

2009 LEGISLATIVE WRAP-UP

Balancing Business Interests at the Capitol



THE STATE CHAMBER OF OKLAHOMA
LEGISLATIVE ADVOCATES FOR BUSINESS
www.okstatechamber.com • (405) 235.3669

LAWSUIT REFORM
WATER
EDUCATION
HEALTH CARE
WORKERS' COMPENSATION REFORM

STATE CHAMBER EVALUATION OF LEGISLATIVE SESSION – “A-”

Legislature Closes With A Good Year For Business

All things considered, it was a good year for Oklahoma’s business community. Comprehensive lawsuit reform was finally achieved, the most significant water bill of the last several years was passed, the InsureOklahoma! health insurance premium assistance program was expanded, important education reform legislation became law, and significantly, during an economic downturn, the legislature stepped-up to support several economic development proposals designed to spur on the economy and create jobs. The only real negative was the number of pro-jobs bills that were vetoed by the governor.

LEGISLATIVE WRAP-UP–2009 Oklahoma Bill Report

- There were a total of 2520 bills filed (1249 Senate bills and 1271 House bills)
- Only 555 bills made it to the governor for his consideration

THE STATE CHAMBER KILLED MORE THAN A DOZEN BAD BILLS DURING SESSION

MAJOR LEGISLATION REPORT

INFRASTRUCTURE

Water - The State Chamber was instrumental in helping forge landmark water legislation the last few days of the session that protects Oklahoma water, and opens the door to future water sales if certain conditions are met. **HB 1483** puts into law requirements for out-of-state applicants to clear before being granted permits for the use of Oklahoma water, thus providing Oklahomans priority for the use of our water. The bill also establishes legal arguments for negating the Dallas, Tarrant County, Texas, lawsuit against Oklahoma and directs the Oklahoma Legislature to approve any out-of-state water sales.

Transportation Funding - The State Chamber was a vocal supporter of continuing funding gained the past three years for the state’s roads and bridges. Transportation was one of four key areas that did not receive budget cuts for FY 2010.

Additionally, The State Chamber helped pass **SB 832**, which authorizes county commissioners to enter into cooperative agreements with the Oklahoma Turnpike Authority (OTA) to replace, expand or repair functionally obsolete and structurally deficient bridges which cross over turnpikes. The bill also creates the Oklahoma Roads Task Force to study and evaluate the effect of inflation on highway and bridge construction and maintenance.

Energy - Along with the state’s oil and natural gas industry, The State Chamber supported legislation in **SB 313** that extends until July 1, 2012, gross production tax incentives for secondary recovery projects, tertiary recovery projects, horizontally drilled wells, inactive wells, production enhancement, certain deep wells and three-dimensional seismic wells.

The State Chamber also supported a number of bills designed to encourage the use of alternative sources of energy, including tax credits for vehicles propelled by hydrogen fuel cells, investments in public recharging stations for vehicles propelled by electricity and private CNG fill stations; and Quality Jobs incentives for support, repair and maintenance service activities for the wind industry.

COURTS & TORTS

Lawsuit Reform – The coalition, put together and led by The State Chamber, successfully worked with legislative leadership, Oklahoma doctors and trial lawyers to craft the most comprehensive lawsuit reform bill (**HB 1603**) passed by any state this year...and we got it signed by the Governor. Unfortunately, another major piece of lawsuit reform (**HB 2167**), which would have required state agencies to publicly bid for using private attorneys, was vetoed by the governor.

Workers’ Compensation - Following a veto of legislation (**SB 609**) that would have required Senate confirmation of any Workers’ Compensation Court judge, The State Chamber successfully coordinated an effort to put the issue on the ballot in 2010 as a Constitutional Amendment (**HJR 1041**). Another bill (**HB 1003**) clarified that small businesses (five or fewer employees), where all are related by blood or marriage, do not have to have workers’ compensation coverage. This was extended in the bill to include corporations, LLCs, etc.

TAXATION, ECONOMIC & WORKFORCE DEVELOPMENT

Economic Development – In a year in which the economy was in a downward spiral, and state revenues were at best, stagnant, the legislature stepped-up to pass several progressive economic development bills supported by The State Chamber: **SB 909** – Allows companies new to Oklahoma to take advantage of both the investment tax credit and the Quality Jobs Act; **SB 929** – Waives the payroll requirement attached to the five-year ad valorem exemption for certain facilities meeting strict criteria; **SB 938** – Creates the 21st Century Quality Jobs Program which targets high impact jobs in 21st Century growth industries; **HB 1468** – Creates an incentive program for federal contractors to perform and subcontract work in Oklahoma; **HB 2067** – Creates the Oklahoma Community Economic Development Pooled Finance Act that will capitalize up to \$200 million of taxable bond proceeds for investments in local economic development projects; and **SB 916** – Corrects language passed in 2008 that created unintended consequences for companies using Real Estate Investment Trusts (REITs).

