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## Oklahoma Policy Institute

### THE COST OF TAX CUTS IN OKLAHOMA

**Income tax cuts since the mid-2000s have reduced state revenues by more than \$1 billion annually.**

- **Oklahoma's top income tax rate has been slashed by almost a fourth.** The top rate has been cut from 6.65 percent before 2004 to 5 percent beginning in 2016. The cumulative cost of these tax cuts has now reached \$1.022 billion per year.
- **Repeated tax cuts have left Oklahoma's funding for core services well below pre-recession levels.** Overall, this year's state appropriated budget is \$896 million, or 11.4 percent, below that of 2009 once adjusted for inflation. Even during good economic years, the state has already slashed funding to many agencies by 20 to 30 percent, leaving us more vulnerable and unprepared for an energy industry downturn.
- **Chronic budget shortfalls are having harmful consequences in Oklahoma.** These consequences include acute teacher shortages, college tuition and fee hikes, critically understaffed correctional facilities, longer waiting lists for services, and lower reimbursement rates for medical and social service providers.
- **Tax cuts have given the biggest cash benefits by far to the wealthiest Oklahomans while doing little for low- and middle-income families.** The wealthiest 1 percent of households in Oklahoma has received nearly the same share of the tax cuts as the bottom 80 percent.
- **Tax cuts have shown little benefit to the economy in Oklahoma and nationally.** While Oklahoma did see economic growth in recent years due to a booming energy industry, the state economy has reversed course as oil and gas prices have declined, with growth levels falling to worst in the nation in the most recent quarter. Four of the five states that enacted the largest personal income tax cuts in the last five years have experienced total job growth and personal income growth below the national average since the tax cuts took effect.

**Share of Revenue Lost to Tax Cuts  
by Largest State Agencies, Based on  
Current Budget Proportions**

Agency	Revenue Lost to Tax Cuts
Education	\$356 M
State Regents for Higher Education	\$138 M
Health Care Authority	\$139 M
Human Services	\$97.2 M
Corrections	\$69.4 M
Mental Health & Substance Abuse Services	\$48.4 M
<b>All Agencies</b>	<b>\$1.022 B</b>

**Share of Total Tax Cuts Going To...**

Top 1%	26%
Top 5%	43%
Top 20%	72%
Bottom 60%	10%
Bottom 80%	28%

**Read the full report at <http://okpolicy.org/the-cost-of-tax-cuts-in-oklahoma>.**