



**SCOTT MEACHAM
OKLAHOMA STATE TREASURER**

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**Preliminary Revenue Estimate Shows
\$226 Million Budget Cut on Horizon**

OKLAHOMA CITY – Preliminary revenue estimates to be presented to the State Board of Equalization on Tuesday show the Oklahoma state budget may need to be cut by as much as \$226 million in the next fiscal year, State Treasurer Scott Meacham said today.

Meacham said the \$226 million reduction would come in spite of an estimated \$276.1 million or 5.65 percent projected increase in General Revenue Fund collections.

“It appears the budget hole would be caused by a number of reasons,” he said. “Among the causes are loss of federal stimulus funds, an empty Rainy Day Fund, an expected state income tax reduction and the recent extension of the Bush tax cuts.”

The tax-cut trigger would reduce the state income tax rate from 5.5 percent to 5.25 percent on January 1, 2012. The official finding by the Board of Equalization will be made in February. A preliminary finding will be made on Tuesday. If estimated revenue for the next fiscal year is four percent or higher than the final estimate of revenue for the current fiscal year, the trigger will cause the rates to be cut.

“Barring unexpected changes in revenue estimates or subsequent action by the Legislature, the board’s finding in February will enact the tax cut,” Meacham said.

Some \$592 million in federal stimulus money was used in the current year’s budget. The income tax rate reduction would cost \$61.5 million in the coming fiscal year. The recent extension of federal tax cuts is also estimated to cost the state’s General Revenue Fund \$67.8 million during Fiscal Year 2012.

According to data compiled by the Office of State Finance and the Tax Commission, General Revenue Fund collections are estimated to be \$5.1 billion for the next fiscal year. Ninety-five percent of those funds, \$4.8 billion, would be available for appropriations.

The figures certified by the board at Tuesday’s meeting will be used by Governor-elect Mary Fallin for her proposed budget to be presented to the Legislature when session begins in February. The board will meet later in February to certify revenue estimates to be used by the Legislature in writing the state budget for Fiscal Year 2012 that will begin July 1, 2011.

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