Tax Cut for Working Families

BACKGROUND

Oklahoma’s tax code provides multiple credits and deductions for high-income individuals and businesses, but just three tax credits designed to help the thousands of low- and moderate-income families in the state. One of these—the Earned Income Tax Credit—was significantly impacted during a 2016 revenue shortfall when they eliminated its refundability. Prior to that change, workers could earn a refund if they had a larger EITC credit than the state income tax they owed.

Refundability is a critical component of the EITC—it’s what allows the credit to serve its function of making work pay and reducing poverty for the workers earning the least. Without refundability, the Oklahoma EITC is less effective because it does nothing to help families who earn too little to owe state income tax but still pay a large portion of their income to sales and property taxes. A single parent with two children earning $10 per hour is more than $200 a year worse off because of the Legislature’s decision. With the state’s budget recovering, restoring the EITC should be a priority. The legislature has been close to a bipartisan agreement to restore the credit in the last three sessions, and this year they should finally undo the cut that harmed more than 200,000 working Oklahoma families.

THE SOLUTION

• Restore refundability for the EITC, which most benefits Oklahoma’s working poor while lessening the impacts of poverty

Become An Advocate

Making change happen will require Oklahomans from all walks of life to advocate with lawmakers and and speak out in their communities. OK Policy has resources available on our website or connect with Together Oklahoma (TOK), our statewide grassroots advocacy coalition.

For links to additional information visit us online at

www.okpolicy.org

OK Policy is a non-profit organization that provides information, analysis and ideas on state policy issues.
PROTECT MEDICAID
• Keep path clear for Oklahoma voters to determine SQ 802 for straightforward Medicaid expansion
• Avoid legislation for other Medicaid expansion options that would reduce access to health care and tie up the state in lawsuits

TARGETED CRIMINAL JUSTICE REFORM
• Rebuild financial structure for the state’s criminal justice system to remove its reliance on fines and fees to fund its operations
• Modernize Oklahoma’s sentencing based on national best practices

TAX CUT FOR WORKING OKLAHOMANS
• Restore refundability for the Earned Income Tax Credit, which most benefits Oklahoma’s working poor while reducing the effects of poverty

PAID FAMILY & MEDICAL LEAVE FOR WORKERS
• Adopt statewide insurance programs to make paid family and medical leave available to all workers and self-employed through a payroll tax of less than 1 percent

COST OF LIVING ADJUSTMENTS FOR RETIRED STATE EMPLOYEES
• Provide a 4 percent cost of living adjustment for state retirees who have not seen an increase in their pensions since 2008

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