

Consensus questions are broken into sections to follow the content of the study material articles.

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

Constitutional Framework:

State Question 640, approved by a vote of the people in 1992, amended the Oklahoma Constitution to limit the ability of the Legislature to raise taxes. (See <http://okpolicy.org/state-question-640>). It amended the Constitution to limit the legislature's ability to increase income tax rates without a 75% approval from the legislature and approval by the Governor, or a majority vote when referred to the people for a vote. Should the Constitution limit the current legislature's ability to increase or decrease tax rates?

- This provides an important protection for taxpayers
- This hampers state legislators in carrying out the constitutional requirement that the legislature submit a balanced budget each year.
- No consensus
- Comments (Up to 500 words)

Municipal Finance: The League of Women Voters of Oklahoma's current position on fiscal policy supports ". . . additional means of providing adequate revenues for municipalities. The League favors granting cities additional, optional taxing powers and reallocation of existing revenues." The Oklahoma Constitution does not allow municipalities to receive ad valorem levies for operations. The 2010 **Task Force on Municipal Finance** (<http://www.okhouse.gov/Documents/MunicipalFinanceTaskForceReport.pdf>) recommended amending the Constitution to give municipalities more diversified revenue sources. Should the League of Women Voters of Oklahoma maintain its current position on municipal finance, and thus support a Constitutional amendment?

- Property taxes are properly limited by the Constitution to provide funding for common education and county budgets
- A Constitutional amendment to provide more diversified revenue sources for municipalities is needed to ensure the future economic stability of our cities
- No consensus
- Comments (Up to 500 words)

Oklahoma Taxes and Revenue

Taxes and fees provide revenue for state spending. The fiscal policy position of the League of Women Voters of the United States supports “. . .tax measures that broaden the base and improve the equity of the income tax while working to incorporate progressivity.” Income tax in Oklahoma is generally progressive and sales taxes are generally regressive. The chart titled “General Revenue by Tax, FY 2008 to FY 2016” on page 7 shows the changing mix of state taxes and revenue sources. What policy should the League of Women Voters support regarding Oklahoma taxes and fees?

- Support seeking broadest possible sources of sales tax revenue, including such sources as sales tax on internet sales and sales tax on services
- Support a primary reliance on personal and corporate income tax, with lesser reliance on sales tax and fees
- Support state revenue based on both the broadest possible sources of sales tax and a continued reliance on personal and corporate income taxes
- Support reduction certain taxes and fees: (list those to be reduced)
- No consensus
- Comments (Up to 500 words)

Sales tax on food and drugs: The current LWVOK position on fiscal policy supports repealing the sales tax on food purchases and prescription drugs. This position should be

- Retained as written, noting that while the sales tax on prescription drugs has been repealed, the League continues to support the repeal of sales tax on food purchases
- Modified as follows (50 word limit)
- Removed
- No consensus
- Comments (500 words)

Corporate income tax: The current LWVOK position on fiscal policy supports raising the corporate income tax. This position should be

- Retained as written
- Modified as follows (50 word limit)
- Removed
- No consensus
- Comments (500 words)

Gross production tax: The current LWVOK position on fiscal policy supports statewide distribution of the gross production tax revenue dedicated for common schools. This position should be

- Retained as written
- Modified as follows (50 word limit)
- Removed
- No consensus
- Comments (500 words)

Public Service Property: The current LWVOK position on fiscal policy supports having all property taxes of public service properties in the state collected on a statewide basis, then allocated to the various school districts on a formula basis. This position should be

- Retained as written
- Modified as follows (50 word limit)
- Removed
- No consensus

Tax credits and exemptions: There is a long list of tax exemptions, exclusions and credits maintained by the Oklahoma Tax Commission. Some Oklahoma tax credits and exemptions have been temporary and some have been made permanent. What is the best policy regarding tax credits, exemptions and exclusions?

