



## **Workers' Compensation, Quality Investment Act Top State Chamber Business Legislative Achievements**

The State Chamber, Oklahoma's Association of Business & Industry won a number of hard-earned victories in the 2005 Legislative Session, victories that create a better business climate and jobs for Oklahoma. Topping the list is workers' compensation reform, a victory achieved in a special session a week after the regular legislative session ended on May 27.

Passage of quality investment legislation is another milestone for The State Chamber and for Oklahoma.

**Workers' Compensation Reform** - The State Chamber describes the bill, **SB 1X**, with its estimated \$120 million in savings to the state's businesses, as "probably the best workers' compensation reform bill ever seen in Oklahoma" and gave it an overall grade of "A". The bill addresses the controversial topics of attorney fees, definitions of what constitutes a "work-related" injury, soft tissue injuries, so-called "dueling doctors", medical fees and choice of doctors.

**Quality Investment Act** – **SB 755** is designed to help Oklahoma manufacturers who are "at risk" of closing or leaving the state due to old or obsolete equipment or for a number of other reasons. The State Chamber worked for three years to secure passage of this legislation. SB 755 outlines the quality investment process that requires industries to first make investments of their own, then allows the state to provide incentives of up to 10 percent of a company's investment over a five-year period. There is a cap of \$10 million on the amount the state could pay in incentives in any one year, which means that maximization of the cap would create \$100 million in investment in Oklahoma industries. The legislation calls for a vote of the people at the 2006 general election because quality investment funding would come from the Constitutional Reserve Fund. Implementing legislation will be introduced in the 2006 session.

Other key legislative victories include the following bills that were either initiated or supported by The State Chamber:

**Transportation Infrastructure Funding** – **HB 1078** provides increased funding to the tune of \$170 million per year to the Oklahoma Department of Transportation (ODOT) for construction, maintenance and repair of state highways and bridges once the funding schedule is fully implemented. This represents an increase of 84.5 percent over ODOT's FY '05 funding level. The State Chamber and the Oklahoma Good Roads and

Transportation Association are credited with securing overwhelming House passage of the measure and giving it credibility over competing proposals.

**Tax Cuts – HB 1547 and SB 435** provide more than \$150 million in tax relief, beginning in FY '07 (\$58 million in FY '07), including (1) reduction in the state's marginal income tax rate from the current 6.65 percent to 6.25 percent; (2) an increase in the standard deduction on state income taxes from \$2,000 to \$4,000; (3) expansion of the income tax exemption for retirees from \$7,500 to \$10,000; and (4) elimination of capital gains taxes for property owned by Oklahoma corporations. A tax rebate is also part of the tax relief package.

**Franchise Tax Cut – HB 1738** eliminates the state's Franchise Tax for businesses that owe \$10 or less. That adds up to nearly 54 percent of the state's businesses and a savings of nearly half a million dollars. This has been a perennial issue on the State Chamber's legislative agenda.

**Medicaid Funding – HB 1088** provides state matching funds to capture more than \$200 million in federal funding for Medicaid enhancements in Oklahoma. Proposed by Speaker Todd Hiatt during the final days of the session, The State Chamber joined with the Oklahoma Hospital Association and others in a strong and effective campaign to secure support for capturing this money to upgrade Oklahoma's Medicaid program this year.

**Health Care Spending Control – SB 896**, a State Chamber-backed measure, allows the Oklahoma State Educator and Employee's Group Insurance Board (OSEEGIB) to contract with an "Evidence-based Medicine" provider.

**Education Reform – Preparing Tomorrow's Workforce – SB 982** provides for end-of-course high school testing and includes remediation for those who do not meet the requirements for academic advancement; and **HB 1621** provides for standards of instruction in reading, language arts and mathematics for children in kindergarten through third grade.

**Education Funding Increase** – The State Chamber supported the \$145 million increase in common education funding that pays for increases in pay for teachers and funds teacher health care premiums.

**Higher Education Bond Proposal – HB 1191** authorized a nearly \$500 million bond issue for higher education, supported by The State Chamber.

**Quality Jobs Act Amendments – HB 1810** is a bill proposed by The State Chamber that expands Quality Jobs Act benefits to include flight training.

**Small Employer Quality Jobs Act Amendments – SB 407** is a bill proposed by The State Chamber that amends the Small Employer Quality Jobs Act by providing applicants

in larger communities more time to reach the required 15 new jobs and the threshold of 75 percent of sales to be from out-of-state.

**Research & Development Incentives – SB 628** is another measure proposed by The State Chamber that re-enacts tax credits that sunset last year for the creation of research and development jobs, data processing and computer services jobs. It also provides \$500 per new employee (making more than \$35,000) tax credit, up to a maximum of 50 new employees in a year.

**Nano-Technology** – Funding of \$125,000 approved for the Oklahoma Nano-Technology Initiative (ONI) to create awareness of and promote nano-technology.

**Rural Development/Investment – HB 1680 (Originally HB 1681)** is designed to increase investment in rural Oklahoma. It allows a tax credit against the gross production tax by expanding the applicability of two current tax credits – the Oklahoma Rural Small Business Capital Formation Act and the Small Business Capital Formation Act. The measure also expands certain tax credits for agricultural activity to allow “Oklahoma-owned and based corporations or partnerships” to claim the credits.

**Unemployment Compensation – SB 763** contained important conformity amendments that were required by the U.S. Department of Labor. It also allowed the use of \$8 million in federal money to expand the employment services of the Oklahoma Employment Security Commission.

## **State Chamber Derails Anti-Business Legislation**

A number of business negative bills were introduced in the 2005 legislative session. Fortunately, none of them found their way into law. The State Chamber had a hand in defeating or derailing several of them.

**HB 1423 and SB 744** – So-called “clawback” bills that would require repayment of incentives by beneficiary industries if they were to re-locate outside the state.

**HB 1936 and SB 519** – State minimum wage increase bills.

**HB 1699 and SB 935** – Expansion of the Federal Family Medical Leave Act in Oklahoma to cover additional issues such as domestic and sexual abuse.

**HB 1287** – Prohibits state agencies from purchasing certain computer software unless the source code is provided.

**HB 1985** – “Identity Theft Protection Act.” Contains language that could interfere with a business owner’s ability to contract with a third party to conduct background checks on potential employees.