


# Oklahoma's economic growth should continue, economist says

Oklahoma economy: Energy helped state rebound from recession, and should continue to drive growth.

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Oklahoma's relatively robust economy should continue to grow, although expansion of the state's gross domestic product and employment could be restrained by lower energy prices, an Oklahoma State University economist said Tuesday.

“We've had very strong growth coming out of the recent recession, (more) than we've seen in other states and we expect that to continue into the next year, possibly moderated a little bit with a moderation in energy prices,” said Dan Rickman, economics professor at OSU's Spears School of Business.

Rickman was the final speaker at the 2012 Oklahoma Economic Outlook Conference, which was hosted by the business school.

The size of Oklahoma's energy sector is the major driver that distinguishes the state's economy from the rest of the nation, Rickman said.

The state's moderate economic expansion should mirror that of the nation's until about the end of 2012, he said.

At that point, Rickman forecasts a stronger global economy will boost demand for oil.

“In 2013, we'll see energy prices starting to become stronger,” which also would strengthen Oklahoma's economic growth, he said.

A discussion about the impact of public policy on the state's economy quickly landed on proposed reductions or elimination of the state personal income tax.

A governor's task force earlier this year recommended eliminating the personal income tax over a 10-year period.

Gov. Mary Fallin last week said her goal is to lower the state's personal income tax to “around 3 percent” over several years. The state's top personal income tax rate effective Jan. 1 for the 2012 tax year is 5.25 percent.

GOP legislative leaders last week said a major reduction in Oklahoma's personal income tax is vital to economic development.

However, University of Central Oklahoma economist Mickey Hepner said only three

alternatives are available to make up for the elimination of the more than 35 percent of state revenue the income tax provides — higher sales taxes, higher property taxes or major reductions in state spending.

Although the state's overall tax burden is relatively low in comparison with other states, Oklahoma levies among the highest sales taxes in the nation — 11 percent in at least one Oklahoma community, said Cynthia Rogers, University of Oklahoma economics professor.

Major spending cuts could make the state less attractive for prospective business owners, who need good roads to ship their products and want good public schools for their children, Hepner said.

State Treasurer Ken Miller, who attended the conference in Oklahoma City, said he appreciated the discussion.

Miller said he favors change to the state's tax code to reward productivity and encourage economic growth. He agreed that Oklahomans have little appetite for raising property taxes, and expressed concern that higher sales taxes could choke off consumer spending.



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