

State revenue shortfall declared; \$1.3 billion shortfall forecast for next year

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Bowing to pressure from state lawmakers, the Board of Equalization, led by Gov. Kevin Stitt, on Monday formally certified a revenue shortfall of \$416 million for the current fiscal year.

State officials also received a presentation on Oklahoma's bleak financial picture for the fiscal year that begins July 1, 2020 from the head of the Oklahoma Tax Commission.

Jay Doyle, the commission's executive director, predicted the state will have a 20% decrease in appropriated revenue next year, which will amount to \$1.3 billion less than the \$8.2 billion the Board of Equalization certified in February.

The revised revenue projections show the state would have about \$7.67 billion this year and \$6.8 billion for fiscal year 2021. The current year's state budget was built on a revenue projection of \$8.3 billion.

"Our budget is getting hit on two different fronts right now," Stitt said referencing the COVID-19 pandemic and historically low oil prices. The price of oil dropped below \$1 per barrel just before Monday's Board of Equalization meeting.

If the state takes no budget cuts in the current fiscal year, the state will likely have to handle a 7.5% cut in the next fiscal year after remaining state reserves are used to cushion the revenue shortfall, Stitt said.

Lawmakers have already appropriated funds to offset the revenue shortfall for this year. They have not yet completed work on the fiscal year 2021 budget. The numbers presented Monday will likely serve as a new starting point for budget negotiations.

The certification of a revenue shortfall allows legislation lawmakers passed earlier in April to take effect. Senate Bill 199, which became law without Stitt's signature, allows legislators to move \$302 million from the state's Rainy Day Fund to the General Revenue Fund to offset the shortfall.

Two bills Stitt signed into law earlier in April move money from the Rainy Day Fund to the Revenue Stabilization Fund and allow the Office of Management and Enterprise Services to distribute some of that money so state agencies can avoid cuts.

Combined, the three bills only address the current year's revenue failure and don't begin to address the state budget struggles on the horizon.

This story will be updated.

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