Vanity publisher agree to plea agreement, ordered to make restitution

(eCap) Former executives of Tate Publishing and Tate Music Group were ordered at a hearing Wednesday to begin repaying over $825,000 to over 2,200 former customers who claimed they did not receive services they paid for.

In addition to paying restitution, County District Court Judge Paul Hesse sentenced Richard Tate, founder of Tate Publishing & Enterprises, and his son Ryan Tate to suspended sentences totaling 20 years on 44 counts on which they entered no-contest pleas.

As a part of their plea deal, the defendants were charged with 38 felonies and six misdemeanors related to fraudulent business practices that swindled customers worldwide out of both their property and money they paid to have their music or books published or produced through the company. Additionally, any and all contractual agreements between the authors and artists and the companies have been terminated.

Terms of imprisonment range from one year in county jail for five misdemeanors to up to 10 years for two of the felonies, as well as an embezzlement and conspiracy charge.

To avoid jail time, both men are required to meet probationary requirements administered by the Attorney General's office, including making monthly payments to begin repaying what customers argue they are owed.

Should these payments not be made, either man risks probation revocation that could result in immediate incarceration.

Attorney General Mike Hunter confirmed at a press conference Wednesday the restitution process will begin with an immediate payment of $109,000 to the Tate Victim Restitution Account. Starting in February, the defendants will continue to make monthly joint restitution payments to the account in the amount of $3,000 on the first day of every month for up to 20 years.

Should the defendants' combined income exceed $8,333 in a given month, Hunter continued, they will be required to make additional lump sum payments. That payment will be equal to 50 percent of the amount of their combined monthly gross income for the previous month.

"My office will be closely monitoring the Tates throughout the course of their sentence to ensure every dollar is accounted for and they are complying with the terms of the plea agreement," Hunter said. "I want the victims to know that my office is committed to doing all we can to guarantee they are repaid. While we establish this process to return victims' money, we appreciate their patience and hope they know we are working every day with their best interests in mind.

Hunter noted the total amount of the restitution owed by the Tates may increase as more victims come forward with credible claims. The cutoff for those seeking restitution to come forward to file complaints and support documentation with the Attorney General's Consumer Protection Unit is July 1, almost two years to the month of when Hunter's office first filed charges against the Tates.

Hunter also highlighted the efforts by the attorneys and agents in the Consumer Protection Unit, without which Wednesday's announcement would not have been possible.

"They've worked tirelessly on this case," he summarized. "Bringing this case to today's successful conclusion is nothing short of a heroic lift on their part."

Tracked Bills Related To Story: None
Stitt: 'This is not a blank check'

(eCap) Governor-elect Kevin Stitt warned lawmakers and state agency heads Wednesday not to view the $612.4 million increase in funds available for appropriations for fiscal year 2020 as the opportunity for a spending spree.

"I want to warn the legislators and the agency heads: This is not a blank check," Governor-elect Kevin Stitt said shortly after the Board of Equalization approved its FY2020 revenue estimate. "This is not something where you can just come in and say, 'How can we fund our different pet projects?' I was elected as governor to make sure we do government differently."

Total funds available for appropriation will be $8.3 billion, according to the numbers presented Wednesday to the board. That amount is $612.4 million or 8.0 percent more than was appropriated for FY2019, the current fiscal year. That means lawmakers could approve and Stitt sign the largest appropriated budget in state history. The closest amount was in FY2015 when the state appropriated budget totaled $7.24 billion.

Stitt will use the numbers approved Wednesday as the basis for his first executive budget, which he will present to lawmakers Feb. 4 when he delivers his first state of the state speech. He voted Wednesday to make sure it was fiscally responsible.

Stitt noted some of the revenue will spent on obligations the state

Asked whether tax cuts might be on the table, Stitt said, "I am not for any new taxes, but I am not looking at the tax code at this point."

Stitt shied away from talking about other specific budget proposals, saying he and his team working on it.

House Appropriations and Budget Chair Kevin Wallace, R-Wellston, said the estimate approved Wednesday puts the state budget on more stable footing and could help offset some of the cuts imposed in recent years.

