



# THE INSIDER

## FAST FACTS:

### 2012 Legislative Milestones

**January 19: Bill Introduction Deadline**  
**February 6: Session begins**  
**February 20/23: Bills from House/Senate committees**  
**March 15: Bills from house of origin**  
**April 2/5: House/Senate bills from opposite house committees**  
**April 26: Bills from opposite house**  
**May 25: Sine Die (Adjournment)**

## IMPORTANT WEBSITES:

### Click on link to visit website:

Governor Fallin: <http://www.ok.gov/governor>  
 OK Senate: <http://www.oksenate.gov>  
 OK House: <http://www.okhouse.gov>  
 US Senate: <http://www.senate.gov>  
 US House: <http://www.house.gov>  
 FKG Consulting: <http://www.fkgconsulting.com>

## WEEKLY HIGHLIGHTS

- ★ Tax Cut Bills Pass Out of First Committee
- ★ State Increases Revenue Projection For FY-2013
- ★ Business Groups Oppose Tax Credits Repeal
- ★ Bill Passes to Remove Cap on Quality of Care Fee
- ★ House Panel Passes "Water For 2060 Act"
- ★ Smoking Age Limit Bill Passes House Committee

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## Tax Bills Pass First Test

*News worth knowing...*

The House Appropriation & Budget subcommittee on Revenue and Taxation passed the first tax reduction bill this week. HB 3038 would gradually lower the state income tax rate until fully repealed in 2022. The rate would be cut by more than half next year.

Rep. Leslie Osborn, the bill's author, said that state revenues would be reduced by \$715 million in FY 2013. The bill would cut the top personal income tax rate

from 5.25% to 3% and that the lost revenue could be made up with the passage of legislation to eliminate several current tax credits. The tax credit bills have been introduced and will be considered by the full legislature in the coming weeks.

Personal income tax receipts make up about 1/3 of total state revenues.

The revenue loss would also be paid for by cuts in nonessential spending, as well as the tax credit reductions.

## COMINGS AND GOINGS:

Special elections this week selected a new State Senator and new House member. Two other elections chose party nominees to face each other in general election contests.



## Capitol Report

### Taxes and the Budget:

- Bill number: **SB1234**  
Topic: Placing a cap on oil and gas tax incentives  
Status: In Senate Finance Committee
- Bill number: **HB2586**  
Topic: Taxes on Internet Sales  
Status: Passed Sub Com/In House A&B Com
- Bill number: **SB1447**  
Topic: Elimination of Certain Sales Tax Exemptions  
Status: In Senate Finance Committee
- Bill number: **HB3061**  
Topic: Governor's Tax Plan  
Status: In House Rules Committee
- Bill number: **SB1560**  
Topic: Governor's Tax Plan  
Status: In Senate Rules Committee
- Bill number: **HJR1089**  
Topic: State Question on Tax Credits  
Status: On House General Order

### Energy:

- Bill number: **HB2654**  
Topic: Energy Litigation Reform Act  
Status: In House Judiciary Committee
- Bill number: **SB1665**  
Topic: Energy Litigation Act  
Status: In Senate Judiciary Committee

### Health Care:

- Bill number: **HB2270**  
Topic: Removing cap on Quality of Care Fee  
Status: Passed Sub Com/In House A&B Com.
- Bill number: **SB1592**  
Topic: Physical Therapists and health/wellness exams  
Status: In Senate Health & Human Services Com.
- Bill number: **HB2267**  
Topic: Allow cities to regulate smoking in public places  
Status: In House Public Health Committee

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### Insurance:

Bill number: **HB3109**  
Topic: Changing composition of OSEEGIB Board  
Status: In House Rules Committee

Bill number: **HB2575**  
Topic: Alternative Car Title  
Status: Passed Sub Com/In House A&B Com.

