Commentary

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task force members want the State Auditor's powers expanded to judge an incentive's worthiness.

Others are not yet convinced the case to grow government and spending has been made, or if it is even an appropriate use of the Auditor's office. The Tax Commission seems the more appropriate agency for such determination and is already auditing most incentives.

Further, if three-year sunset provisions are implemented, it seems wasteful for taxpayers to fund additional annual or biannual audits on expiring incentives. Facing sunset, the beneficiary will have to make the case for extension to legislators who stake their reputation with each push of a button.

Should it be determined existing audits are not enough, the panel should consider having tax credit beneficiaries pay the cost of outside independent audits. It bears remembering the courts provide the ultimate remedy for violations of the constitution and public trust.

Like those that have gone before it, this interim has seen its share of studies with varying degrees of worth. With well thought-out recommendations and proper legislative follow-through, the incentive task force will help breathe new life into job-creating tax reform, better budget prioritization and a stronger Oklahoma economy.

Assets

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property management models in both the private and public sectors begin with a centralized place for decision making, something Oklahoma state government currently lacks, Morrison said.

Without a single entity to handle project requests or to prioritize needs and funding, agencies annually come to the Legislature and other bond-issuing authorities seeking approval for new facilities.

Often this results in facilities that don't adequately meet needs. "The agencies aren't building professionals," said Morrison, who contends that agencies should be free to focus on their core missions and leave physical plant decisions to the professionals.

Morrison said the state would be better equipped to determine and meet an agency's facility requirements if it implemented a master plan, similar to how transportation officials prioritize road and bridge projects and maintenance.

Only after there is a proper accounting of each property and an assessment of its functionality can the proper authorities begin effectively meeting agency needs. Buildings deemed unusable by the state should be offered for sale.

While past government reform efforts are yielding savings and efficiencies, this latest focus presents a new opportunity for the state: the chance to reduce dependence on taxpayer funds and bond debt.

Just as important as executing an effective property management program is deciding the best use of resulting revenue. Many states that have sold off unnecessary assets have done so to help solve immediate budget woes. But Oklahoma's approach should be for the long-term benefit of the state and not a "dash for cash," according to State Treasurer Ken Miller.

Miller believes proceeds should first be placed in a fund dedicated to maintaining state buildings. "We're not taking care of the buildings we have," he said, noting the State Capitol needs approximately $130 million in repairs.

> ***". . . no new state-funded construction should be approved until there is a commitment to take care of existing facilities."***

Miller said one-time revenue exceeding maintenance needs should be used to pay down state debt. He also advocates that no new state-funded construction should be approved until there is a commitment to take care of existing facilities.

Most states do not have a dedicated purpose for revenue from asset sales. For example, in New Jersey, where the state treasurer disposes of state surplus real estate through the Property Management Services division, proceeds

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Oklahoma Economic Report™

November 23, 2011

October gross receipts & General Revenue Fund

A comparison of the Treasurer's November 3 Revenue Report and State Finance's November 15 General Revenue Fund (GRF) allocation report illustrates key differences.

October gross receipts totaled $838.01 million, while the GRF received $408.1 million or 48.7 percent of the total. Last month, the GRF received 54.8 percent of the gross.

The differences are due to variances in the transfer of funds for rebates and dedicated funding.

In October, the GRF received:

- **64.4 percent of personal income tax**
- **41.9 percent of corporate income tax**
- **45.3 percent of sales tax receipts**
- **69.7 percent of the gross production (GP) tax on natural gas**
- **22.8 percent of GP oil tax revenue.**
- **32.8 percent of motor vehicle tax collections**
- **36.6 percent of other revenue sources**

GRF collections for the month topped the estimate by $24.3 million or 6.3 percent.

Tribal gaming fees generated $10.2 million during the month.

Insurance premium taxes totaled $179,000 in October.

Oklahoma economy rises above worldwide chaos

In spite of external threats, volatile markets and global instability, Oklahoma's economy is rising above the chaos, State Treasurer Ken Miller said as he released the state's monthly gross receipts report.

"With yet another month of healthy collections, it appears Oklahoma's economy is hitting its stride," Miller said.

October collections were 7.4 percent higher than in October of last year, showing steady improvement in the state's economy.

Collections over the past 12 months are up almost nine percent from the previous 12 months.

Miller said gross revenue, a reflection of the state's economic performance, has grown for 20 consecutive months.

"We have regained almost 60 percent of the revenue that disappeared during the recession," he said.

"We saw a more than $1.9 billion drop in 12-month receipts between December 2008 and February 2010. Since then, we have seen an increase of more than $1.1 billion."

Oklahoma: A positive example

As world financial markets react to uncertainty in Washington, Europe and the Middle East, Miller said Oklahoma's

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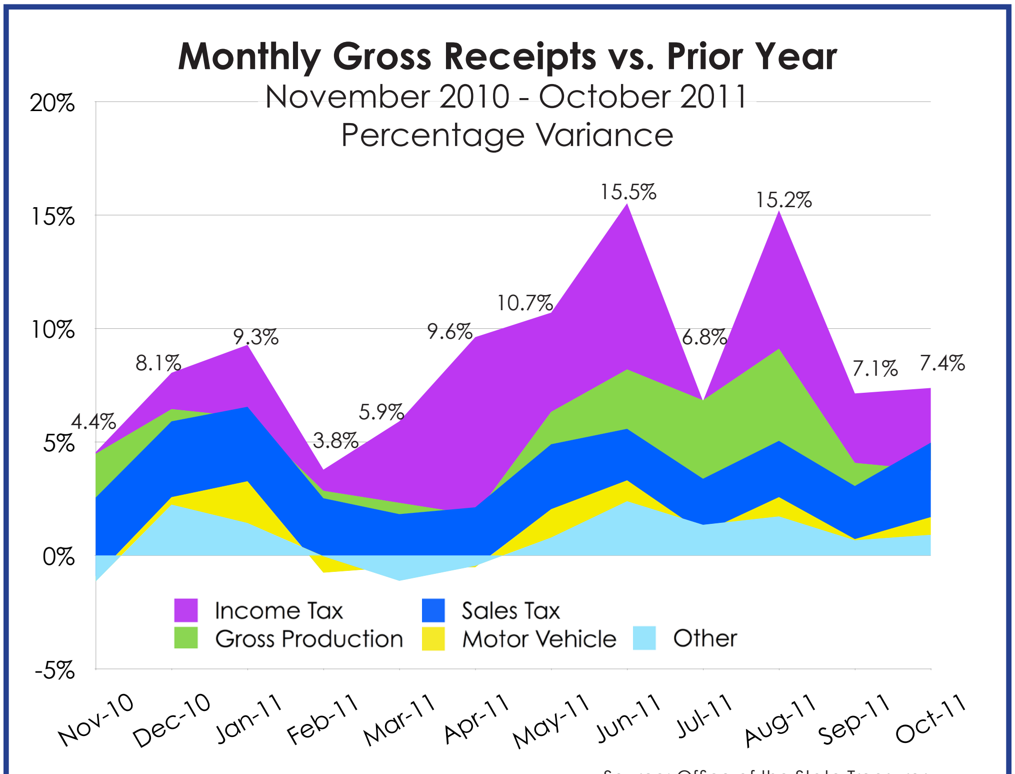

Source: Office of the State Treasurer