

# LEGISLATIVE REPORT

Association of Central Oklahoma Governments ★ May 25, 2017



## Upcoming Legislative Deadlines

Sine die deadline or adjournment is no later than 5 p.m., tomorrow, Friday, May 26.

## SB 860 Budget Bill Passes Senate, Heads to House

On Tuesday night and into Wednesday morning, Oklahoma lawmakers agreed in committee on a \$682 billion budget. Yesterday, SB 860 passed the Senate 20-8, and now awaits a hearing in the House before heading to the Governor.

## History of Budget Cuts

Below is a history of cuts to annual appropriations to various state agencies since 2009. These cuts illustrate that state government has been shrinking. In many cases, these cuts represent a major reduction in services because over the same period of time, the cost of providing services has increased.

PK-12 Education -4.15 percent  
Career Tech: -25.2 percent  
Higher Education: -22.1 percent  
Public Safety: -8.4 percent  
Emergency Management: -56.4 percent  
Military Department: -23.5 percent  
Transportation: -25.3 percent  
Health: -26.7 percent  
Veterans: -22.9 percent  
Disability Concerns: -40.4 percent  
Juvenile Affairs: -17.9 percent  
Commerce: -30.1 percent  
Environmental Quality: -38.4 percent  
Corrections: -3.6 percent  
District Attorneys: -19.5 percent  
Bureau of Investigation: -28.4 percent  
Arts Council -42.9 percent

## Temporary Raise in Gross Production Tax

HB 2429 passed the House and Senate Joint Committees on Appropriations and Budget this week, and on Tuesday, the House increased the Growth Production tax rate to 4 percent for the first four years of production beginning with production in 2015. The vote was 68-30. If the bill becomes law it could raise \$95 million in revenue for the state in the budget year that begins July 1.

According to *CapitolBeatOK*, Harold Hamm of Continental Resources told said the action would be a huge deterrent on activity in Oklahoma. He said raising gross production tax on the industry when prices are below \$50 for oil and below \$3 for natural gas was “unconscionable.”

Meanwhile, *Oklahoma Watch* has published a report, [How Much Did Your Legislators Receive from Energy Interests?](#)

“Between Jan. 1, 2015, and March 31, 2017, Oklahoma legislators received a total of \$11.3 million in donations to their campaigns. About 6 percent, or \$683,255, came from individuals, trade groups and political action committees related to the oil and gas industry. More than 90 percent of those donations went to Republicans.”

In addition, they’ve published a news story, [Donations, Lobbying Reflect Influence of Oil and Gas Industry.](#)

## Budget Webinar

On Monday, the Oklahoma Policy Institute and Together Oklahoma hosted a Budget Update Webinar that highlighted revenue and advocacy issues. [Click here to watch or listen to the update.](#)

## HB 2403 Itemized Deductions

HB 2403 would set a \$17,000 limit on net amount of itemized deductions, excluding charitable contributions, allowed on an Oklahoma individual tax return for tax years 2017-2019. The bill would potentially generate \$100 million in state revenue, however, the Oklahoma Council on Public Affairs (OCPA) claims it is unconstitutional and promises to challenge it if it becomes a law.

## HB 1449 (EV Tax)

The Concurrent Resolution (CCR) to HB1449 levies a Motor Fuels Tax Fee of

\$100 for electric-drive motor vehicles and \$30 for hybrid-drive motor vehicles. The bill passed 61-36.

## Federal Issues

### Trump’s Proposed Cuts

The Trump Administration released its first full budget proposal on May 23, providing insight into the team’s priorities. Overall spending is similar to last year. The budget for 2018 is \$4.1 trillion with notable cuts to domestic programs that focus on arts, science, research and social welfare.

