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Oklahoma Policy Institute

2018 POLICY PRIORITY: STRENGTHEN WORKING FAMILY TAX CREDITS

Background

In a tax code that provides many 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 in our state. Two of these – the Earned Income Tax Credit and Child Tax Credit – are modeled on popular federal tax credits 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.



In 2016, lawmakers targeted all three tax credits for cuts or complete elimination. In the end, 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 earn 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. A single parent with two kids working full-time at \$10 an hour lost \$231 when the state EITC was made non-refundable.

The Solution

Even while policymakers work to address the state’s budget shortfall, restoring the Earned Income Tax Credit or increasing the Sales Tax Relief Credit should be a priority. During last fall’s special session, the bipartisan budget agreement that fell just short of passing would have restored the EITC. In 2018, Lawmakers should undo the cut to the EITC and increase the Sales Tax Relief Credit to \$60 from the current \$40 per member of eligible households.

What You Can 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.

To join the grassroots coalition of Oklahomans working to connect Oklahoma values with better budget and tax priorities, visit www.togetherok.org. To receive SMS advocacy alerts on important economic security issues, text OKECON to 51555.