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WITHIN the next few weeks members of the Oklahoma Legislature will have to decide whether to curtail major state services or find new tax money to support these services on a par with the business and population growth of Oklahoma. The services upon which demands are so great include schools, colleges, orphanages, prisons, and other institutions. Members of the legislature visiting these institutions recently found that needs were both immediate and urgent.

Requests that had already been submitted from these institutions indicated that an appropriation increase of \$50 to \$75 million would be needed for the next biennium.

Another major area of state service is the general highway program. Members of the State Highway Commission say that an additional \$25 to \$30 million must be appropriated if there is to be any kind of general highway program within the next two years. The reason for this is that practically all highway appropriations possible, from present revenues, must go to re-route highways around lakes now under construction, build access roads to new turnpikes now authorized, and match part of 90% federal funds available for inter-state highway construction.

The members of the legislature stepped out courageously to accelerate income tax collections and thereby pay the \$14 million

needed in supplementary funds for schools and colleges to finish the current year. This action did not create new revenue, but merely collects taxes this year that would otherwise come in later and be used in the next biennium. So, the big question remains unanswered.

In order to meet the real and pressing needs, additional taxes must be raised in Oklahoma without harming the economy of the state. The members of the legislature have a right to look to the people of Oklahoma for assistance in solving these problems, for in a democratic society such problems cannot be solved without public support and backing. In general, members of the legislature are well-informed and far ahead of the average businessman in understanding the problems. Considerable time and study have been applied to determine what additional taxes might be considered that will have the least effect on general business in the state.

Here is a summary of the bills already introduced in legislature:

1. A cigarette tax increase of 1c per pack has been proposed as an additional support for the college and mentally retarded school issue voted by the people last summer. This will raise an additional \$4.8 million in two years. The passage of this bill will serve to strengthen the bond financing, and also increase the money available for appropriation to the support of general services.
2. A sales tax increase of 1% would raise an additional \$53 million in revenue. Many feel this would be not only the largest money producer, but also the easiest to pass in the legislature.
3. The natural gas service tax of 1¢ per 1,000 cu. feet would produce an anticipated \$19 million. Governor Edmondson estimates 80% of the natural gas produced in Oklahoma is sold out of the state. It would be reflected in higher gas bills in the state for state consumers, but most of the increase would be paid by those living out of the state.
4. Trading stamps tax would result in higher prices, or fewer trading stamps, and would produce an estimated \$10 to \$20 million each year.
5. Liquor tax increase of \$1 more per gallon would raise an estimated \$4 million.
6. Pari-mutuel betting would bring in an estimated \$8 million.

Many changes have been considered in the state income tax laws. One would be to set up a withholding program which

would not represent an increase for those paying their taxes, but which, according to experts, would bring in at least an additional \$3 million each year. The second change considered is to increase state income tax rates, and the third would be to lower deductions allowed on federal taxes paid.

Although it is not easy to face such problems, many believe that Oklahoma is in a better condition than it realizes, economically. In the *Sunday Daily Oklahoman* of February 5th, a full-page feature reported in detail that "Our Pulse is Good." This article stated in effect that even though the year 1960 was a recession year for the nation, it was one of the most prosperous in Oklahoma history and that in spite of certain difficulties the year ahead looked like a prosperous year for the state.

This article was in no way tied in with legislative problems or the prospects for a tax increase; however, it stands to reason that an increase cannot be considered without first making a serious evaluation of condition of business in the state and the effect such increases might have on future growth and development.

Several of the most encouraging signs are, according to the O.U. Bureau of Business Research, 1961 is expected to bring the highest level of business activity in Oklahoma since statehood. Personal income rose to a record of \$4.3 billion in the state last year and savings also mounted to a record \$1.1 billion. Bank deposits, as a whole over the state, reached a new high mark. Oklahoma tax collections for the first quarter of this fiscal year amounted to more than \$144.7 million, about \$1 million more than for the same period a year ago. Sales taxes have also shown a similar increase. Federal taxes collected in Oklahoma for the first seven months of this fiscal year amounted to \$475 million, a gain of about \$45 million over the same period a year ago.

Because of the excellent condition of state finances, the budget balancing amendment, the fact that the state operates on a fiscal basis, and there is no large state indebtedness to be funded from general revenues, Oklahoma is in a much better position than most of the other states trying to meet their comparable problems in 1961.

