

IN THE LOOP

Representative Carol Bush, House District 70

House Finance Subcommittee

SB0074

Sets a July 1, 202 sunset date for the aircraft excise tax exemption for aircraft purchased or used by commercial airlines.

SB0130

Nullifies action of the Board of Equalization that would result in the individual income tax decreasing from 5% to 4.85% and establishes a new calculation for determining the rate reduction.

SB0292

OK DHS and OK Employment Security to require agency employees in positions that have access to Federal Tax Information and data to supply all information required in order to be subjected to a criminal history search.

SB0442

requires a charter aircraft to be used as charter for at least 50% of its annual operations.

SB0586

reauthorizes the income tax checkoff contained in the Wildlife Diversity Fund effective Jan. 1, 2018.

Rainy Day Fund

Legislatures had to borrow almost \$300 million out of the state's reserves to keep agency allocations stable throughout fiscal 2017, and the state's constitution mandates they pay all of it back when the year ends in June.

"We'll prioritize paying back that money as the collections come in," said spokesman for the Office of Management and Enterprise Services Michael Baker.

They are required to pay that off, even if it causes another revenue failure and more agency cuts.

Revenues have been short often this year, and to keep agency allocation regular, OMES officials borrowed more than \$270 million of out the constitutional reserve fund, also known as the rainy day fund. The account has been depleted. The rest came from other contingency funds. Now that those are empty, finance officials have their fingers crossed that revenues won't drop any further. No backup plan is left.

Although officials discussed the lack of money back in February's Board of Equalization meeting, other topics caught the spotlight, such as the announcement of a \$35 million revenue failure.

The rain day fund was a hot topic on Monday, but it wasn't well-defined. Lawmakers met to vote on supplemental appropriations for the year. As they deliberated on a bill to give the Department of Human Services \$34 million to continue in-home Medicaid services for elderly and disabled residents, they end up discussing the \$4 million portion that would come out of the rainy day fund.

When a legislator asked how much rainy day money was available, Senate Appropriations Chairwoman Kim David said the fund was empty, but she was confident it would be replenished before the end of the fiscal year, as the law says it has to be.

"I would think we are in bigger trouble than we think we are," David said, offering no alternatives.

'Big Mac'

Medium Security Prison?

Oklahoma's venerable maximum security penitentiary at McAlester may be downgraded to a largely medium security facility, Corrections Director Joe Allbaugh told a House committee Wednesday afternoon.

"Big Mac," as the penitentiary is known, was opened in 1908 and has held OK's most dangerous criminals for most of its and the state's existence. A riot there in 1973 left three dead and three buildings burned to the ground.

Five years later, conditions at the prison caused it to come under control of the federal courts, where it remained until 2001.

Most of the older remaining older remaining buildings have been closed as unsafe.

"We're running out of the time before we have a serious incident at McAlester because of the age, not only of the physical plant, but the technology," Allbaugh told the House Public Safety Committee.

Allbaugh said such a transition would not affect the H Unit, which houses 48 death-row inmate as well as "max max" prisoners.

Allbaugh said he has not decided where to move the bulk of 764 inmates, but he said the privately owned North Fork Correctional Facility at Sayre is "obviously..an option."

\$34 Million DHS Appropriation Approved

Both Democrats and Republicans agreed the Department of Human Services needs the money to get through the current budget year. Apparently, the current budget was passed last spring with the understanding that it did not include enough money to keep DHS going for a full 12 months, and a promise to do something about it when the time came.

In what is likely to be a preview of the next eight weeks, the minority Democrats accused the ruling Republicans of running the state's finances into the ground, and the Republicans accused the Democrats of grandstanding.

"The state of Oklahoma is broke, and the people of Oklahoma are suffering because of it," said Minority Leader Scott Inman.

Inman, D-Del City, considered a likely a candidate for governor next year, said Republican leadership lied about the current budget to get it passed last spring, and said Republican tax cuts have left the state unable to pay for basic services.

He and other Democrats pounded on Tuesday's revelation that the constitutional reserve fund (Rainy Day Fund) has a zero balance because it's been used to manage cash flow.

Officials say the \$240 million from the Rainy Day Fund and nearly \$60 million more to other accounts will be returned once income tax returns start coming in, but the discovery has been unsettling, even to some Republicans.

Rep. Pat Ownbey, who presented the bill, was questioned and asked to clarify where the funds will be coming from. Acknowledging that the Legislature only appropriated funds to DHS for 10 of the 12 months in FY2017, Ownbey stated that there was discussion between the two about a supplemental for the final months.

After much debate and firing back and forth, the bill and its emergency clause passed unanimously by a vote of 94 to 0.

