

OKLAHOMA CITY - The state is expected to have \$226 million less to spend in fiscal year 2012, but Gov. Brad Henry said the budget hole that the next governor and Legislature will face is not insurmountable. The State Board of Equalization met Tuesday and certified a revenue estimate of \$5.2 billion, with slightly more than \$4.9 billion available to be appropriated by lawmakers for fiscal year 2012. The panel also made a preliminary finding that conditions have been met for a 0.25 percent state income tax cut in 2012. The hole in the next budget is significantly less than some had predicted. "First of all, the budget hole of \$226 million is far less than the \$600 million people have been talking about and guesstimating in the past," said Henry, a member of the Board of Equalization. "So, it is good news." Henry, who is in the final days of his administration, said he has faced three very challenging budget years in his eight years in office. His first year in office, the state had a nearly \$700 million shortfall. Last year, it was about \$1 billion, Henry said. Officials used state 'rainy day' funds and federal stimulus dollars to plug budget holes for fiscal year 2011. "The good news for the new governor and Legislature is that \$226 million is not insurmountable," Henry said. "This is something they can deal with. I have every confidence in the world that they will deal with it in a way that preserves core services and protects education, health care, transportation and public safety and all the important areas." He cautioned the Legislature about making deeper reductions to state agencies, saying they have already undergone deep cuts the last two years. He said Oklahoma is rebounding from the recession. "If revenues continue to follow the pace they are on, that budget hole of \$226 million will get even smaller by February," Henry said. "I think it is good news on the horizon." The Board of Equalization found that estimated general revenue grew by 4.4 percent, more than the 4 percent needed to activate the trigger to reduce taxes. If approved by the Board of Equalization in

February, the top income tax rate, which most Oklahomans fall under, would drop to

5.25 percent from 5.5 percent. The entire seven-member panel will change in February after

new statewide officers are sworn in and a new secretary of agriculture takes office.

Gov.-elect Mary Fallin, Senate President Pro Tem-elect Brian Bingman, R-Sapulpa, and House Speaker-elect Kris

Steele, R-Shawnee, all expressed support for the income tax reduction. "Letting Oklahoma families and

small businesses keep more of their hard-earned money is the right thing to do

and a good way to get our economy moving in the right direction," Fallin

said in a prepared statement released after the equalization board meeting. "Cutting the income

tax rate will make Oklahoma more competitive on a national stage and is a

step in the right direction as we work to make our state a better

place to do business." The reduction in the state income tax rate is expected

to cost \$61.5 million. Barbara Hoberock (405) 528-2465 barbara.hoberock@tulsaworld.com SUBHEAD: The projected

budget shortfall is \$226 million, not as bad as expected. Original Print Headline: Budget

hole less severe