Here is an overview of the most significant cuts and increases the administration has proposed:

Department of Labor: -19.8 percent

Department of Interior: -10.9 percent

Department of State  
and International Aid: -29.1 percent

Department of Justice -3.8 percent

Department of Housing and  
Urban Development -13.2 percent

Department of Homeland  
Security: **+6.8 percent**

Department of Education: -13.5 percent

Corps of Engineers: -16.9 percent

U.S. EPA -31.4 percent

Department of  
Transportation: -12.7 percent

Department of Defense: **+10.1 percent**

Department of  
Veterans Affairs: **+5.8 percent**

In addition, the Administration proposes cutting or eliminating the following programs.

African Development Foundation  
Appalachian Regional Commission  
Chemical Safety Board

Corporation for National Community Service

Corporation for Public Broadcasting  
Delta Regional Authority  
Denali Commission Alaska  
Institute of Museum and Library Services  
Inter-American Foundation  
U.S. Trade and Development Agency  
Legal Services Corporation  
Art Works  
National Endowment for the Arts  
National Endowment for the Humanities  
NeighborWorks America  
Northern Border Regional Commission  
Overseas Private Investment Corporation  
United States Institute of Peace  
Wilson Center

McGovern-Dole International Food for Education

Rural Water and Waste Disposal Program  
Single Family Housing Direct Loans  
Rural Economic Development Program

► Economic Development Administration (Budget proposes total elimination, providing \$30 million to conduct an orderly closure beginning in 2018.) ACOG manages the Central Oklahoma Economic Development District, which is funded through a grant from the U.S. EDA.

Manufacturing Extension Partnership  
Minority Business Development Agency  
National Oceanic and Atmospheric Grants  
Public Service Loan Forgiveness

21<sup>st</sup> Century Community Learning Centers

Comprehensive Literacy Development Grants

Federal Supplemental Educational Opportunity Grants  
Impact Payments for Federal Property  
International Education  
Strengthening Institutions  
Student Support and Enrichment Grants

Supporting Effective Instruction State Grants

Teacher Quality Partnership  
Advanced Research Projects Agency

Advanced Technology Vehicle  
Manufacturing and Title 17 Innovative Loan Guarantee Program

Mixed Oxide Fuel Fabrication Facility Termination

Agency for Healthcare Research and Quality

## **Infrastructure Package**

President Trump's Administration is expected to unveil a broad sketch proposal before the end of this month (May), which will outline top principles for rebuilding America's roads, bridges and public works. A more detailed package will be released in the third quarter. According to Elaine Chao, U.S. Secretary of Transportation, lawmakers will need to come up with \$200 billion in offsets for the bill, which will be used to leverage about \$1 trillion worth of overall investment through public-private partnerships.

## **Community Development Block Grants (CDBG)**

ACOG administers CDBG and special CDBG-REAP grants for members. This spring, President Trump released his 2018 Budget Blueprint and called for elimination of all funding to the program. CDBG was started in 1974, and last year awarded \$3 billion in projects nationwide. Federal lawmakers, both Republican and Democrat, are prepared to advocate aggressively for the program.

## **U.S. EDA**

Last month, ACOG reported that staff had an opportunity to hear a briefing from Jessica Falk, Area Director, U.S. EDA, Austin. Falk addressed President Trump's budget, which would eliminate EDA. ACOG manages the Comprehensive Economic Development Strategy (CEDs) for the Central Oklahoma region, and as such, continues to monitor the situation. In 2015, EDA provided \$214 million in funding to the states. Oklahoma received \$3 million in public works grants; \$240,000 in planning grants and \$202,590 in technical assistance grants.

## **State Energy Program Funding**

ACOG continues to monitor threats to Clean Cities funding, a 21-year program of ACOG. President Trump's FY18 budget blueprint included the zeroing out of the U.S. Department of Energy's State Energy Program budget, which has been a primary source of funding for ACOG's Central Oklahoma Clean Cities program since 2005. Loss of funding would cause financial uncertainty for Clean Cities. In addition, the Trump budget may end federal funds for fuel efficient programs under the FAST Act.