POLICY IDEAS

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# 2017 LEGISLATIVE POLICY PRIORITIES

## Close the budget hole with sensible revenue options


Oklahoma is once again facing a massive budget shortfall. According to preliminary estimates, lawmakers will have about $740 million less for next year's budget than what they appropriated this year. The state budget has already been cut almost 15 percent over the past decade when adjusted for inflation. As Governor Fallin and other state leaders have acknowledged, a responsible solution must be primarily based on recurring revenues to avoid increasing Oklahoma's large structural deficits. We have a broad menu of revenue options that are worth considering to ensure that the state can do its job and Oklahoma has an economy and tax system that works for all.

## Halt the next income tax cut

A further 0.15 percentage point cut in the top income tax rate could be triggered in 2019, costing the state an additional $40 million in critical revenue, due to legislation approved in 2014. After the steep funding cuts of recent years, legislators should halt this tax cut and allow more time for the budget to recover before going ahead with any further tax cuts.

## Strengthen working family tax credits

The Earned Income Tax Credit subsidizes work for low-income families in Oklahoma. Last session, Oklahoma legislators cut the state EITC, a move that hurt over 200,000 Oklahoma families. This session, legislators should fully restore the EITC or expand the Sales Tax Relief Credit, which helps offset the sales tax paid on groceries and other household items by low- and moderate-income families and seniors.

## Improve budget transparency

In recent years, the state's $7 billion appropriated budget has been introduced in the final days of session and voted on within hours of being introduced. This leaves far too little time for legislators and the public to scrutinize and debate the budget. One important reform would be to require a minimum of one week between when the final version of the General Appropriations bill is introduced and when it can come up for a vote.

## Increase teacher pay

Oklahoma lags well behind surrounding states for average teacher pay, and this noncompetitive pay is damaging schools' ability to attract and retain well-qualified teachers. A professional, experienced teacher workforce is the most essential part of a strong education system; while more competitive pay is not the only reform needed to improve teacher quality in Oklahoma, it is a necessary foundation for other improvements. Oklahoma needs a plan to increase teacher pay that is backed by identified recurring revenue.

## Prevent Medicaid cuts

Without SoonerCare, more than a million Oklahoma children and adults would go without needed health care every year. As a result of state budget shortfalls and potential federal changes, Medicaid could be facing deep and painful cuts. Maintaining coverage levels and provider reimbursement levels, while avoiding punitive measures like added cost-sharing and work requirements, will ensure that SoonerCare continues to operate as an efficient, effective source of health care coverage.

## Reform court fines and fees

Thousands of Oklahomans are affected by huge sums of fines and fees resulting from their criminal convictions. Court debt often leads to a cycle of poverty and incarceration when they fail to pay, contributing to overcrowding in our jails and prisons. Oklahoma needs reforms to reduce the burden of debt on those convicted of crimes, minimize consequences of failure to pay, and require reporting on collections activities.

## Ban credit scoring in auto insurance

Most major insurance companies have been using credit scores to determine a customer's auto insurance rate. This puts an unfair burden on many Oklahomans who have good driving records but poor credit because of medical debt or other emergencies. The Legislature should ban the practice of 'credit scoring' in Oklahoma.

## Limit predatory loans

In Oklahoma deferred deposit loans, better known as payday loans, are a form of predatory lending with exorbitant fees that keep the users in a cycle of debt that is nearly impossible to break. Oklahoma should follow the lead of states that cap the APR (annual percentage rates) on these loans at 36%. We should also resist efforts to authorize Flex Loans, a new high-cost loan product that would allow Oklahomans to borrow up to $3,000 over a 12-month term with a minimum 240 percent APR.

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