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Oklahoma Policy Institute

2017 POLICY PRIORITY: STRENGTHEN WORKING FAMILY TAX CREDITS

Background

In a tax code that provides many tax breaks for high-income individuals and businesses, Oklahoma offers just three tax credits that help support the hundreds of thousands of low- and moderate-income working families. Two of these – the Earned Income Tax Credit and Child Tax Credit – are modeled on popular federal tax credits that are specifically designed to encourage work and support families with children. The third, the Sales Tax Relief Credit, is an Oklahoma-specific credit that is especially important because we are one of very few states that charge a sales tax on groceries.



Last year, lawmakers targeted all three tax credits for cuts or complete elimination as part of their effort to close the state's budget hole. Ultimately, they slashed the state EITC for over 200,000 Oklahoma families by making the credit "non-refundable," which means it does nothing for families who pay sales tax, payroll taxes, and property taxes but don't make enough to pay state income taxes. Refundability is critical for the EITC to serve its function of making work pay and reducing poverty for those workers earning the least.

The Solution

Even while policymakers scramble to find ways to address the state's continued budget crisis, restoring the Earned Income Tax Credit or increasing the Sales Tax Relief Credit should be part of the tax policy discussion. Lawmakers should undo last year's cut to the EITC as well as increase the Sales Tax Relief Credit to \$60 from the current \$40 per member of eligible households. Lawmakers should also expand the credits to be available to more working families and individuals.

What You Should Do

Contact your state Representative and Senator and urge them to strengthen tax credits that help working families by restoring the Earned Income Tax Credit and boosting the Sales Tax Relief Credit. Also ask them to insist that there be no further cuts to working family tax credits.

You can look up your Senator and Representative at <http://okpolicy.org/find-your-legislator/>, call the House switchboard at 405-521-2711, and call the Senate switchboard at 405-524-0126.