

Economic Development, 2012-Style

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Governor Fallin's Task Force



Governor Fallin's Task Force on Economic Development and Job Creation

- 45 business leaders
- 13 study groups
- 13 recommendations

The Oklahoma Academy

The Oklahoma Academy Town Hall

- 137 Oklahomans from business, government, and education
- 8 key recommendations
- 1 unique process



Areas of Agreement

1. Strategic plan for workforce development
2. Enhance Oklahoma's image
3. \$1 billion bond issue (21st Century Leadership Initiative)
4. Closing Fund (\$50 million)
5. Rail infrastructure improvements
6. Tribal/state government partnerships

One Major Disagreement

Eliminating the personal income tax...

- Governor's Task Force: "We recommend that Governor Fallin...initiate a 10 year program to significantly reduce then ultimately eliminate the Oklahoma personal income tax."
- Academy Town Hall: "The state income tax should not be eliminated until further independent studies have been conducted on the impact and a budget-neutral strategy has been developed."

Budget Impact

Personal income tax accounts for more than 35% of state general revenue. Three possible outcomes:

- New state property tax
- Higher state sales tax
- Smaller government (less spending for education, children's health care, roads, and prisons)

Economic Impact

Oklahoma economy is already performing well

- Real per-capita GDP growth (2000-2010): 15th, faster than 6 of 9 states lacking personal income tax
- Per-capita personal income growth (2000-2010): 11th, faster than 6 of 9 states lacking personal income tax
- Median household income growth (2000-2010): 4th, faster than all states lacking personal income tax

Equity Impact

Is the Texas model good for middle-class families?

- Tax burden for middle-income quintile is nearly 3X the burden for highest-earning 1%
- Tax burden for lowest quintile is nearly 4X the burden for highest-earning 1%

What Should We Do?

Eliminating the income tax will:

- Threaten important government services
- Shift tax burden to middle- and lower-income families
- Without providing an economic boost

Focus should be on enhancing Oklahoma's image