

THE TAX SHIFT:**INCOME TAX PROPOSAL WOULD HIKE TAXES FOR MOST OKLAHOMANS;
MEASURE WOULD ESPECIALLY HURT SENIORS AND FAMILIES WITH CHILDREN**

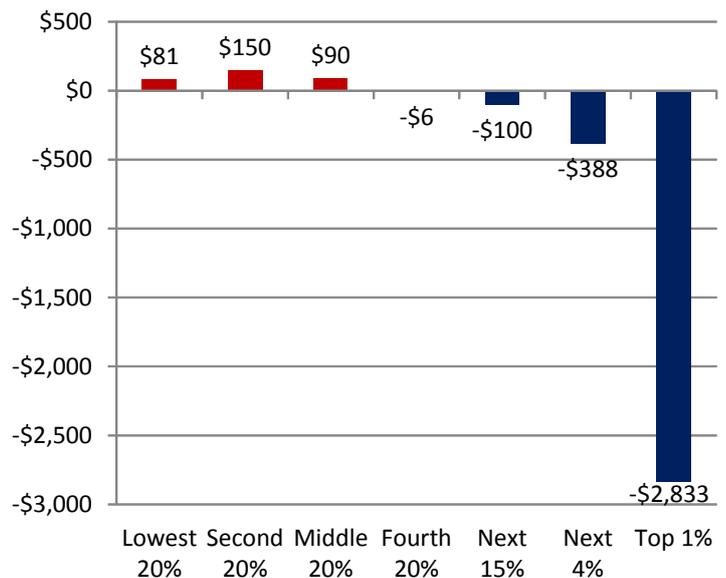
On the last Friday of 2011, the legislature's tax reform task force released its proposals for changing Oklahoma's tax system. The most significant recommendation was to cut the top income tax rate from 5.25 percent to 4.75 percent. This would be paid for by eliminating numerous tax credits and exemptions, including broad-based credits going to hundreds of thousands of low and moderate income Oklahomans. The child tax credit, child care tax credit, earned income tax credit, and sales tax relief credit are all slated for elimination. The plan would also eliminate the personal exemption for all Oklahoma families.

An analysis by the Institute on Taxation and Economic Policy (ITEP) reveals that this change would amount to a tax increase for a majority of Oklahomans. [Note: ITEP included about 3/4ths of the credits slated for elimination but did not model tax credits believed to be taken primarily by corporations.]

- Taxes would increase for 55 percent of Oklahomans. Only 31 percent of Oklahomans would receive a tax cut. There would be no effect for 13 percent of Oklahomans, a group largely made up of childless single and married couples with incomes smaller than the standard deduction.
- The bottom 60 percent of households would see an average tax increase of \$107.
- The top 1 percent (those making \$357,400 or more) would receive by far the largest benefit, with an average tax break of \$2,833.
- Because the proposal eliminates the personal exemption for every household member, including children, as well as the child tax credit and earned income tax credit, it is **especially hard on families with children.**

Average Tax Change By Income Group

Data Source: Institute on Taxation and Economic Policy

**Impact on Joint-filing Married Couples with 2 Children**

Income	\$25k	\$30k	\$50k	\$75k	\$150k	\$250k
Tax Change	+\$647	+\$614	+\$186	+\$61	-\$74	-\$299

The largest tax increase for two-child families would be for those with incomes of about \$25k. These families would pay \$647 more in state income taxes. A senior couple with income of \$35k would see a \$136 tax hike, primarily due to losing the personal exemption and sales tax relief credit.

Married couples with two children would not receive a tax cut unless their income was at least \$117k. Single filers without children with incomes below \$25k and senior couples with no dependent children and incomes below \$50k would also see their taxes rise.