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Oklahoma Policy Institute

## 2018 LEGISLATIVE AGENDA

OK Policy is committed to supporting fair and adequate funding of public services and expanded economic opportunity for all Oklahomans through research and advocacy. During the 2018 legislative session, we will work to promote an ambitious but achievable policy agenda. We have identified the following issues as our top 2018 policy priorities. Our priority issues were selected based on numerous criteria, including their consistency with our mission, our experience and expertise on the issue, their importance for the citizens of Oklahoma, and our likelihood of success.



### Area: Budget and Taxes

**Restore 7 percent gross production tax:** Oklahoma's 2 percent tax rate for new wells during the first 36 months of production continues to cost the state hundreds of millions of dollars a year and provides an unnecessary subsidy to a profitable industry. By taxing all production at 7 percent Oklahoma would continue to have a tax rate comparable to other producing states and Oklahoma's major oil producing regions would still be among the most economically viable.

**Restore income tax on very high incomes:** Oklahoma has cut its top income tax rate by nearly 25 percent since 2004. These cuts have contributed to chronic budget shortfalls by reducing annual revenues more than \$1 billion and have mostly benefited the wealthiest households. Restoring the top rate to 6 percent on income over \$200,000 and 7 percent on income over \$400,000, which would affect only the top 3 percent of households, would allow the state to provide vital funding for core services and address its chronic budget shortfalls.

**End the capital gains exemption:** Oklahoma allows residents to pay no income tax on capital gains from the sale of investment property or stock of a company located in Oklahoma. This tax break, which benefits fewer than 20,000 Oklahomans who overwhelmingly earn more than \$200,000 a year, costs the state over \$90 million annually. A recent report submitted to the Incentive Evaluation Commission found that the tax break "cannot be credibly shown to have significant economic impact or a positive return on investment for the State". The Legislature should repeal this tax giveaway.

**Prevent corporate tax shelters with combined reporting:** Some multi-state corporations shift their Oklahoma income to out-of-state subsidiaries to avoid paying their share of state taxes. Oklahoma should follow the lead of a majority of states that have adopted a simple and effective reform called combined reporting, which effectively halts this tax avoidance strategy and ensures that multi-state corporations pay their fair share of taxes, just like local businesses.

**Strengthen broad-based tax credits:** The Earned Income Tax Credit supports low-income working families in Oklahoma. In 2016, Oklahoma legislators slashed the state EITC, a move that increased the tax liability for over 200,000 Oklahoma families by as much as \$300. This session, legislators should fully restore and expand 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.

## Area: Budget and Taxes (continued)

**Revisit State Question 640:** State Question 640, enacted in 1992, requires that all revenue bills receive three-quarters legislative support or be approved by a majority at the next general election. This year SQ 640 allowed a small minority of holdouts to block budget solutions favored by a large majority of legislators and Oklahomans. Oklahoma's tax restriction is the most stringent in the country, and it has contributed to our chronic budget shortfalls and inability to respond to fiscal emergencies. Oklahoma lawmakers should put a new measure on the ballot to repeal or reform SQ 640 and give the majority the tools they need to govern.

## Area: Economic Opportunity and Security

**Prevent Expansion of Predatory Lending:** Last session, a bill to authorize a new form of high-cost lending, HB 1913, passed both chambers but was vetoed by the Governor. The industry will likely mount another strong push for high-cost installment loans this year. Oklahomans already have more than enough access to products such as payday loans and signature ("B") loans; adding a new, costly product to the market will not help Oklahoma families struggling to make ends meet. We need to reform and limit the existing high-cost loan products, not add new ones to the market.

**Prevent Adoption of Prosperity Zone Compact:** Prosperity Zones would allow landowners to create, by petition, special districts that would be exempt from most state and local laws. If legislation, which is being pushed across the country by an out-of-state interest group, is adopted by more than one state it could become an Interstate Compact, meaning many federal laws would also not apply in the districts. Prosperity Zones would create administrative chaos, unfair competition in the market, and great deal of potential harm to workers and the environment.

## Area: Education

**Increase teacher pay:** Oklahoma lags well behind surrounding states for teacher pay, and this noncompetitive pay has created an exodus of Oklahoma's best teachers out of our state and the teaching profession. A professional, experienced workforce is the most essential part of a strong education system; better pay for all certified school employees is a necessary foundation for other improvements. Oklahoma needs a plan to increase teacher pay that is backed by identified recurring revenue.

## Area: Criminal Justice

**Pass Justice Reform Task Force Measures:** Last year, Governor Fallin's Justice Reform Task Force put forth a series of proposals that would substantially reduce Oklahoma's prison population growth over the next ten years. The package of reforms included an overhaul of the parole system; the introduction of evidence-based practices in community supervision; and reduced sentences for many crimes to better align with other states, among other measures. Unfortunately, the most important of these bills stalled last year. The Legislature must ensure that these critical steps toward reform are taken this year.

**Reform Court Fines and Fees Collection:** 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 a better way to reduce the burden of debt on those convicted of crimes and minimize consequences of failure to pay.

## Area: Criminal Justice (continued)

**Reform Pretrial Practices to Reduce the Use of Money Bail:** Oklahoma's jails are filled with people who haven't been convicted of any crime, but simply can't afford to make bail while they wait for their case to be resolved. Even if they are never convicted, they can lose their job, their housing, and their kids due to incarceration. Oklahoma courts should base pretrial release decisions on modern risk assessment tools, which estimate a person's likelihood to miss their court date or reoffend, rather than keeping people in jail because of their inability to pay.

## Area: Health Care

**Accept federal funds to expand access to health care:** Too many Oklahomans can't access health care when they need it. Oklahoma's uninsured rate is among the highest in the nation, and the effects of that are apparent across our safety net health care system. However, by accepting federal funds to expand access to health care for low-income adults, Oklahoma could take stress off state strained agency budgets, create thousands of jobs, and ensure that those who need care can get it. Lawmakers should work within existing frameworks to craft an efficient, accessible channel to health care.

**Stop wasteful, needless efforts to overhaul safety net programs:** More than one million Oklahomans, the vast majority of whom are children, rely on Oklahoma's Medicaid program for access to basic health services. Cookie-cutter legislation peddled by out-of-state organizations would require the state to dramatically revamp SoonerCare eligibility and enrollment procedures, costing the state millions of dollars and forcing families out of the program, despite qualifying for it honestly. Lawmakers should reject these efforts to make access to health care more burdensome for Oklahoma families.

**Stop proposed Medicaid work requirements:** Most Oklahomans who want to work and have the opportunity to work, do work. However, for many, access to meaningful work is stymied, through no fault of their own, by disability, geography, caregiving responsibilities, and more. Lawmakers should reject efforts to tie access to safety net programs to employment, education, or volunteer work, and should instead recognize that access to basic medical care can support employment.

**READ MORE ABOUT THESE POLICIES AT [HTTPS://OKPOLICY.ORG/2018-PRIORITIES/](https://okpolicy.org/2018-priorities/)**

**WE WELCOME YOUR FEEDBACK ON THESE ISSUES AND HOPE YOU WILL JOIN WITH US  
OVER THE COMING MONTHS IN WORKING FOR A SUCCESSFUL LEGISLATIVE SESSION THAT  
IMPROVES THE WELL-BEING OF ALL OKLAHOMANS!**



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