

LT. GOVERNOR'S POLICY & ISSUES REPORT
2012



OFFICE OF LT. GOVERNOR TODD LAMB



Todd Lamb
OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF OKLAHOMA

Lt. Governor's 2012 Policy and Issues Report

Oklahoma is the most unique state in the nation. No state was formed and settled the way in which our home state was fashioned. Oklahoma has a rich history and heritage of success. Entrepreneurship is part of our DNA. Problem solving defines our existence. We exemplify how to meet and overcome adversity. As Oklahoma continues to advance through the 21st century, we have a unique opportunity to be at the forefront of various industries. We have the knowledge, experience and backbone to be relevant and competitive in economic development.

Since my inauguration on January 10, 2011, I have been visiting one on one and collectively with our citizens, visiting all of Oklahoma's 77 counties. My travel has been purposeful and mission driven. In every community I have started each town hall with this singular question: **"What impedes your opportunity for growth?"** The town hall meetings have been held in chamber of commerce offices, career tech centers, court houses, city halls, college campuses, sale barns, restaurants, private companies, and via teleconferences. Attendees have included Oklahomans from all walks of life. I've been honored to meet with small business owners representing dozens of industries, educators, public officials, law enforcement, physicians, farmers, ranchers, retirees—just to name a few.

This report is just that—a report of suggestions, advice and answers Oklahomans have given to the previous stated question. This report is a reflection or echo from citizens that attended my town hall meetings. This Lt. Governor's Policy and Issues Report will be presented to Governor Mary Fallin and legislative leaders as we begin the upcoming legislative session.

The Lt. Governor's Policy and Issues Report is twofold. One part includes my vision for our state and policy recommendations that will move Oklahoma forward. Part two is comprised of ideas that stem from conversations I've had with Oklahomans across the state. Their thoughts and suggestions are offered for further debate and discussion by our legislators to address those issues to make Oklahoma more competitive.

Oklahoma is the best state in the nation. It's time we compete with other states in something besides football.

Sincerely,

A handwritten signature in black ink that reads "Todd Lamb".

Lt. Governor Todd Lamb

The Office of Lt. Governor

The position of Lt. Governor has several responsibilities as prescribed via the state constitution and statute. In addition to these responsibilities, there is provided latitude that allows each Lt. Governor the opportunities to form an agenda that is important to his or her administration.

The Lamb administration has compartmentalized the office into three distinct and complimentary parts. The first third are the assignments received from statute and the state constitution. For example, the office serves constitutionally as the president of the Oklahoma State Senate, Chairman of the Tourism and Recreation Commission, and a member of the Board of Equalization, School Land Commission, CompSource, Capitol Improvement Authority, Archives and Records Commission, Oklahoma Film and Music Advisory Commission, Linked Deposit Board, Native American Cultural and Educational Authority, and the Bond Oversight Committee.

The second-third of this administration stems from the Governor. Although the office of Governor and Lt. Governor are elected separately in Oklahoma, our state is fortunate to have teamwork in the executive branch. During the 2010 transition, Governor Fallin appointed Lt. Governor Lamb to her cabinet as the advocate for small business. Over 97% of all Oklahomans are employed in small business. To be their advocate is a large responsibility and spawned much of this report.

The final third of this administration is the agenda of economic development: job retention and job creation. This administration's additional focus is policy that will make Oklahoma competitive. Good paying jobs benefit all of Oklahoma and our families. During this past year, this office assisted numerous communities in economic development. Whether it is a letter, facilitating and hosting a meeting or going with communities to visit potential or existing businesses, this administration has been their advocate.

MY VISION FOR IMPROVING OUR STATE

The following are views, ideas and action items that will help move Oklahoma forward. I will continue to encourage policymakers to address these issues.