Taxation – The key tax bill of the session is one that never made it to the Senate floor. The State Chamber sounded the alarm on and took the lead in sidetracking **SB 879**, which would have replaced the state’s current graduated individual income tax system with a flat tax system, and in the process,

repealed several business and agricultural incentives. The bill was passed out of the Senate Finance Committee with little comment and no public input. It was not heard on the Senate floor and became dormant for the session.

Another bill dealt with a shortfall at the Oklahoma Employment Security Commission. **SB 1175** was passed in the final 48 hours of the session and allows Oklahoma to receive \$75 million from the federal government. This money had already been paid by Oklahoma employers and is needed to administer our employment service programs. The bill's passage was pushed strongly by The State Chamber.



Education - With funding secured through the federal stimulus package, appropriations for Oklahoma's education system remained about the same as last year. Consequently, Oklahoma's colleges and universities have indicated that tuition or fee increases for the coming year are not anticipated.

Common education reform received considerable debate during the session. After intense negotiations between legislative leaders and the governor's office, the state's common education testing, assessment and data gathering responsibilities will receive a significant review and overhaul through the development of the Educational Quality and Accountability Board and the P-20 (Pre-K through Higher Ed) Data Coordination Council contained in **SB 222**.

With the passage of **SB 532**, the legislature also created a "fast-track" into the teaching profession for those from the private sector wishing to teach high school math or science. In addition, **HB 1050** encourages mentorship programs to be administered within the common education system in an effort to help curb Oklahoma's high school drop-out rate. However, the governor did veto a measure (**SB 834**) designed to place more flexibility in the hands of local common education school boards. Although state curriculum standards would still have to be maintained, such a law would have allowed much more innovation within the state's common education system.

Health Care - Early in the session, **HB 1127** was signed into law which provided funding to the Oklahoma State University Medical Center in Tulsa. This is an extremely important teaching facility which increases the number of the state's osteopathic physicians who traditionally serve rural and otherwise under-served areas. A major health care reform measure signed into law (**HB 2026**) allows for the creation of a basic health insurance plan (for individuals under forty) which does not have to comply with state health insurance benefit mandates. Also included in the bill was an expansion of the state's InsureOklahoma! premium assistance program to include less expensive high-deductible plans that coincide with a health savings account.

As with most legislative sessions, this year's battle against health insurance benefit mandates (which increase the overall cost of health insurance) continued. After vetoing **HB 1975** requiring health insurance mandate measures to be filed in odd-numbered years to be evaluated and then considered in even-numbered years, the governor did sign **SB 822** creating a task force to review and evaluate the impact of state health insurance mandates.

Technology - The State Chamber supported a bill that calls for investment in adult stem cell research, which has demonstrated great healthcare benefits. The author of the bill chose not to advance it when the trustees of the tobacco settlement endowment fund announced a strong commitment (\$5.5 million over five years) to fund adult stem cell research in Oklahoma as a part of their program.

The State Chamber also supports legislation to grow the EDGE (Economic Development Generating Excellence) endowment fund for research toward its stated goal of \$1 billion. The first installment of \$150 million was made in 2005 by the legislature. **SB 907** was the vehicle to create a permanent funding source for the fund. While the bill was kept alive until the last days of the session, no agreement was reached before adjournment.

Another good bill that didn't quite make it due to the tight budget year was **HB 1508** which was an incentive program to ease the shortage of math and science teachers and professors. This bill proposes a tax credit equal to the cost of tuition, claimable after a student completes his/her degree and begins teaching at either a public school or university for each of five years.

VETOES OF PRO-JOBS LEGISLATION

HB 1601 – Prohibited attorneys from deducting money from their clients' awards or settlements for the purpose of contributing to political funds.

SB 609 – Reduced the number of workers' compensation judges from ten to eight and required Senate confirmation of any workers' compensation judge.

HB 2167 – Required state agencies to ask for bids when hiring private attorneys, and made that information public.

SB 834 – Placed more flexibility in the hands of local common education school boards. Although state curriculum standards would still have to be maintained, such a law allowed much more innovation within the state's common education system.

HB 1600 – Modified the definition of "surgery" in workers' compensation cases so that a "sub-epidural steroid injection" would not be considered "surgery", and clarified what is to be considered "surgery" in such cases.

HB 1975 – Required health insurance mandate measures to be filed in odd numbered years to be evaluated and then considered in even numbered years.

HB 1021 – Limited recovery for damages or claims against insurers for liability for motor vehicle accidents by eliminating claims for pain and suffering where the plaintiff was not in compliance with Oklahoma's Compulsory Insurance Law.



THE STATE CHAMBER OF OKLAHOMA
LEGISLATIVE ADVOCATES FOR BUSINESS

330 NE 10th St.
Oklahoma City, OK
73104-3220

PRESORT STANDARD
U.S. POSTAGE
PAID
Permit No 69
Oklahoma City, OK

2009 LEGISLATIVE WRAP-UP

Balancing Business Interests at the Capitol

