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STATE BUDGET AGREEMENT REACHED

OKLAHOMA CITY (May 13, 2021)— A state budget agreement reached Thursday maintains all state core service funding, provides tax relief to individuals and businesses, and makes targeted new investments in key priorities like education, economic development, health care and infrastructure. The agreement also replenishes more than \$700 million in state reserve funds that were significantly reduced to offset pandemic-related revenue reductions last year. Under the agreement, the appropriated Fiscal Year 2022 budget would be \$8.3 billion.

The high-level agreement, which is still being finalized between the Legislature and Gov. Kevin Stitt:

- Increases common education funding by \$171.8 million, or 6%, to a record high of \$3.2 billion, triggering class size reductions in kindergarten and first grade.
- Boosts reserves from less than \$300 million today to more than \$1 billion – approaching the high-water mark state reserves held before the pandemic began.
- Reduces the top personal income tax rate from 5% to 4.75% and the corporate income tax rate from 6% to 4%, placing both in the Top 10 for lowest rates in the country of states that levy those types of taxes.
- Recruits more film industry projects by creating a new film tax incentive with a \$30 million cap.
- Expands broadband in underserved and unserved areas statewide through a \$42 million tax incentive for providers.
- Aggressively recruits jobs to Oklahoma through \$35 million in new economic development funding.
- Restores the Earned Income Tax Credit.
- Increases to \$50 million the Equal Opportunity Scholarship program cap (\$25 million for public schools and \$25 million for private schools).
- Funds expanded Medicaid for low-income Oklahomans.

- Restores historic sales tax credit allowing OU Health to train 160 additional nursing graduates and nurse practitioners annually and 70 additional medical residents within three years.

Legislation containing the agreement will begin progressing through the legislative Joint Committee on Appropriation and Budget in the coming days. The general appropriations bill will be House Bill 2900.

The budget was built on the Board of Equalization's February certification of \$9.6 billion in revenue available for appropriations. Of that figure, the agreement spends \$8.3 billion and allocates the rest to tax relief, replenishing reserves or replenishing off-the-top funding temporarily redirected during the pandemic last session.

The constitutional deadline for adjournment of the legislative session is 5 p.m. Friday, May 28.

“Today we delivered on the People’s Agenda. I am proud of the Legislature’s collaborative efforts to propose a budget that cuts taxes for Oklahomans and businesses, makes the largest investment in education in state history, and deposits around \$800 million into our state’s savings account, replenishing our \$1 billion in savings. Last year the nation saw firsthand how Oklahoma’s approach of fiscal responsibility and saving taxpayers’ money works to secure our state and its future, and this budget demonstrates our strong commitment to continuing that approach to become a Top Ten state.” – Gov. Kevin Stitt

“This budget delivers substantial savings, provides tax relief and invests in education. Of particular note is the increase in caps on the Equal Opportunity Scholarship program, a terrific program making a difference in the lives of deserving Oklahoma students who otherwise wouldn’t have the chance to pursue a high-quality education. It’s a remarkable feat considering that just over a year ago, we were in the height of a global pandemic and there was much economic uncertainty. This budget agreement will help ensure Oklahoma continues to advance from the effects of the pandemic and continue to grow and thrive as a state.” – Senate President Pro Tempore Greg Treat, R-Oklahoma City

“This is the most comprehensive state budget in recent history. Getting tax relief, historic education investments, major economic development and infrastructure efforts, robust savings and more all into one budget is an unprecedented, tremendous step forward for Oklahoma. Republicans are delivering the results Oklahomans asked for by working together for the good of the whole state.” – House Speaker Charles McCall, R-Atoka

“This is a great budget for the state of Oklahoma. I am particularly proud of the significant new investment made in public education and the restoration of funding cuts made last year due to the pandemic. This budget is also a win for rural Oklahoma, with targeted investments in areas that will help grow the economy all throughout our state.” – Senate Appropriations Chairman Roger Thompson, R-Okemah

“This budget not only protects core services and programs for the next fiscal year, it will stimulate our economy in a variety of ways. I am excited to see personal income tax cuts and new economic development funding to recruit more jobs for Oklahomans. We also restore reserves that were reduced during the pandemic, which positions us well for the future.” – House Appropriations & Budget Chairman Kevin Wallace, R-Wellston

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Appropriations Summary FY'22

5-13-21

	GA Bill FY'21	GA Bill FY'22	Change From Original
Department of Education	\$2,992,729,814	\$3,164,005,814	5.72%
Regents for Higher Education	\$770,414,742	\$812,819,822	5.50%
Department of Career & Technology Education	\$137,471,871	\$138,852,412	1.00%
Oklahoma Center for Adv. Of Science & Technology	\$13,796,542	\$15,296,542	10.87%
Commissioner of the Land Office	\$8,379,276	\$8,379,276	0.00%
Oklahoma School of Science and Math	\$6,033,373	\$6,811,373	12.89%
Department of Libraries	\$4,346,315	\$4,346,315	0.00%
Physician Manpower Training Commission	\$6,946,877	\$6,946,877	0.00%
State Arts Council	\$2,796,030	\$3,004,205	7.45%
Oklahoma Educational Television Authority	\$2,729,004	\$3,204,004	17.41%
Office of Educational Quality & Accountability	\$1,567,209	\$1,567,209	0.00%
TOTAL EDUCATION	\$3,947,211,053	\$4,165,233,849	5.52%