WORKERS' COMPENSATION

The work Oklahoma completed during the 2011 legislative session in the area of workers' compensation reform was good reform. Estimated at approximately 30 million dollars in cost savings to business, these reforms are welcomed by businesses and are long overdue. Because of systemic problems, additional reforms have been suggested by business owners. As I've traveled throughout Oklahoma, small business owners say time and time again that obstacles within the workers' compensation system present their most pressing roadblocks to growth. In fact, there was not one area of the state where workers' compensation reforms were not discussed or offered. These policy suggestions are not from me alone, but rather a compilation of recommendations received from actual business owners.

The policy recommendations cover three main issues: combating fraud; providing coverage options for businesses; and, changing the make-up of workers' compensation court judges to stop excessive awards.

Businesses have expressed their exhaustion at battling blatant fraud only to lose time and time again before the workers' compensation court. One way to counter this is to increase investigation by the state. Oklahoma should increase the fraud investigative unit within the Attorney General's office. If this is done by utilizing those retired from law enforcement on a contract basis, this will not require the addition of new state employee positions, or the cost of increased pensions or benefits. Should the state start being successful in fraud investigations, it will encourage private insurance companies to do the same. Reducing fraud accomplishes two goals: the legitimately injured worker will receive his or her benefits quicker; and the cost of doing business will be lowered, allowing businesses to hire more Oklahomans. The state should also lead the way through CompSource beefing up its own fraud investigation unit, and lead by example while also creating benefits for policy holders.

The second suggested area for workers' compensation reform is to create coverage options for businesses. Our workers' compensation system was created as a court of exclusive remedy from the uncertainty of lawsuits in district courts should any worker be injured. The workers' compensation system has resulted in mandate after mandate. Currently, everyone is forced to participate in the same system and it is almost guaranteed that everyone's rates will arbitrarily increase. Ours is a uniform system for businesses that are not all uniform. Businesses desire alternatives that would give them more latitude. By having options, we may be able to encourage companies to expand, hire more people, and reinvest in Oklahoma. Oklahoma's wide range of industries should not be forced into a one-size-fits all system. It makes no sense for a business

with heavy machinery and a business call center to be hamstrung and hindered in a uniform system.

The third area for reforming our workers' compensation system is the appointment of conservative judges to the workers' compensation bench. Over the last several years Oklahoma's workers' compensation claims have declined, yet awards have sharply increased. At least in some cases, it is clear this increase in per claim compensation is created by an out of control workers' compensation judicial system. A system that is influenced by lawyers and judges whose goal is not to get workers safely back to work, but rather to maximize the cost of any claim. The good news is that Governor Fallin, with the advise and consent of the Senate, can single handedly address the judicial front. As Governor Fallin appoints conservative judges to the workers' compensation bench—judges that understand the policy and intent of the court of exclusive remedy and those that will not continue the practice of escalating awards—we should see this trend at least slow, if not reverse.

STATE INCOME TAX

There has been much discussion over the past few months on the need to change Oklahoma's tax structure. Over the past few years, the tax rate has been lowered from 7% to the current rate of 5.25%—but this is not enough to compete with the low and no state income tax other states have across the country. It is a simple fact that those states without an income tax have fared very well economically over the past few decades. To better economically compete with Texas and these other states we need to continue implementing policies that lower our state income tax.

While I am fully supportive of this policy goal, we must be careful we do not create or raise a different tax as we reduce and eventually eliminate our state income tax. We cannot shift the tax burden to other forms of taxation and must be particularly vigilant in keeping pressure off of increasing property taxes. The ultimate goal is to grow our economy while reducing our overall tax burden.

EDUCATION

Educating Oklahoma's future generations is the most important investment we can make. An educated workforce is a key to a successful, sustainable economy.

To ensure we continue to recruit the best teachers Oklahoma can, we must fulfill the promise Oklahoma made to teachers currently in the National Board Certification program.

For added accountability and involvement, we need to move school board elections to the November general elections. That would facilitate greater voter participation and stress the value of school board participation and service. We must continue to get the general public involved in education.

