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**The Treasurer's Report: Invest for the Future**

*By State Treasurer Scott Meacham*

Oklahoma's economy is booming.

Over the past three years, we have created over 50,000 new jobs. Since the first quarter of 2004, total personal income has increased by \$8 billion.

The state's Rainy Day Fund was filled to its constitutional limit for the first time ever in 2005. For this year, the state is forecast to have over \$300 million in "excess" revenues over the Rainy Day Fund cap. By any objective measure, Oklahoma's economy is strong.

During good times, the traditional battle at the State Capitol breaks down into two distinct camps: those who want to spend the additional revenues on unmet needs and those who want tax cuts. Although good arguments can be made for either of these positions, it seems a third alternative should be considered – investing some of the extra funds in expanding and diversifying Oklahoma's economy.

Our current good economic fortune is clearly the result of Oklahoma's oil and gas industry. When oil and gas commodity prices are strong, Oklahoma's economy surges and state revenues grow. As we witnessed several years ago, when oil and gas prices fall dramatically, the state's economy and revenues suffer. Therefore, Oklahoma's economy experiences a see-saw effect with oil and gas price swings. Since oil and gas are non-renewable natural resources, at some point state revenues from these sources are bound to decrease as current supplies start to deplete.

Clearly, it is in our state's vital interests to support the oil and gas industry and do all we can to encourage new production and the discovery of new sources of supply. However, good, conservative fiscal management also dictates that we invest to diversify our economy and lessen our economic dependency on this sector.

Worthy spending initiatives and targeted tax relief are beneficial from a social and economic standpoint. Yet, since the state's economy is riding the wave of high energy prices, should we not seize on this opportunity to invest in our economic future?

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We can invest in our future by building research infrastructure and dramatically increasing funding to targeted research and development. We can also invest by creating an opportunity or “deal closing” fund to help attract and retain quality employers across our state.

Nearly three years ago, Governor Henry formed the EDGE Task Force to suggest the blueprint for building Oklahoma’s economy of the future. The boldest idea produced by this task force of business leaders, economic development professionals and academics was the creation of a permanent research endowment. The endowment would fund applied research and commercialization of technology in areas in which Oklahoma enjoys a competitive advantage such as biotechnology, energy, aeronautics, sensor technology, weather research and agriculture. Oklahoma needs to establish this endowment now!

Also, we should invest now in research infrastructure. We should build world-class research centers for diabetes, sensor technology and bio-fuels. We should provide financing for a new research tower for the Oklahoma Medical Research Foundation.

We can also provide a long-term solution to OSU’s medical school’s needs in Tulsa and invest in the OU-Tulsa campus. Both OU and OSU offer Tulsa tremendous future growth opportunities. All of these projects can be funded with a \$180 million state bond issue that will repay itself many times over with the economic activity it will create.

Oklahoma has a unique opportunity to shape its future. Let’s take advantage this time!

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