



# OKPOLICY.ORG

## Oklahoma Policy Institute

### 2012 STATE QUESTIONS - SUMMARY AND ANALYSIS

On November 6, 2012, Oklahoma voters will decide six state questions to amend the State Constitution. OK Policy's summary and analysis of each question is listed below.

#### SQ 758

**What it would do:** Reduce the cap on the maximum annual tax valuation increase for homestead properties and agricultural land from 5 percent to 3 percent.

**Our analysis:** Lowering the allowable increase in property valuations helps only those whose property values are increasing quickly enough to exceed the cap. Oklahomans living in poor communities, rural areas, and small towns would get little to no benefit, since their homes values will not increase nearly as much as homes in wealthy, suburban communities. Meanwhile, everyone could end up paying higher rates to meet fixed expenses that are funded with property taxes, such as school bond payments.

#### SQ 759

**What it would do:** Ban affirmative action in state employment, education, and contracting.

**Our analysis:** Supporters of SQ 759 oppose practices that are already illegal in Oklahoma or never existed in the first place. Public hiring quotas and contract preferences have been illegal in Oklahoma since the early 1980s. SQ 759 would make illegal in the public sector practices that are voluntarily and widely adopted by the private sector by companies that understand the value of inclusion and diversity for any successful organization.

#### SQ 762

**What it would do:** Remove the governor from the parole process for less serious, non-violent offenses.

**Our analysis:** Oklahoma is the only state in the nation where the governor must personally approve every parole, and Oklahoma's parole rates have tended to be far lower than most other states. Well-managed probation and parole systems have been shown to reduce crime and recidivism. Parole offers those released from prison an intermediate period to rebuild their lives, where they can be monitored and assisted to find a job, obtain a degree, and stay out of trouble, at a fraction of the cost of incarceration.

## SQ 764

**What it would do:** Create a \$300M bonding authority for the Oklahoma Water Resource Board (OWRB) in the case of water and sewage treatment loan defaults.

**Our analysis:** The OWRB is already constitutionally authorized to purchase and issue bonds, and SQ764 does not change this. The new fund would be drafted only if an Oklahoma municipality or city defaulted on a loan *and* only if all other OWRB reserve funds had been depleted (a scenario that has never occurred in the 27 years since the inception of OWRB's financial assistance program). Reinforcing OWRB's loan programs is important for small Oklahoma towns that do not have the capital to fund water infrastructure projects on their own.

## SQ 765

**What it would do:** Eliminate the commission overseeing the Oklahoma Department of Human Services (DHS) and transfer its powers to the Legislature and Governor.

**Our analysis:** Ambiguities in the legislation and ballot title language make it appear as if DHS itself could be abolished if voters approve SQ 765. Meanwhile, the Legislature's decision to repeal the constitutional provision that created DHS without replacing it with specific statutory language recreating the Department leaves some doubt about the Department's status should SQ 765 pass.

## SQ 766

**What it would do:** Exempt corporations' intangible property from property taxes.

**Our analysis:** SQ 766 would provide a large tax cut to centrally-assessed corporations, such as utilities, airlines, railroads, and telecommunications companies. It would cost local governments an estimated \$50 million in property tax revenue, 60 percent of which goes to schools. For budget items that cannot be cut, such as bond issues and legal judgments, local assessors will have to increase property tax rates to offset lost revenue. As a result, most homeowners and small businesses could see their property taxes go up. The failure of SQ 766 would not mean a significant tax increase for business, because the Legislature has already created a \$25 Business Activity Tax (BAT) as a "tax in lieu of" intangible personal property tax. This tax will continue if SQ 766 fails.

***For more information on all of these state questions, go to <http://okpolicy.org>.***