



DATE: September 19, 2017

TO: Interested Parties

FROM: Pat McFerron
President
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RE: Current Polling Regarding Oklahomans and Taxes

Recent polling released in the public realm has caused many to ask my thoughts on what has been released and about any other data I have seen. This brief memo attempts to explain the current conflict in voters and seeks to put office-holders on notice as to the risk of embracing tax increases based upon snapshot polling which does not delve into the larger mindset of voters.

One need look no further back in time than a year ago at this time to see how volatile polling on tax issues can be. In late September of 2016, the Boren sales tax was routinely reported in publicly released polling as exceeding 65% support; yet just six weeks later, garnered only 41% of the vote from Oklahomans who went to the polls. This is a strong indication that voters become more hesitant to support tax increases as they start to become a more likely reality. In the polling I have conducted in Oklahoma for more than 23 years, the ONLY tax issue in which I have not seen support decrease has been on so-called sin taxes, such as those on tobacco. Any tax which begins with even close to 70% support is not guaranteed to be successful on Election Day, or viewed as a positive by voters after the tax goes into effect.

Our current polling shows voters extremely conflicted when it comes to taxes and spending. While we see 60% of voters saying they would raise taxes – even the taxes they pay – to fund a teacher pay raise, we see that same sample having 70% of voters saying that a teacher pay raise could be accomplished through cutting other spending instead of raising taxes. **Fully 78% of Republicans, and 82% of Republicans with a history of voting in primaries, say the state should cut spending instead of raising taxes to fund a teacher pay raise.** Similarly, when asked how the legislature did during the last legislative session, twice as many voters say more cuts should have been made as say more taxes should have been raised.

One item voters really embrace is the need to have a vibrant oil and gas industry. Here, we see fully 81% of voters saying this industry being vibrant and providing jobs is important to them. Additionally, more than half of Oklahoma voters believe raising taxes on this industry would hurt Oklahoma jobs. The simple fact is, any vote to increase taxes on the oil and gas industry will be understood by voters as a job-killing vote come Election Day.

My focus group work in the area of taxation reveals that voters quickly move away from taxing oil and natural gas production when they are told the state is already very dependent on revenue from this industry. Voters know this, so even the simplest reminder causes voters to move dramatically. Additionally, voters quickly realize that taxing this industry damages other parts of our economy which directly or indirectly support the industry. Voters quickly recognize that it is not just oil field suppliers who would be hurt, but all businesses in the state, should oil and gas production decrease at all.

Cigarette taxes, on the other hand, do not have the same correlation with jobs. In study after study, it is clear voters do not see a tax on cigarettes (or alcohol) as tax issues, but rather as health issues. This is why our past polling has shown greater support for tobacco taxes when the money goes to health care rather than if it is delegated to teacher pay.

Any legislator looking at current public opinion polling should be very careful to not just examine topline numbers of just one question. They should be careful to examine what the actual debate in voters' minds will be: 1) Is this the best way to address the situation? 2) What are the effects of this tax policy? And 3) Who will ultimately pay for this tax increase?

Actual Question Wording of Questions Referenced

All are from a survey of 500 Registered Voters in the State of Oklahoma

Margin of error: +/- 4.3%

1. Would you favor or oppose raising taxes that you pay in order to fund teacher pay increases? (After response, ask:) Would you say you definitely (favor / oppose) or only probably (favor / oppose)?

42%	Definitely Favor
17%	Probably Favor
8%	Probably Oppose
23%	Definitely Oppose
10%	(Do not read) Undecided

2. Do you agree or disagree with the following statement: Despite recent cuts to government agencies, our colleges, and our schools, there is still enough waste in state government that we can cut more spending and not raise taxes. (After response, ask:) Would you say you strongly (agree / disagree), or only somewhat (agree / disagree)?

53%	Strongly agree
17%	Somewhat agree
7%	Somewhat disagree
12%	Strongly disagree
11%	(Do not read) Undecided

3. Thinking back to the recent legislative session, do you think state government should have (Rotate first two choices)

24%	Raised more revenue and had tax increases
49%	Cut more spending and made government more efficient
11%	Or did they strike about the right balance of raising revenue and cutting spending?
16%	(Do not read) Undecided

4. Do you agree or disagree with the following statement: It is important Oklahoma creates and maintains a business climate where the oil and gas industry can protect and grow jobs in the state. (After response, ask:) Would you say you strongly (agree / disagree) or only somewhat (agree / disagree)?

60%	Strongly Agree
21%	Somewhat Agree
4%	Somewhat Disagree
11%	Strongly Disagree
4%	(Do not read) Undecided

5. Do you agree or disagree with the following statement: Raising taxes on the oil and gas industry hurts jobs and the economy of Oklahoma. (After response, ask:) Would you say you strongly (agree / disagree) or only somewhat (agree / disagree)

35%	Strongly Agree
17%	Somewhat Agree
12%	Somewhat Disagree
29%	Strongly Disagree
7%	(Do not read) Undecided