We should continue efforts to end social promotion in our schools. Previously the legislature ended social promotion in the area of reading. To make Oklahoma competitive, additional core subjects should be considered including English, math, science and social studies. This additional step in ending social promotion complements our students by expecting their very best.

JOB CREATION AND ECONOMIC DEVELOPMENT

This past year, it has been a pleasure to help and assist local communities in the area of economic development. We have a great story to tell, and we must continue to promote it at every opportunity. Our efforts are beginning to be recognized. Last spring, a letter was received from a president of an international company who I had visited with at our annual Lt. Governor's Turkey Hunt. This president wrote of how impressed he was with our business climate and expressed his confidence that Oklahoma is now "a more promising prospect" for his company than Texas.

We need more job creators to understand the great strides we have made in recent years. Across the state, there are numbers of people within even just one community that work on economic development. It will be beneficial to our entire state if we add even more credibility to the position of economic developer by requiring economic development training and improving communication among our state's economic developers.

The University of Oklahoma's Economic Development Institute (EDI) is a nationally respected entity that has been invited to train economic developers in different parts of the country. EDI should be used more by our economic developers here in Oklahoma for training and education purposes. We should fully utilize this tremendous resource because additional training, credentials, greater knowledge and comprehensive understanding will create more job development opportunities for communities and our state.

Maintaining the momentum Oklahoma has created in improving our overall business climate is crucial. We live and compete in a dynamic world where our competition is always seeking their own edge. We cannot rest. We must recognize that everything we do, from quality of life issues to tax policy, workers' compensation, transportation, tourism, public safety, among many others, affect our ability to be successful at job creation and economic development.

TRANSPORTATION

Infrastructure is one public policy issue that affects all aspects of our state. Quality infrastructure is vital to education, economic development, access to health care and public safety.

In recent years, Oklahoma has made transportation funding a priority. A legislative commitment to fully fund the eight year plan is vital to the future of the state. Roads and bridges are a basic function of government and fiscal discipline will be required for maintenance, repair and build

out. It is important that we continue to protect the monies dedicated towards Oklahoma's roads and bridges to help grow our economy overall.

Last year, Governor Fallin announced her "Bridge Improvement and Turnpike Modernization Plan." Once this project is complete, the number of known structurally deficient highway bridges in Oklahoma will be brought down to less than one percent. This will be vital for the safety of Oklahomans and for bringing prospective businesses and families to our state. Oklahomans should join me in supporting this important program.

TOURISM

As Oklahoma's third highest grossing industry, it is important there are very strong public and private components to move our state forward. My first year in office afforded the privilege of working with and seeing great tourism sites, some publicly operated and some privately run. Both help fuel our economy. A strong tourism industry will help benefit all Oklahomans' quality of life.

Another key focus for Oklahoma tourism should be branding. Currently, different agencies of the state government—such as the Department of Tourism and the Department of Commerce—as well as different entities within the state are regularly communicating with those outside of our state. Oklahoma will have a stronger image if every government entity and as many of these other communicators as possible unite under the same brand and promote the same general message. A greater emphasis on a single brand would result in those outside of our state having a better understanding of who we are and what our great state has to offer, ultimately leading to more tourism and greater economic development opportunities.

GENERAL GOVERNMENT

We should always be looking for ways to make our government more efficient. At this time, we should examine and scrutinize the surplus of state assets in Oklahoma. The state of Oklahoma owns 9,000 properties, some of which are underutilized and/or unnecessary for various agencies' functions. We should expedite the surplus liquidation process so these resources can be put to use in a way that benefits our citizens.

VOICES FROM ACROSS OKLAHOMA

As I have traveled the state, I have heard from many Oklahomans their ideas and concerns about our state. While I do not necessarily agree that all of these particular suggestions from our citizens should be implemented, I do see value in these topics being discussed as that process will lead, at the very least, to a better understanding of our state. This is not to be considered a comprehensive list of what Oklahomans want, but rather a list of those items which Oklahomans asked me to share with other policymakers.

