to both adult and juvenile proceedings.

Marsy’s Law has already been enacted in California, Illinois, South Dakota, North Dakota, and Ohio. Last year, Montana’s supreme court ruled against enactment of the law because it said the measure contained multiple subjects.

State Question 798 – Running the Governor and Lieutenant Governor on the same ticket

SQ 798 was submitted to a vote of the people by the Legislature earlier this year with the passage of Senate Joint Resolution 66.

If approved by voters on November 6, the state constitution would be amended to eliminate separate voting for who shall hold the offices of governor and lieutenant governor beginning in 2026. Instead, both would run on one ticket. The governor and lieutenant governor currently run on a joint ticket in 26 other states.

In states that have a combined ticket for the two offices, some allow the gubernatorial candidates to pick their running mates, while others hold separate primary elections to decide each party’s joint ticket.

If approved, it would be up to the Legislature to decide in what way Oklahoma’s political parties would determine the pairings. Regardless, once decided, the two candidates from each party would appear together on the ballot.

State Question 800 – the Oklahoma Vision Fund

Senate Joint Resolution 35, approved last May, sent State Question 800 to the ballot.

It would create a new trust fund, the Oklahoma Vision Fund, to provide an ongoing source of money to the General Revenue Fund.

The corpus of the trust would come from a rolling five-year average of collections from the gross production tax on crude oil and natural gas and would be invested at the direction of the state treasurer.

The initial deposit would be made on July 1, 2020 and would be 5 percent of gross production collections averaged over the previous five years. Each year thereafter, the percentage of gross production placed into the fund would be increased by two-tenths of a percentage point.

After 25 years, the fund would annually receive 10 percent of average gross production collections. After 50 years, the percentage would be 15 percent. Unless modified at some future election, the fund would eventually receive all gross production collections, but not for another 475 years.

The Vision Fund would be invested much like the state’s pension funds and tobacco settlement.

State Question 801 – using Building Fund property taxes for school operations

Senate Joint Resolution 70 was passed earlier this year to place SQ 801 to a vote of the people.

If approved, the state constitution would be amended to lift restrictions on the use of five mills of property tax revenue in “building funds.” Five mills equates to $5 of property tax on every $1,000 in assessed property value.

Currently, building funds can be used by school districts for building, repairing, or remodeling school buildings and to purchase furniture.

If approved by voters, the ballot title reads, “This measure would amend the Constitution to permit voters to approve such a tax to be used for school operations deemed necessary by the school district.”

SQ 801 would not create new revenue, only allow more discretion on its use.

4 percent of the earnings would be transferred to the General Revenue Fund.

Companion legislation, House Bill 1401, that would have among other things established a source of revenue to pay for management of the trust, was vetoed by the governor.

If approved, the Legislature would be need to enact new law to address paying for management of the trust.

“The Oklahoma Vision Fund would be invested much like the state’s pension funds and tobacco settlement.”
Oklahoma Gross Receipts continue climb

Oklahoma Gross Receipts to the Treasury indicate the state economy continues to expand as the monthly report shows growth of more than 16 percent in October, State Treasurer Ken Miller announced today.

Monthly gross receipts, at $1.1 billion, and total 12-month gross receipts, at $12.7 billion, are the highest on record for October and any 12-month period.

“Oklahoma’s economy is showing signs of ongoing expansion as reflected in Gross Receipts to the Treasury and other economic indicators,” Treasurer Miller said. “Work force data is most encouraging with unemployment listed at 3.5 percent and oil field employment set at 55,600 – up by 12,800 from two years ago.”

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September Gross Receipts to the Treasury & General Revenue compared

September Gross Receipts to the Treasury totalled $1.2 billion, while the General Revenue Fund (GRF), as reported by the Office of Management and Enterprise Services, received $545.1 million, or 47.3%, of the total.

The GRF received between 33.5% and 57% of monthly gross receipts during the past 12 months.

From September gross receipts, the GRF received:

- Individual income tax: 69.6%
- Corporate income tax: 59.3%
- Sales tax: 36.5%
- Gross production-Gas: 77.9%
- Gross production-Oil: 0.03%
- Motor vehicle tax: 26.1%
- Other sources: 42.7%

September GRF allocations were below the estimate by 1.5%. Year-to-date allocations are above the estimate by 0.7%.

September insurance premium taxes totaled $55.5 million, a decrease of $1.9 million, or 3.3%, from the prior year.

Tribal gaming fees generated $12.5 million during the month, up by $1 million, or 9%, from September 2017.