Senate Appropriations Chair Roger Thompson, R-Okemah, said, "We are thankful: This if the first time we have had a surplus in a number of years." He added, "We have a number of obligations we have to pay...We want to make sure we prioritize the debts we have to pay. While it looks like a lot money, it's certainly not where we want to be yet."

The numbers approved Wednesday are the first since FY2014 to show growth revenue.

According to the numbers presented to the board Wednesday, total General Revenue Fund collections for fiscal year 2020 are estimated to grow $620.4 million or 9.5 percent, according to the draft. Appropriations from the General Revenue Fund make up the bulk of legislative appropriations. For FY2019, the current fiscal year, nearly 81 percent of legislative appropriations came from the General Revenue Fund.

Shelly Paulk, deputy budget director for revenue for the Office of Management and Enterprise Services, walked board members through the numbers Wednesday. She said the increase should be considered "with a little bit of caution" since much of it results from legislative changes that resulted in tax increases and the movement of money around between funds.

Individual income tax receipts to the General Revenue Fund, for example, are forecast to increase $503.3 million or 22.3 percent, Paulk noted. Part of that increase is the result of individual income tax revenue that previously went to the Oklahoma Department of Transportation's Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund now being deposited in the General Revenue Fund, she explained. The revenue loss to the ROADS Fund will be offset by revenue from motor vehicle taxes and fuel taxes that currently are being deposited in the General Revenue Fund.

Paulk said approximately $200 million of the individual income tax increase results from the movement of the revenue. Another $100 million or so of the increase in FY2020 individual income tax collections comes from the cap
on itemized deductions and the freeze of the standard deduction approved by lawmakers. Without those changes, Paulk said individual income tax collections would have increase a little more than $100 million or approximately 5.0 percent.

Revenues to the Education Reform Revolving Fund, also known as the HB1017 Fund, are shown improving by $57.1 million in FY2020 as a result of increases in individual and corporate income tax collections, as well as sales and use tax receipts, tobacco product taxes and revenue from tribal gaming.

Collections for FY2019 are forecast to exceed the current fiscal year's estimate by $422.7 million or 6.5 percent. If that happens, it would set the stage for a record Rainy Day Fund deposit, the second in as many fiscal years. Revenue in excess of the fiscal year's estimate is deposited into the Rainy Day Fund.

Paulk noted the recent decline in oil prices, however, "present a growing concerning." If prices remain low, she said, it could affect the size of the Rainy Day Fund deposit when the fiscal year ends June 30.

The fund currently has a balance of $451.7 million. A deposit of that size would push the fund's balance to near its cap of just over $878.0 million, Paulk said.

The Office of Management and Enterprise Services reported Dec. 11 that total collections over the first five months of FY2019, the current fiscal year, are $95.4 million or 4.0 percent above the estimate to date.

Wednesday's meeting of the Board of Equalization was the last for most of its members: Gov. Mary Fallin, who serves as chair; Lt. Gov. Todd Lamb; State Treasurer Ken Miller; State Auditor and Inspector Gary Jones; and Board of Agriculture President Jim Reese.

Like Wallace, Miller said he was glad to see the state now operating on a "structurally balanced budget."

"We've come a long way to get to a structurally sound budget," said Miller, who chaired the House Appropriations and Budget Committee while serving in the House.

Fallin, too, said she was happy to see the state's budget on "stable footing." She noted the changes that send motor vehicle tax collections and motor fuel revenues to the transportation department and directs tobacco tax receipts to health care was another improvement in the state's budget.

[Editor's Note: To see the presentation shown board members and to review the packet of information provided to them, click on the Buzz]

Tracked Bills Related To Story: None
Stitt to create two new cabinet positions

(ecap) Governor-elect Kevin Stitt indicated Wednesday he intends to create two new cabinet positions, one to deal with agency accountability and the second to address budget issues.

Stitt announced his plan to create a secretary of agency accountability during a press conference Wednesday afternoon. Donelle Harder, Stitt's deputy secretary of state, said after the press conference a second cabinet position will be created to address budget issues.

"I am calling (the secretary of agency accountability) person my COO, my chief operating officer," Stitt said. "That person will be tasked with working with the different agencies to create these types of performance metrics."

