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How The Tax Cut Proposal Would Affect Oklahoma

An income tax cut deal has been reached between Governor Fallin and Legislative leadership. The proposal is moving through the Legislature as HB 2032. This fact sheet explains what's in the latest deal and how it will affect Oklahomans.

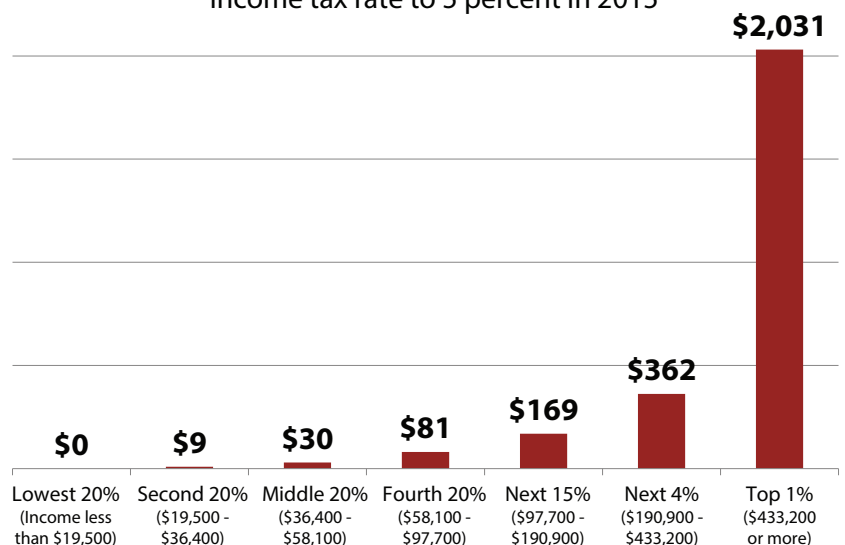
The tax cut would do little for average Oklahomans.

The bill would lower the top income tax rate from 5.25 to 5.0 percent in 2015. A trigger would reduce to top rate again to 4.85 percent in 2016 or later, whenever revenue increases by more than the cost of the reduction.

Under this plan, 41 percent of Oklahomans will not see any tax reduction. Most lower- and middle-income families would not receive any tax cut, and the average tax reduction for middle-income families would be just \$30. Altogether, the bottom 60 percent of taxpayers would receive just 9 percent of the benefit.

Average Tax Cut Per Household

From reducing Oklahoma's top personal income tax rate to 5 percent in 2015



DATA SOURCE: Institute on Taxation and Economic Policy, April 2013

The tax cut would significantly harm education and other core public services.

If the tax cut is fully implemented, the top rate will drop again to 4.85 percent in 2016. This would reduce the funds available for appropriation by \$237 million in that year. If these funds were instead invested back into Oklahoma's core services, they would be enough to cover:

- Salary and benefits for 1,800 classroom teachers, AND
- Payments to therapeutic foster care providers for 3,000 special-needs children, AND
- Oklahoma's Promise scholarships for 10,000 college students, AND
- The state match for SoonerCare health coverage of 37,000 low-income children, AND
- Annual incarceration costs of 1,000 inmates, AND
- Another \$55 million left over for other state needs, such as infrastructure repairs, economic development programs, and pension obligations.

A tax cut that does little for average Oklahomans while taking millions from core services is the wrong priority. To speak out, go to <http://okpolicy.org/action-alert-4-13>.