

GOVERNOR HENRY PROPOSES INCOME TAX REBATE AND OTHER TAX RELIEF

At the February 1st Associated Press legislative forum, Democratic Gov. Brad Henry unveiled his “Oklahoma Growth and Taxpayer Fairness Act.” The Act calls for income tax rebates (probably with a maximum rebate of \$100) payable out of the State’s excess revenue in years when the State’s “rainy day” fund is full. The Governor’s office expects excess revenue in the coming year to be about \$200 million. Gov. Henry said “I think the rebate program is a responsible way to give a financial shot in the arm to taxpayers.”

The Act also calls for increasing the current income tax exemption for retirees from \$7,500 to \$10,000. Finally, the Act would give corporate taxpayers relief from taxation on select Oklahoma capital gains. The capital gains exclusion plan likely will be similar to the law passed last year for individual taxpayers (gains from the sale of ownership interests in Oklahoma headquartered entities held for three years and Oklahoma real and personal property held for five years would qualify for exclusion). Gov. Henry said his office is still ironing out the details of the Act which will be presented next week to the Oklahoma Legislature. The Governor also proposed using the remainder of the excess revenue to endow high-tech research.