Bill number: **HB1378**  
Topic: Workers Comp "Opt-Out"  
Status: In Senate Judiciary Committee

### Corrections:

Bill number: **HB3010**  
Topic: Payment of inmates committing crimes  
Status: In House Appropriations & Budget Committee

### General Business:

Bill number: **HB2853**  
Topic: Prohibits sharing of personal information  
Status: In House Rules Committee

### Telecommunications:

Bill number: **HB2737**  
Topic: Allocation of Universal Services Fund revenues  
Status: In House Energy & Utility Reg Committee

Bill number: **HB2738**  
Topic: Telemedicine  
Status: Passed Com/On House General Order

### Environmental:

Bill number: **SB1162**  
Topic: Glass Recycling Initiative  
Status: In Senate Energy Committee

Bill number: **SB1042**  
Topic: Shingle Recycling  
Status: Passed Com/On Senate Gen Order

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# Odds and Ends

## State Increases Revenue Projection For FY-2013

State lawmakers received good news this week when the Oklahoma Tax Commission approved figures showing that they would have \$54.3 million more to spend in FY-2013 than first thought. The new amount will cut in half the \$100 million budget hole for the fiscal year that begins on July 1. \$43.4 million of the increase will go to the state's General Fund and be available for appropriation by the legislature. Revenue estimates were adjusted to reflect the drop in natural gas prices since November's first estimate.

## Business Groups Organize Against Tax Credit Limits

Business groups, led by various Chambers of Commerce, have organized to oppose legislative efforts to repeal or delay many current state tax credits. In a letter to Rep. Dave Dank, author of a bill to eliminate several of the tax credits, the group identified a number of economic development and tax credit programs it feels are essential to Oklahoma's ability to remain competitive with surrounding states. The proposed legislation would also produce revenue that could be used to offset the Governor's desire to reduce the state's income tax.

## Bill Passes to Remove Cap on Quality of Care Fee

Committee Substitute for House Bill 2270 passed out of the House Appropriations and Budget Subcommittee on Public Health this week. The bill authorizes the Oklahoma Health Care Authority to seek appropriate federal waivers to allow the Quality of Care assessment rate to be the same as it was before the legislature placed an arbitrary cap on it. The Quality of Care fee was first passed in 2000 and has provided millions of dollars to nursing home care over the past decade. Removing the cap will allow the state to capture the full amount of federal matching dollars that is allowed by law.

## Speaker Says Water Issues To Be Addressed This Session

Saying that he wants the state to address its water issues outside of court, Speaker Kris Steele said that the House will focus on several water development bills this session. Steele stated that the legislature should lay the foundation for water development that can be built on in future years. Several bills have been introduced that deal with the state's water issues, including long range water planning, infrastructure financing and conservation. It is estimated that Oklahoma will have \$82 billion in drinking water and wastewater infrastructure needs over the next 50 years, mostly in rural areas and small-to-medium sized communities that lack sufficient funding to pay for such projects.

## House Committee Passes "Water for 2060 Act"

In the first of a series of water bills, the House Agriculture, Wildlife and Environment Committee passed HB 3055, the "Water for 2060 Act." Language in the bill states the legislature's intent to establish and work toward a goal of consuming no more fresh water in the year 2060 than is consumed statewide in the year 2012. The bill creates a 15-member Water for 2060 Advisory Council. Speaker Kris Steele said it would take 3 to 5 years to develop a new comprehensive state water plan.

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### [Smoking Age Limit Bill Passes House Committee](#)

HB 2314, a bill that would raise the age limit for purchasing tobacco products to 21, passed the House Public Health Committee. The bill, which would not apply to Native American tribes, modifies the Prevention of Youth Access to Tobacco Act. If the bill passes, Oklahoma will join four other states that have moved the youth smoking age beyond the age of 18. Oklahoma would be the first state to go to age 21.

### [Support Grows for Permanent Fix to Intangible Property Tax Issue](#)

The Chamber of Commerce and other groups have weighed in on legislation that would provide a permanent fix to the Intangible Property Tax Issue that has been discussed at the Capitol for the past two sessions. The group supports a constitutional amendment to address a 2009 Oklahoma Supreme Court ruling which held that ad valorem tax is owed on intangible property owned by businesses, including patents, trademarks and goodwill. Sen. Mike Mazzei has introduced SJR 52 that would allow a statewide vote on the issue later this year.

### [Committee Passes Bill to Curb Transferrable Tax Credits](#)

The House Appropriations and Budget Subcommittee on Revenue and Taxation unanimously approved a bill that would severely restrict or completely eliminate the use of “transferrable tax credits.” Transferrable tax credits are a form of credit that can be sold to another individual who is not involved with the activity qualifying for the tax credit. The committee concluded that the tax credits result in little or no permanent job creation for the state and instead only allow individuals to avoid tax payments. HB 2621 limits the transferability of tax credits for coal production, zero emission facilities, small wind turbine manufacturers, qualified historic rehabilitation expenditures, energy-efficient residential construction and qualified railroad reconstruction or replacement expenditures. The bill now moves to the full House A&B Committee.