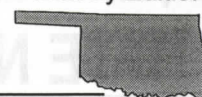


STATE NEWS WEEKLY SUMMARY CONTINUED



OKLAHOMA 2000: GOVERNMENT MAY CHANGE TO ACCOMMODATE SQ 640 REQUIREMENTS

■(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."

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.

"There can hardly be a stranger commodity in the world than books. Printed by people who don't understand them; sold by people who don't understand them; bound, criticized and read by people who don't understand them; and now even written by people who don't understand them."

*Lichtenberg
Aphroisms, 1764-99*

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.

"We will have a complete shift in the way we do business," Warner said.

The study also looks at the conflicting pressures between Oklahomans' desire for services and their emphasis on lower taxes. For the future, the study projects that events will undoubtedly heighten the fundamental tension between these two polar desires.

By identifying and tracking revenue enhancing actions of state government since the passage of SQ 640, the study identifies wide-range methods to increase funding for state projects that would skirt the constitutional requirements of SQ 640.

This indicates that state officials have already adapted to SQ 640 in ways that maintain the level of government spending.

Areas that may see increases in fees may include higher education, medical services and parks and recreation.

The Oklahoma state government may turn to public enterprise activities such as a lottery to raise revenue. They may also turn over some governmental responsibilities to other organizations, such as giving responsibility for state highways to the Oklahoma Turnpike Authority.

Oklahoma may experience an increase in privatization of services.

The state government may also continue to reduce the number of government employees and also reduce services.

Shrinking revenue may also cause the state to shift the cost of running the government on to government employees and on to local governments.

An important question raised in the study

is whether SQ 640 has created the conditions for a structural or long-term deficit and whether this is insufficient to maintain the existing level of services.

Although revenues will grow with economic expansion, the rigidity of the present tax structure is a further limiting factor. From a review of the tax structure and the changing program emphasis in Oklahoma, the study finds that it is most likely that revenues will grow less rapidly than both the overall economy and expenditure needs, according to the study.

The textbook format publication is sale from Oklahoma 2000, Inc.

—MICHELLE BOYD WATERS
11/18/96

LAWMAKERS TAKE OATH OF OFFICE

■(GIT) With their right hands raised, 23 recently-elected and reelected members of the state Senate and all 101 members of the House of Representatives took their oaths of office and began the move toward the opening of the 46th Legislature.

Oklahoma Supreme Court Chief Justice Alma Wilson administered the oath to members of both legislative houses, reminding the legislators of the importance of their job.

"There is probably no greater trust than yours that you enact laws that preserve the rights provided in the constitution and that they be retained by the people," Wilson said in the Senate, adding that she knew of no better state constitution than that of Oklahoma.

Sen. Charley Ford, R-Tulsa, was absent from the Senate proceeding, but had already been administered the oath of office, Senate Pro Tempore Stratton Taylor, D-Claremore, told those on hand, which included a gallery full of well-wishers for those on the floor.

Absent was the usual seriousness of the legislative day as members introduced their family members, friends, neighbors and campaign workers.

Sen. Penny Williams, D-Tulsa, took the time to get to know the son of a new member, Sen. Jeff Rabon, D-Idabel, trading play punches with the young boy as he was held by his father and allowing him to briefly wear the trademark glasses dangling around her neck.

Sen. Trish Weedn, D-Purcell, was joined on the floor by her grandson, which the senator dubbed the "sine day baby" for his birth on the last day of 1994's legislative session.

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