Proposals being considered by the Governor and legislative leaders would offset a cut to Oklahoma’s top personal income tax rate by eliminating one or more broad-based state tax credits that are claimed by hundreds of thousands of working Oklahoma families. The at-risk credits include the sales tax relief credit, the earned income tax credit and the child/child care tax credit. These credits are important for numerous reasons:

**They help working families make ends meet.** These credits provide just enough breathing room in the budget of hard-pressed families to ensure that basic needs are met and that other forms of assistance aren’t necessary.

**They encourage work.** The Earned Income Tax credit is designed specifically to encourage work among low-income working families. That is why Ronald Reagan called it “the best anti-poverty, best pro-family, the best job-creation measure to come out of Congress” and why it is endorsed by economist Arthur Laffer.

**They boost the economy.** Low- and moderate-income families are most likely to spend locally on food, clothing, and other necessities, so almost every dollar from these credits multiplies throughout local economies.

**They provide balance to the tax system.** Low-income Oklahomans already pay a higher share of their income in taxes than do wealthier families. Broad based tax credits partially alleviate this imbalance. Eliminating broad-based credits while cutting the top rate would shift more of the tax load onto those making lower incomes.

Under these tax swap proposals, up to half of all Oklahomans would pay higher taxes, while mostly wealthier Oklahomans would pay lower taxes. It is no surprise that a recent poll found that most Oklahomans oppose plans to cut the income tax by doing away with these popular tax credits.

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