

The Sales Tax Relief Credit is due for an update.

- The Sales Tax Relief Credit is intended to offset sales tax costs for low-income Oklahomans
- The credit amount - \$40 - has lost 60 percent of its buying power since it was established in 1990. The current value of the credit is not delivering the tax relief that lawmakers intended and that Oklahomans need.
- To modernize the credit, lawmakers can:
 - increase the credit amount from \$40 to \$200 per person; and
 - allow single filers making less than \$30,000 annually to claim the full credit amount, and phase the credit out by \$40,000 annually; and
 - allow families, seniors, and people with disabilities to claim the full credit amount up to \$40,000 annually, with a full phase-out at \$60,000 annually.

	Annual Income						
	<\$30K	\$35K	\$40k	\$45k	\$50k	\$55k	\$60k
	Credit Amount Per Person in Household						
Single adult	\$200	\$100	\$0	\$0	\$0	\$0	\$0
Adult who is elderly, disabled, or who has dependents	\$200	\$200	\$200	\$150	\$100	\$50	\$0

Modernizing the credit will provide a significant and targeted tax reduction to thousands of Oklahoma households.

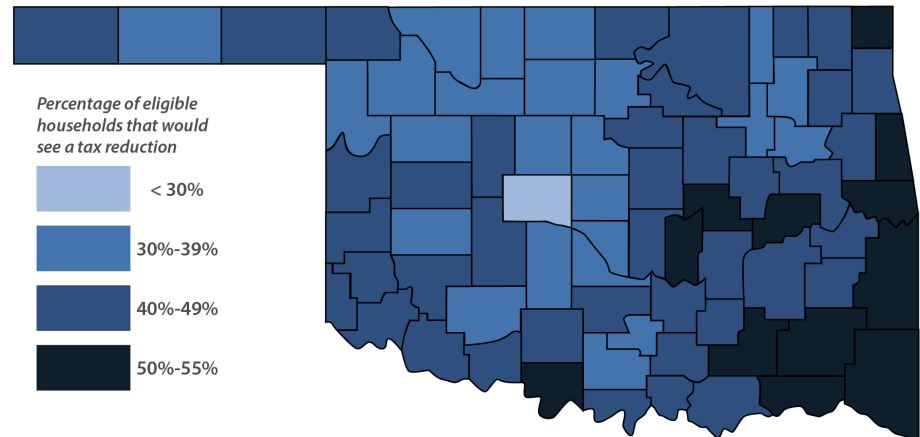
- Increasing the Sales Tax Relief Credit from \$40 to \$200 per person would eliminate or substantially reduce the cost of the state and local grocery sales tax for most Oklahoma families making less than \$50,000 annually.
- Low-income single filers making less than \$30,000 annually would also see a significant, though smaller, tax reduction.
- About 98.3% of the tax benefit would go to Oklahomans making less than \$76,000 annually.¹
- Putting this money into the hands of low- and middle-income Oklahomans will stimulate local economies and help make food more affordable, particularly for rural Oklahomans and children.

¹ Analysis by the Institute on Taxation and Economic Policy.



- At least 576,000 households across Oklahoma would be eligible for a tax reduction.²
 - Nearly 146,000 of those households would be newly eligible for the credit.³
 - More than 250,000 households with seniors would save on grocery sales taxes.⁴
 - To see an interactive county-by-county map that shows the Sales Tax Relief Credit's impact, visit OKPolicy.org/STRC-Map.

Strengthening the Sales Tax Relief Credit would benefit Oklahomans statewide



Source: OK Policy analysis of data from the US Bureau of the Census



Modernizing the credit is the fiscally responsible way to reduce grocery taxes.

- Modernizing the Sales Tax Relief Credit in this way would cost the state about \$157 million annually.⁵ Eliminating the state sales tax on groceries would cost \$370 million annually.⁶
- The larger fiscal benefit is in the long term: State Question 640 ensures that if the state cuts the grocery tax, that revenue will likely be gone forever. Providing tax relief through tax credits will allow the state to make changes in the future when it becomes necessary to raise revenue. Strengthening the Sales Tax Relief Credit will provide substantial tax relief to those who need it most.

Most low-income Oklahomans would see a tax cut if the Sales Tax Relief Credit is raised to \$200/person



Source: OK Policy calculations of data from the Bureau of Labor Statistics and the Institute on Taxation and Economic Policy



2 OK Policy analysis of data from the US Census Bureau. This analysis was prepared in 2022.
 3 Ibid
 4 Ibid
 5 Analysis by the Institute on Taxation and Economic Policy
 6 Oklahoma Tax Commission analysis