<table>
<thead>
<tr>
<th>(In $ millions)</th>
<th>October-17</th>
<th>October-18</th>
<th>Variance from Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax</td>
<td>323.3</td>
<td>369.5</td>
<td>46.2</td>
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<tr>
<td>Gross Production</td>
<td>52.0</td>
<td>102.1</td>
<td>50.0</td>
</tr>
<tr>
<td>Sales Tax (1)</td>
<td>384.1</td>
<td>402.6</td>
<td>18.4</td>
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<tr>
<td>Motor Vehicle</td>
<td>63.9</td>
<td>66.0</td>
<td>2.1</td>
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<tr>
<td>Other Sources (2)</td>
<td>156.8</td>
<td>198.4</td>
<td>41.6</td>
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<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>980.2</td>
<td>1,138.5</td>
<td>158.3</td>
</tr>
</tbody>
</table>

Dollar change (in millions) from prior year

Source: Office of the State Treasurer
Revenue

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Individual income tax collections reflect the strong employment picture with receipts showing growth of more than 9 percent over the past 12 months. Sales tax receipts have grown by almost 10 percent during the same time period.

The gross production tax on crude oil and natural gas has grown the most, though changes in tax rates are boosting the numbers.

Gross production receipts for the past 12 months are up by more than 70 percent, while October receipts are almost double those of the same month last year.

All major revenue streams for October and the past 12 months show growth.

New Tax Revenue

Revenue generated by increased tax rates approved in House Bill 1010XX earlier this year added $55.3 million to monthly collections, 4.9 percent of October gross receipts.

The largest share, $30.8 million, came from the increase from 2 percent to 5 percent in the incentive tax rate on oil and natural gas gross production. Higher tax rates on gasoline and diesel fuel generated $11.3 million, and the $1 per pack hike in cigarette taxes added $13.2 million to October's total.

Business Conditions

The Oklahoma Business Conditions Index has topped growth neutral for 15 consecutive months. The October index was set at 55.0, down from 57.6 in September. Numbers above 50 indicate anticipated economic growth during the next three to six months.

October collections

October gross collections total $1.1 billion, up $158.3 million, or 16.1 percent, from October 2017.

Gross income tax collections, a combination of individual and corporate income taxes, generated $369.5 million, an increase of $46.2 million, or 14.3 percent, from the previous October.

Individual income tax collections for the month are $352 million, up by $43 million, or 13.9 percent, from the prior year. Corporate collections are $17.5 million, an increase of $3.2 million, or 22.6 percent.

Sales tax collections, including remittances on behalf of cities and counties, total $402.6 million in October. That is $18.4 million, or 4.8 percent, more than October 2017.

Gross production taxes on oil and natural gas generated $102.1 million in October, an increase of $50 million, or 96.2 percent, from last October.

Compared to September reports, gross production remittances are down by $3.3 million, or 3.1 percent.

Motor vehicle taxes produced $66 million, up by $2.1 million, or 3.2 percent, from the same month of 2017.

Other collections, consisting of about 60 different sources including

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Revenue
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use taxes, along with taxes on fuel, tobacco, and alcoholic beverages, produced $198.4 million during the month.

That is $41.6 million, or 26.5 percent, more than last October.

Twelve-month collections

Gross revenue totals $12.7 billion from the past 12 months. That is $1.4 billion, or 12.9 percent, more than collections from the previous 12 months.

Gross income taxes generated $4.4 billion for the period, reflecting an increase of $427.5 million, or 10.8 percent, from the prior 12 months.

Individual income tax collections total $3.9 billion, up by $327.6 million, or 9.2 percent, from the prior 12 months.

Corporate collections are $497.6 million for the period, an increase of $100 million, or 25.1 percent, over the previous period.

Sales taxes for the 12 months generated $4.8 billion, an increase of $433 million, or 9.9 percent, from the prior period.

Oil and gas gross production tax collections brought in $860.2 million during the 12 months, up by $358.4 million, or 71.4 percent, from the previous period.

Motor vehicle collections total $776.7 million for the period. This is an increase of $14.7 million, or 1.9 percent, from the trailing period.

Other sources generated $1.9 billion, up by $214 million, or 12.9 percent, from the previous 12 months.

About Gross Receipts to the Treasury

The Office of the State Treasurer has issued the monthly Gross Receipts to the Treasury report since March 2011 to provide a timely and broad view of the state’s macro economy.

It is released in conjunction with the General Revenue Fund allocation report from the Office of Management and Enterprise Services, which provides important information to state agencies for budgetary planning purposes.

The General Revenue Fund receives less than half of the state’s gross receipts with the remainder paid in rebates and refunds, remitted to cities and counties, and placed into off-the-top earmarks to other state funds.

State jobless rate plummets to 3.5 percent in September

Oklahoma’s seasonally adjusted unemployment rate of 3.5 percent in September is down by two-tenths of a percentage point from August. The U.S. jobless rate of 3.7 percent is down by the same percentage from the prior month, according to figures released by the Oklahoma Employment Security Commission.

Since September 2017, the number of working Oklahomans has risen by 33,494, while the number of those listed as unemployed has dropped by 10,957.
Economic Indicators

Unemployment Rate
January 1980 – September 2018

Gross Receipts vs. Oil & Gas Employment
January 2008 – October 2018

Leading Economic Index
January 2001 – August 2018

Oklahoma Stock Index
Top capitalized state companies
January 2009 – October 2018

Oklahoma Oil Prices & Active Rigs
January 2011 – October 2018

Oklahoma Natural Gas Prices & Active Rigs
January 2011 – October 2018