Stitt has yet to name who will fill the post. Harder said the position will be funded with money from the governor's office budget.

"Our agency heads should know what the indicators are. They should be able to benchmark across different states to find out why we aren't winning, why we are 47th or 46th. I told Oklahomans we are going to start moving toward top 10. I am going to be very transparent and say, 'Here is where we are sitting today, here is where we want to go and here is the path to get us there.'"

Stitt said one aspect of agency accountability he intends to pursue legislatively is the authority for the governor to hire and fire agency heads. Stitt said the Legislature is "excited to give me that authority."

"They are excited to really structure the state government like it should be. We are looking forward to working with them, and early on in the session, passing that…They know it was dysfunctional."

Lawmakers passed and Gov. Mary Fallin signed legislation in 2017 that permits the governor to hire and fire the director of the Department of Tourism and Recreation. It also made the agency's governing commission and advisory board to the director. A bill passed and signed and 2018 gave the governor appointing authority for the commissioner of health and made the State Board of Health and advisory panel to the commissioner. Stitt will be the first governor to exercise that authority.

Voters gave the governor the authority in 2012 to hire and fire the Department of Human Services' director when they approved State Question 765.

Harder said the secretary of budget will be responsible for developing and promoting the governor's executive budget.

State statute permits the governor to name up to 15 cabinet secretaries and requires each cabinet area consist of agencies, boards, commissions or institutions with similar programmatic or administrative objective. The statute also requires one cabinet area include the Oklahoma Department of Veterans Affairs, its institutions and other executive agencies, boards, commissions and institutions which are related to veterans and that another consist of the Information Services Division of the Office of Management and Enterprise Services and all the functions of all executive agencies, boards, commissions and institutions related to information technology and telecommunications.

Stitt has named former Rep. Michael Rogers to be his secretary of state and Kenneth Wagoner to serve as secretary of energy and environment. All cabinet appointments require approval of the Senate.

Tracked Bills Related To Story: None
For December 19, 2018

(eCap) Education will remain on the forefront in the coming legislative session.

Almost half of the bills legislators have prefiled directly or indirectly affect education and the Oklahoma State Board of Education approved a $3.4 billion budget request for the State Department of Education.

This is over $440 million more than the agency was appropriated for FY2019, the current fiscal year.

The Oklahoma Educators Association is also pushing an education-focused agenda with a more than $400 million price tag.

Before last year's teacher walkout, OEA released a three year plan calling for a $10,000 teacher pay raise, $5,000 support staff pay raise, an additional $200 million for school operations and a cost-of-living adjustment for retired teachers.

"The 2018 Legislature appropriated about 95 percent of OEA's year 1 goals," OEA stated in a release, a statement the organization has made multiple times since the end of the walkout.

They are asking for an additional $150 million in classroom funding, a $3,000 raise for teachers, a $2,500 raise for support staff and an 8 percent cost-of-living adjustment for retirees this year.

The total collective ask is a little over $400 million, according to OEA President Alicia Priest.

Priest said Wednesday the State Board of Equalization's announcement of $612.4 million in new money, OEA believes Oklahoma can improve education funding and meet all of their asks without additional revenue. [Editor's Note: See related story, Stitt: 'This is not a blank check']

She also said the teacher shortage is continuing to affect Oklahoma students. This year the State Board of Education granted 1,001 more emergency teacher certifications than last year and Oklahoma State School Board Association has put out a report that Oklahoma still needs 5,000 additional teachers to meet the regional teacher-to-student ratio.

Oklahoma also still has the lowest per-pupil spending in the region.

"The Oklahoma Education Association believes accomplishing these goals is critical to putting a highly qualified teacher at the front of every classroom and ensuring that our students have the resources they need to succeed in those classrooms," Priest said.

During his own press conference after the State Board of Equalization approved the fiscal year 2020 announcement, Governor-elect Kevin Stitt said he planned to meet with OEA leadership to find out their priorities.

"From the very beginning of the campaign, public education is a priority. I want to move us up to top 10 in education," Stitt said.

The governor-elect also said there needs to be a focus on the outcomes "and getting our kids ready for the workforce."

**Tracked Bills Related To Story:** None