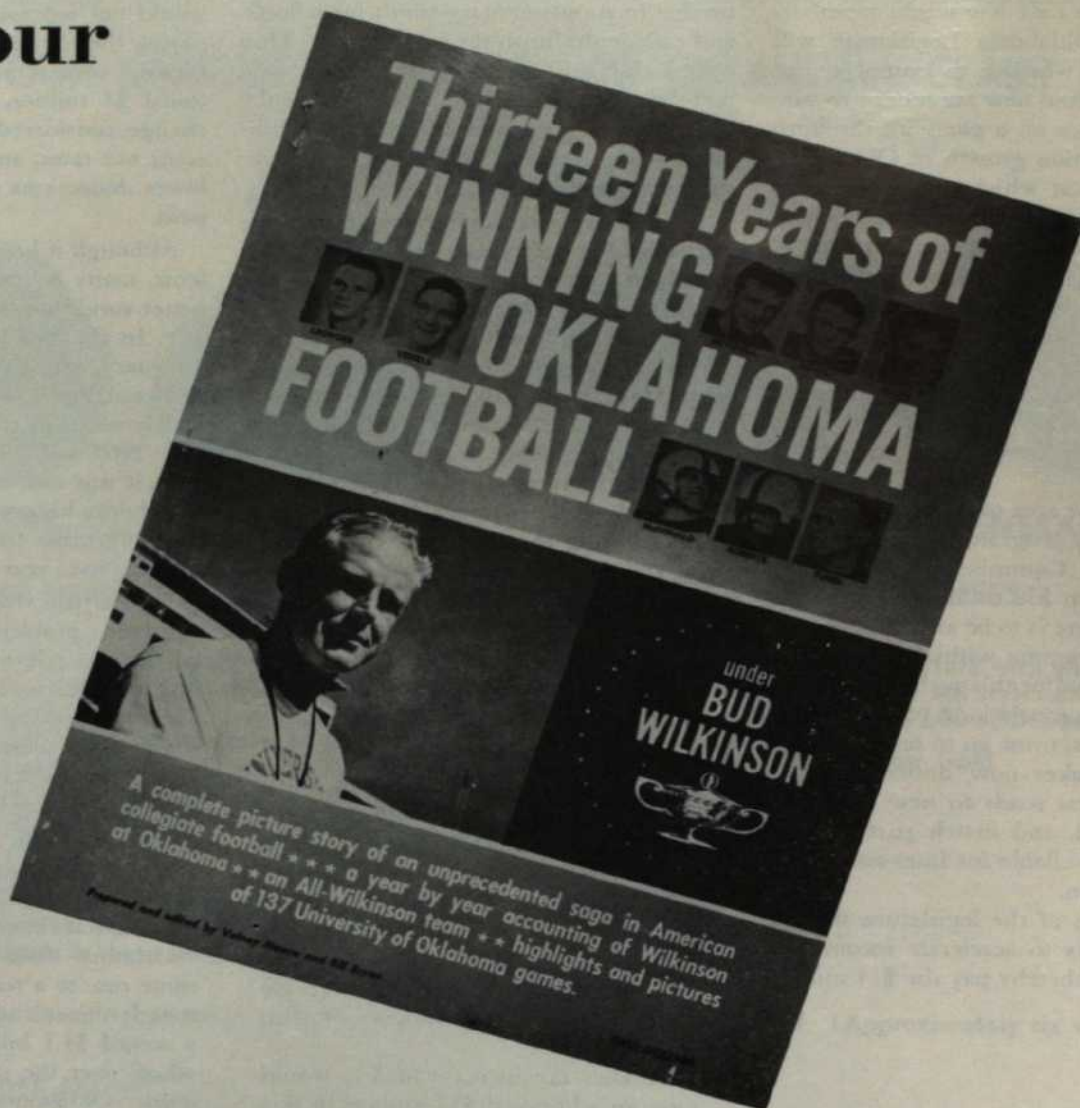
As a group, the state legislators are the best-informed people in the state of Oklahoma on these matters. If local civic groups would invite their representatives and senators to discuss these problems at local public meetings in the next few days, there can be no doubt that all of Oklahoma would be prepared to make a sound and progressive decision.

Sooner

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By R. BOYD GUNNING
Executive Secretary

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