Department of Transportation	\$170,000,000	\$186,893,663	9.94%
Oklahoma Tax Commission	\$43,177,267	\$43,844,417	1.55%
Office of Management and Enterprise Services	\$86,386,169	\$102,781,593	18.98%
Legislative Service Bureau	\$16,723,391	\$22,057,008	31.89%
House of Representatives	\$19,078,327	\$19,183,536	0.55%
Oklahoma Military Department	\$16,411,582	\$18,911,582	15.23%
Senate	\$11,017,919	\$11,067,919	0.45%
State Election Board	\$9,737,617	\$8,617,548	-11.50%
State Auditor and Inspector	\$4,300,315	\$4,300,315	0.00%
Oklahoma State Treasurer	\$2,742,651	\$3,079,823	12.29%
Governor	\$3,557,940	\$3,557,940	0.00%
Aeronautics Commission	\$0	\$2,000,000	
State Ethics Commission	\$687,957	\$687,957	0.00%
Dep't. of Civil Emergency Management and Homeland Security	\$505,859	\$2,476,801	389.62%
Lt. Governor	\$464,665	\$564,665	21.52%
Merit Protection Commission	\$385,929	\$383,934	-0.52%
Space Industry Development Authority	\$368,255	\$400,000	8.62%
TOTAL GG&T	\$385,545,842	\$430,808,701	11.74%

Oklahoma Health Care Authority	\$1,000,039,368	\$1,194,337,303	19.43%
Department of Mental Health & Substance Abuse	\$334,915,240	\$321,489,598	-4.01%
Department of Health	\$58,337,964	\$59,337,964	1.71%
University Hospitals Authority	\$66,691,554	\$86,591,554	29.84%
Department of Veteran Affairs	\$33,316,393	\$34,316,393	3.00%
OSU Medical Authority	\$45,488,996	\$60,477,141	32.95%
J.D. McCarty Center	\$4,750,506	\$4,750,818	0.01%
TOTAL Health	\$1,543,540,021	\$1,761,300,770	14.11%

Department of Human Services	\$713,831,158	\$717,585,502	0.53%
Office of Juvenile Affairs	\$93,033,434	\$94,544,715	1.62%
Department of Rehabilitative Services	\$34,875,002	\$34,875,002	0.00%
Commission on Children and Youth	\$2,295,414	\$2,509,414	9.32%
Office of Disability Concerns	\$282,821	\$307,095	8.58%
TOTAL HHS	\$844,317,829	\$849,821,728	0.65%

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5-13-21

	GA Bill FY'21	GA Bill FY'22	Change from Original
Department of Agriculture	\$26,989,607	\$31,527,896	16.81%
Department of Commerce	\$17,739,680	\$57,077,680	221.75%
Department of Tourism and Recreation	\$21,524,457	\$23,461,601	9.00%
Historical Society	\$11,871,018	\$13,192,324	11.13%
Oklahoma Corporation Commission	\$16,865,856	\$16,876,719	0.06%
Conservation Commission	\$12,658,644	\$13,726,001	8.43%
Department of Environmental Quality	\$7,188,879	\$9,027,346	25.57%
Oklahoma Water Resources Board	\$5,205,323	\$7,205,323	38.42%
Department of Labor	\$3,578,213	\$3,578,213	0.00%
Department of Mines	\$769,933	\$769,933	0.00%
J.M. Davis Memorial Commission	\$309,990	\$330,000	6.46%
TOTAL NRR	\$124,701,601	\$176,773,035	41.76%

Department of Corrections	\$531,112,247	\$544,278,904	2.48%
Department of Public Safety	\$95,201,888	\$102,827,246	8.01%
District Courts	\$67,980,361	\$68,241,076	0.38%
District Attorneys and District Attorneys Council	\$56,642,149	\$58,779,782	3.77%
Supreme Court	\$16,212,078	\$16,223,855	0.07%
Oklahoma Indigent Defense System	\$17,508,363	\$20,537,878	17.30%
Oklahoma State Bureau of Investigation	\$15,926,840	\$19,266,849	20.97%
Office of the Chief Medical Examiner	\$17,771,703	\$19,162,057	7.82%
Attorney General	\$11,058,746	\$26,057,969	135.63%
Oklahoma Bureau of Narcotics and Dangerous Drugs	\$3,145,330	\$3,145,330	0.00%
Court of Criminal Appeals	\$4,022,707	\$4,022,707	0.00%
Council on Law Enforcement Education and Training	\$3,370,833	\$3,661,579	8.63%
Alcoholic Beverage Laws Enforcement Commission	\$2,898,589	\$2,753,659	-5.00%
Pardon and Parole Board	\$2,273,400	\$2,273,400	0.00%
TOTAL PS&J	\$845,125,233	\$891,232,290	5.46%

REAP	\$13,126,817	\$15,475,000	17.89%
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Total FY'21 Appropriation vs. Total FY'22 Appropriation	\$7,703,568,396	\$8,290,645,372	7.62%
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* Appropriations do not include supplementals