

OKLAHOMA 2000: GOVERNMENT MAY CHANGE TO ACCOMMODATE SQ 640 REQUIREMENTS

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■(GIT) Oklahomans can expect to see increases in fees, public enterprise activity and privatization; reductions in government employees and services; and the shifting of costs from the state government to government employees and local governments in the wake of State Question 640, according to an Oklahoma 2000, Inc. study released on Monday.

"Oklahoma's search for limited government may be over. As the state moves toward the 21st century, the quest will be to identify the most rational and creative pattern of response to the new budget realities," states the two-year study of the implications to Oklahoma state government entitled "In Search of Smaller Government: The Case of State Finance in Oklahoma."

According to the study, 53.5 percent of the state governments \$8,447 million revenue for 1996 came from tax receipts, 20.7

percent came from non-tax receipts (fees, income from money and property, refunds and reimbursements) and 25.8 percent from federal aid.

SQ 640 limits tax increases, so the authors do not expect any growth from the tax receipts revenue. They also do not expect growth from federal aid, since the federal government is also attempting to streamline itself and may give one of its programs — such as Medicaid — back to the states, without much federal aid.

Income from sources that tend to grow with the economy include 33.8 percent of the state tax revenue for 1996 from personal income tax and 11.4 percent from motor vehicle tags. However, the state question limits increases for those taxes.

Inelastic income revenues include 26.5 percent of the 1996 revenue from sales and use taxes, 7.5 percent from motor fuels excise taxes, 6.9 percent from gross production

taxes, 3.8 percent from corporate income taxes, 3.0 percent from tobacco and alcohol taxes and 7.1 percent from other taxes.

Warner said there will be a tendency for those revenues to lag behind the state's economy. The authors said that the motor fuel tax which is taken on a per gallon basis, with today's emphasis on cleaner fuels and building cars that get more to the gallon, this source of revenue is not likely to increase. The authors also said that the gross production tax is not likely to be a big supply of revenue since things like oil and gas have a limited supply.

Corporate taxes do not respond rapidly to the economy and the tobacco and alcohol taxes will not grow significantly with today's emphasis on leading cleaner lives, the authors said.

The authors projected that in the year 2002, Oklahoma general fund revenue expenditures will have risen to \$5,523 million while the revenues will only be \$5,081 million, leaving a shortfall of \$442 million.

Despite seeming doomsday theorizing, the authors said they are not trying to claim "the sky is falling."

"One of the healthiest things in government has been a conservative revolution — 'Let's worry about efficiency, cutting costs.'" Larkin Warner, professor of economics at Oklahoma State University, said at Monday's news conference. "It's a nationwide trend."

Oklahoma voters approved State Question 640 in March 1992, which placed a constitutional limit on tax increases. By forcing many revenue measures to a vote of the people, the state question is arguably the most strict measure so far. The question was one in a long history of attempts by the state's voters to limit the size of state government through fiscal controls.

In the past, tools for limiting government have included rate caps for property taxes, limits on the range and type of taxation available to both state and local jurisdictions, specifications of budgeting procedures, a balanced budget amendment and constraints on the use of debt finance. The latest measure in this tradition, the constitutional amendment known as SQ 640, requires legislative supermajorities, or statewide referenda for state tax increases.

These attempts to limit government may result in the state having to resort to other methods of creating revenue.

"We will have a complete shift in the way

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something. We can't just dump them in like a bunch of cattle."

Roark said the study was important to establish credibility with the governor and the legislature, noting that the board and department had talked of overcrowding while the study revealed that more beds were available than previously assumed. Referring to Friday's population count of 14,932 inmates in department facilities, Roark said the new figure means there are 79 empty beds available. Miller noted, however, that more than 300 inmates are awaiting transfer from county jails to department facilities at the present time.

Board member Beverly Young asked whether the department had the staff to adequately supervise the higher number of inmates. Miller and interim department director James Saffle said it did not, saying that the department would ask the legislature to fund an additional three percent of its approved FTE, bringing that funding to 97 percent, and to add and fund 693 correctional officers to its FTE.

"Regardless, then," Young said, "we still have a crisis. I'm not comfortable having this number of inmates without the additional personnel."

Roark agreed, saying he believed the state should look first at funding its internal needs before turning to private prisons to house inmates.

Saffle, however, offered a differing view. "I believe as a state we are going to have to make a decision about what we are going to do about this," the interim director said.

Saffle said the department "cannot continue to pack people in its prisons," and that something more than "dropping down" the number of square-feet per inmate would have to be considered. Saffle also said the department was not saying that 15,011 inmates were easy to handle, "but based on the situation, it's what we can handle."

The board will decide next month what course of action to take regarding its new certified number. According to Roark, it could either accept the lower number, based on the statutorily-cited regulations, or attempt to have the statute altered to more truly reflect department practice.

In a related development, Saffle announced at the beginning of the meeting that he had ordered that inmates be removed from Oklahoma State Penitentiary's east cellhouse. As many as 271 inmates have been housed in the condemned cellhouse. Some 40 inmates were removed from the facility last week, Saffle said, and distributed to other facilities within the system.

The interim director said it was his intention that the cellhouse not be used in the future and that the 231 inmates currently housed there be removed by Dec. 1.