ECONOMIC DEVELOPMENT

- Encourage businesses to work with the Oklahoma Bid Assistance Network (OBAN)
- Provide better education training for people involved with economic development across the state
- Coordinate all the economic developers across the state
- Better compete against neighboring states in the economic development arena
- Develop a statewide economic development plan including urban and rural initiatives
- Construct the Keystone XL Pipeline
- Implement a corporate headquarters credit act for Oklahoma

WORKERS' COMPENSATION

- Explore potential business cost savings for the medical side of workers' compensation, incorporating already existing health care coverage
- Combat fraud within the workers' compensation system
- Eliminate our adversarial system in order to benefit both Oklahoma businesses and injured workers
- Offer more options and more creativity in how workers' compensation is carried and provided
- Remedy CompSource's application of the incorrect insurance code to local businesses

TAX ISSUES

- Address the impact of the Business Activity Tax on LLCs
- Encourage the Oklahoma Tax Commission to be more "customer friendly"
- Make sure the tax valuation of toll road routes benefits local school districts, cities and counties
- Address Tax Commission rulings dealing with the Collision Repair Industry
- Create tax credits for businesses that hire returning troops from Iraq and Afghanistan

EDUCATION

- Emphasize the importance of Oklahoma's Career Tech system in education and economic development
- Address the funding issues on health insurance for teachers
- Raise standards for students
- Study and examine merit pay ideas for schools and teachers
- Honor the promise made to teachers in the National Board Certification program

WATER

- Ensure that water, despite its source, is treated fairly
- Address concerns over the use and quality of water from the Arbuckle Aquifer
- Maintain decision making authority on the sale of water with Oklahomans and keep such decision-making ability out of the hands of out-of-state judges
- Encourage the Oklahoma Water Resources Board to listen to concerns of local residents
- Make certain that Oklahomans' water needs are met

TRANSPORTATION

- Continue funding Department of Transportation at levels needed to fulfill the 8 year plan
- Construct a four lane highway from Interstate 40 to Highway 412 in eastern Oklahoma
- Encourage more cooperation between the Oklahoma Department of Transportation and the Turnpike Authority to reduce duplication
- Re-open the McAlester to Shawnee rail line
- Work with local transportation authorities in the completion of construction projects
- Include local input from the public on construction projects around their communities and address their safety concerns in a timely manner

PUBLIC SAFETY

- Fully fund drug courts across Oklahoma
- Develop policy at the Department of Corrections that would allow and encourage county jails to house Department of Correction inmates
- Analyze the impact CLEET certification has on small rural police departments

STATE EMPLOYEES

- Correct issues with the P-card system not being able to pay for items from other state agencies

TOURISM

- Generate activity at Lake Texoma
- Update and develop Lake Murray
- Promote private tourism through the Oklahoma Tourism and Recreation Department
- Protect and sustain Boggy Depot for future generations
- Update infrastructure coming into Black Mesa State Park
- Preserve the 13 miles of the original nine foot wide road of historical Route 66 in Ottawa County
- Cultivate a cooperative of independent museums and galleries to align themselves to pitch tourism in Oklahoma
- Continue and expand public-private partnerships in promoting tourist destinations

GENERAL GOVERNMENT

- Ignore the proposal to go from 77 to 44 counties
- Provide more certainty and longer leases when dealing with Commissioners of the Land Office
- Continue leading the nation in funding and services offered to Oklahoma Veterans

MISC

- Generate legislation for the Oklahoma Grape Industry Council to meet their marketing and education goals
- Address concerns about the Board of Nursing and supervision of nurse practitioners
- Encourage state government to create a Made in Oklahoma (MIO) buying program, that promotes the purchase of MIO products
- Promote programs for better overall health among all age groups