

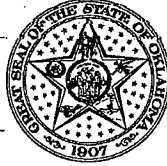
OKLAHOMA

# Corporation Commission

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## MEMORANDUM

TO: Lynne Jones, Marchi McCartney  
FROM: Kathy Nelson  
DATE: 8/16/07  
RE: UCR Revenue

I have reviewed the UCR Act for support to the argument that a state is entitled to receive in a subsequent year, the shortfall of revenue it was entitled to but did not receive in a prior year.

The Act provides for adjustments of the fees set by the UCR board every year. The annual fees are to be assessed by considering whether the revenues generated in the previous year and any surplus or shortage from that or prior years, enable the participating states to achieve the revenue levels set by the board. 49 USC §14504a(d)(7). The board may ask the Secretary to adjust the fees within a reasonable range on an annual basis if the revenues derived from the fees are insufficient to provide the revenues to which the States are entitled. 49 USC § 14504a(f)(1)(E)(i). Pursuant to these provisions, the board has the power to set an increase of fees to be charged under the Act for excess revenue to make up shortfalls from previous years.

The Act also provides that excess funds deposited by a State, over the amount to which it is entitled, is to be distributed to each participating State that did not collect revenues equal to the amount it is entitled to receive. 49 USC §14504a(h)(3). An increase in fees, due to the shortfalls of previous years, would also result in greater revenues over and above what some States are entitled to receive. That excess is then distributed to States that did not collect all of their entitlement for the previous year.

In addition, the Act provides for a maximum \$500,000 annual allotment from UCR revenues to States that did not participate in SSRS during the last registration year before enactment of the UCRA. 49 USC § 14504a(g)(3). No specific amount and no minimum annual allotment are stated. How the allotment amount to each State will be derived, is not explained. There is no prohibition of the total amount to be allotted being decreased by shortfall amounts due States that did participate in SSRS and who are entitled to receive specific amounts of revenue.

Pursuant to the above provisions in the Act, the board has the power to increase the fees to be charged in a subsequent year to ensure such an increase would cover the shortfall that States did not receive in a previous year. It may also reduce the annual allotment due certain States to accommodate States with a shortfall from a previous year. These steps would satisfy one purpose of the UCRA, to reimburse States for their loss of revenue from administering SSRS prior to the UCRA.