- Regular review of the benefits and impacts of credits, exemptions and exclusions should be done by an impartial commission
- The Legislature should have the authority to review and regulate tax credits, exemptions and exclusions
- The State Treasurer should have the responsibility of regular review of tax credits, exemptions and exclusions, and should report findings and recommendations to the legislature and to the public
- Certain tax credits, exemptions and exclusions should be evaluated by an impartial commission for the possibility of making them permanent so that economic planning is easier
- No consensus
- Comments (500 words)

Oklahoma State Spending and the Budget Process

Budget process: The current budget process in Oklahoma includes Constitutional requirements for a balanced budget and certified revenue estimates to be provided by the Board of Equalization. (see page 11 of study materials). Because revenue estimates used for the Executive budget (made in December) and the estimates used by the Legislature (made in February) can differ, suggestions have been offered for more efficient process. One proposal is to unify the certification dates used for both the legislative and Executive Budget. What would improve the budget process in Oklahoma?

- Require the Board of Equalization to provide one unified certified revenue estimate for both the Executive and Legislative budgets
- Establish a date for the presentation of the Executive budget that is after the submission of the February revenue estimate
- Comments (500 words)

Dedicated or earmarked funds: The current LWVOK position on fiscal policy supports a reduction in the earmarking of state revenues. At present, the Legislature only has 45% of the total state revenue available for apportioning from the General Revenue Fund (see page 15 of study materials). What should the League consider when adopting a position on dedicated funding?

- Support for regular review and a public report to be made by an impartial commission tasked with examining the current dedicated or earmarked revenues (this would include funds for transportation and HB 1017 education funds)
- Support for all revenue funds to be made available to the General Revenue Fund for apportionment
- No consensus
- Comments (500 words)

Core government services: The current LWVOK position on fiscal policy includes this statement: “The League of Women Voters of Oklahoma believes a tax system should provide adequate funds for essential government services without creating inequities in assessing taxes according to ability to pay.” In thinking about the LWVOK position regarding adequate funding for essential government services, please indicate all below that are core services.

- Public Education (see state Constitution?)
- Public Safety
- State Courts
- Public Health
- Human Needs
- Child Welfare
- Transportation and Highways
- Elections
- Environmental Protection
- Other (Up to 150 words to list other core government services)
- Comments (Up to 500 words)

Long Term Planning and the Budget Process

Budget Forecasting: Oklahoma’s budgeting process depends on a one-year revenue estimate, and does not include a requirement for an expenditure estimate based on current service levels. According to the Center and Budget Policy Priorities, Oklahoma is one of 26 states that fail to use high-quality, multi-year revenue forecasts and multi-year expenditure forecasts on a current-services basis. (See also **How Other States Budget**, p. 20 of study materials). What should be considered by the League in policy recommendations on budget forecasting?

- Support for multi-year revenue and expenditure forecasts on a current service basis
 Support for multi-year revenue forecasts only
 No consensus
 Comments (500 words)

Rainy Day Fund: Oklahoma’s Constitutional Reserve Fund (Rainy Day Fund) was established in 1985 to help offset the volatility of state revenues. A multi-state analysis of Rainy Day funds by the Pew Charitable Trust (p. 21 of the study materials) says that Oklahoma’s Constitutional Reserve Fund has only “implied purpose and broad definitions.” For states seeking to improve their savings targets for rainy day funds, Pew recommends three best practices to better align targets with goals:

- Explicitly define, in law, the purpose of a rainy day fund.
- Align savings targets with the fund’s purpose as well as with the state’s tax volatility.
- Determine and clearly express the level of budgetary risk the state seeks to offset

What policy should the League support in regard to the Rainy Day Fund? (check all that apply)

- Support for statutory definition of purposes of the Rainy Day Fund
 Support for setting savings targets in accord with the fund’s purpose and projected tax volatility
 Support for flexibility in setting a cap on the percentage of revenues to be deposited in the Rainy Day Fund
 No consensus
 Comments (500 words)