

League of Women Voters of Oklahoma Fiscal Policy Restudy

Foreword

The League of Women Voters of Oklahoma (LWVOK) has an enviable (or unfortunate) record of studying issues at the very time that the public is becoming aware of their importance. The 1973 decision to study the corrections system coincided with a major riot at the prison at McAlester. The 1981-83 study of county government coincided with the county commissioners scandal. This restudy of Oklahoma's ***fiscal policy*** * continues that tradition.

The decision to choose this topic for the 2015-2017 state study stemmed from the 2013-2015 study that focused on a review of all the positions included in Program for Action. As League members know, this document is very important because it contains the positions on governmental and social issues that the LWVOK has taken after a prescribed period of study and consensus. These positions are important because the League can only advocate on issues on which they have taken a position.

By 2013, many sections of the Program for Action were seriously out of date, and local Leagues took time to review the document. After the various local Leagues had submitted their recommendations regarding which positions to retain, revise or restudy, it fell to the LWVOK Program Committee to make the final decision on which of the positions needed attention first.

The three positions that were deemed most in need of restudy were corrections, education and fiscal policy. After considerable discussion, the committee chose fiscal policy for its 2015-2017 study topic. This decision was based, in large part, on the recognition that Oklahoma's fiscal policies had led to chronic ***budget*** shortfalls. And, these shortfalls, in turn, had led to crises in education, corrections and other areas of state government. (Note: The previous position on Oklahoma's fiscal policy was written in 1989. The complete text of that position can be found in Appendix A.)

A study of fiscal policy is not for the faint of heart. It takes most of us out of our comfort zone. Due to its complexity and number of components, it is easy to see why few of our leaders have attempted to reform it. The League undertakes this study, as it undertakes all studies, with the goal of educating its membership and the general public on this vital topic. When consensus is reached on the questions accompanying the study, it will serve as a basis for advocacy in future years.

The Fiscal Policy Restudy Committee

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* Words or phrases in ***bold italics*** are defined in the glossary, Appendix B.

Introduction to Restudy

At the June 2015 League of Women Voters of Oklahoma Convention, delegates approved a two-year re-study of the LWVOK position on Fiscal Policy. The process is part of League program, which is the basis for action and advocacy in our organization.

League Program: the Vehicle for Action

League Basics ¹* gives the following definitions and guidance to state and local Leagues:

“What is Program?” The League's program consists of those governmental issues that the League has chosen for concerted study and action at the national, state or local level. The program process is specified in both national and state League bylaws.”

“What is a Position Statement?” A position is the League stand on a public-policy issue and the basis for action. It is established through the study and consensus process and is subject to regular review and re-adoption at state convention.”

“How can a Position Statement be changed?” Since a position is the result of a study and consensus process undertaken by membership, substantive change to the position would have to go through this same process. In other words, an update which substantially changes a position or requires a restudy would result in a consensus-based position restatement or alteration that would then be submitted to the state board for adoption and presented at the next state convention. Changes must be based on member thinking and agreement whether they add to or subtract from the original position.”

Impact on Issues, ² which defines the program positions of our national organization, includes the LWVUS position on fiscal policy in the section on social policy ³. State League positions are formulated in support of national positions. The LWVUS position on Fiscal Policy includes the following:

“The League of Women Voters of the United States believes that federal fiscal policy should provide for: adequate and flexible funding of federal government programs through an equitable tax system that is **progressive** overall and that relies primarily on a broad-based income tax; responsible **deficit** policies; and a federal role in providing mandatory, universal, old-age, survivors, disability and health insurance.”

Tax Policy

“The LWVUS believes that the federal tax system should: be fair and equitable; provide adequate resources for government programs while allowing flexibility for financing future program changes; be understandable to the taxpayer and encourage compliance; accomplish its objectives without creating undue administrative problems.”

* **Red** numbers indicate citations to be found in the endnotes after each section of this paper.

“The League of Women Voters of the United States believes that the federal tax system, taken as a whole, should be **progressive**, not **proportional**.”

“The League: supports income as the major tax base for federal revenues; believes that the federal income tax should be broad-based with minimal **tax preferences** and a progressive rate structure; opposes a value-added tax or a national sales tax in the federal revenue system.”

Further Guidelines

“Under this position, the League of Women Voters would support tax measures that broaden the base and improve the equity of the income tax while working to incorporate progressivity into the tax system, taken as a whole. In evaluating specific *tax preferences*, the League will use the following criteria: whether the tax preference promotes equity and progressivity; whether the tax preference effectively furthers League of Women Voters program goals; whether the tax preference is the most efficient means of achieving its purpose; whether the revenue loss from the tax preference is justifiable.”

In the historical narrative supporting this position, Impact on Issues states: “Since the state budgeting process occurs under different constitutional arrangements and laws, the conclusions of the federal deficit study do not overrule any current state League positions on state budgeting processes, nor can they be used at the state level without separate state League study and member agreement on the subjects.” 4

Fiscal Policy Update (Re-Study)

Scope of the Study, as adopted by the Committee (approved by LWVOK Board, Nov. 14, 2015)

“The scope of the restudy will be to examine the sections of the state constitution, statutes and related materials that govern or affect how state finances are collected and disbursed including taxes, fees, **tax credits**, **tax exemptions** and **tax incentives**. A focus of this study will be to identify fiscal policies and practices the LWVOK would support or oppose.”

Because the last substantial update of the LWVOK position on Fiscal Policy was done in 1989, there is a lot of ground to cover in the following study materials. Serving to compile background information, provide study materials, and provide the basis for consensus questions, this study consists of the following sections:

- Constitutional Framework
- Oklahoma Taxes and Revenue
- Oklahoma State Spending and the Budget Process
- Long Term Planning and the Budget Process

ENDNOTES FOR INTRODUCTION

1. League Basics http://lww.org/files/League_Basics.pdf published by the League of Women Voters of the United States
2. Impact on Issues <http://lww.org/content/impact-issues-2014-2016-online-edition>, published by the League of Women Voters of the United States
3. <http://lww.org/content/social-policy-0>
4. <http://lww.org/content/impact-issues>