

# Overview of Oklahoma's Sales Tax Relief Credit

Aanahita Ervin  
Fiscal Policy Analyst



**OKPOLICY.ORG**  
Oklahoma Policy Institute

# Table of Contents

- **Terminology**
- **History of the STRC**
- **How STRC works**
- **The value of STRC today**



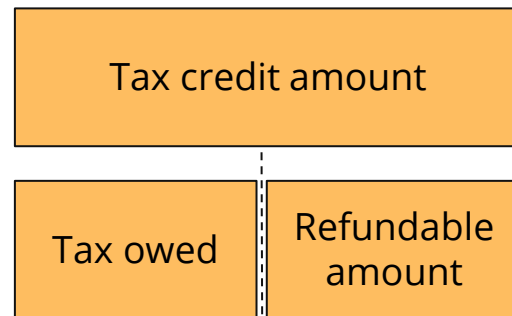
# Terminology

## **Tax credits:**

dollar for dollar amount that reduces what you owe in taxes

## **Refundable credits:**

Leftover credit amount after paying taxes that is returned to taxpayer



# Terminology

**An exemption** is a dollar amount that can be deducted from an individual's total income, thereby reducing the taxable income.

## Dependent exemptions



Ex. A two parent household with 3 kids filing jointly can claim 5 exemptions.

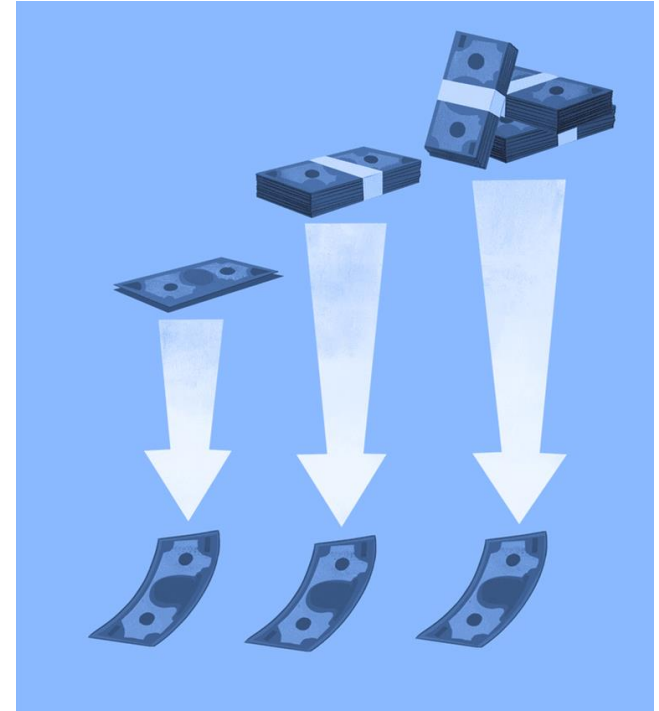
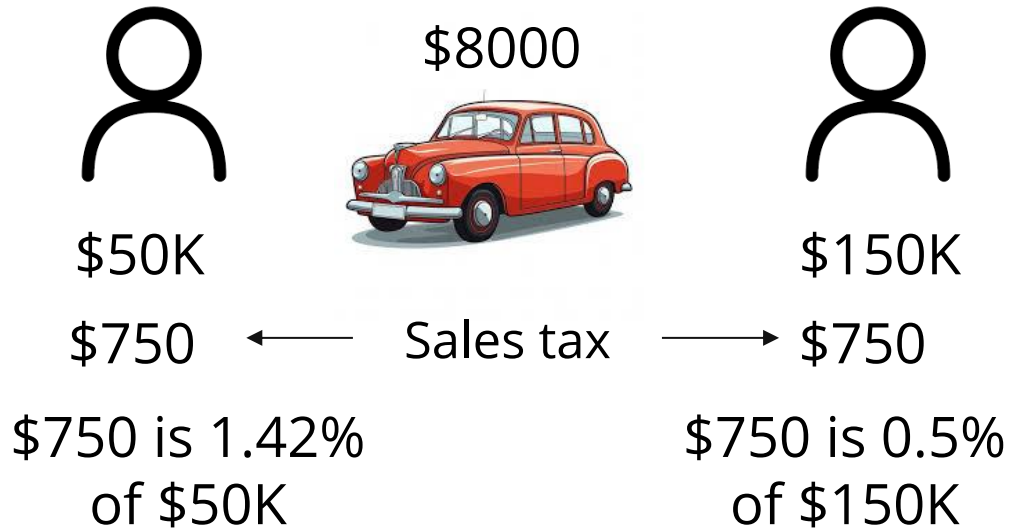
## Personal exemptions



# Terminology

## Regressive tax:

A tax applied uniformly regardless of income putting a higher burden on lower incomes. Ex. Sales tax



# Origins of Sales Tax Relief Credit (STRC)

HB 1017 (1990)

- Appropriated over \$560 million to education

Reforms included:

- Reduced class sizes
- Minimum teacher salaries
- Funding equity
- Early Childhood programs
- Statewide curriculum standards
- Statewide testing

- Created the Sales tax Relief Credit

\$  
\$  
\$

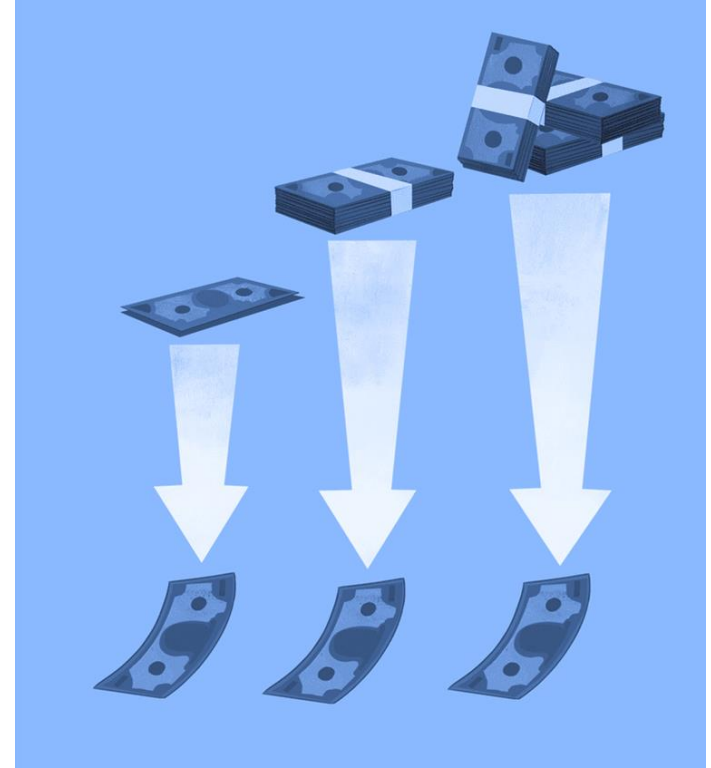


**½ cent**  
Sales tax  
increase



# STRC meant to undo regressivity

- Sales taxes are regressive
- Disproportionate burden of tax on low-income
- STRC created to offsetting the cost of the state sales tax paid by low-and-middle income families



# Sales Tax Relief Credit: How it works

\$40 per exemption  
claimed

Fully Refundable

Available to eligible  
income thresholds:

Individuals: > \$20k

Families/elderly/persons  
with disability: > \$50K





# STRC has lost most of its value

## 1990 vs 2024

60%

STRC has lost 60% of its buying power

\$16.50

\$40 in 1990 is equal to \$16.50 in 2024



\$97

STRC amount in 2024 if it just kept up with inflation

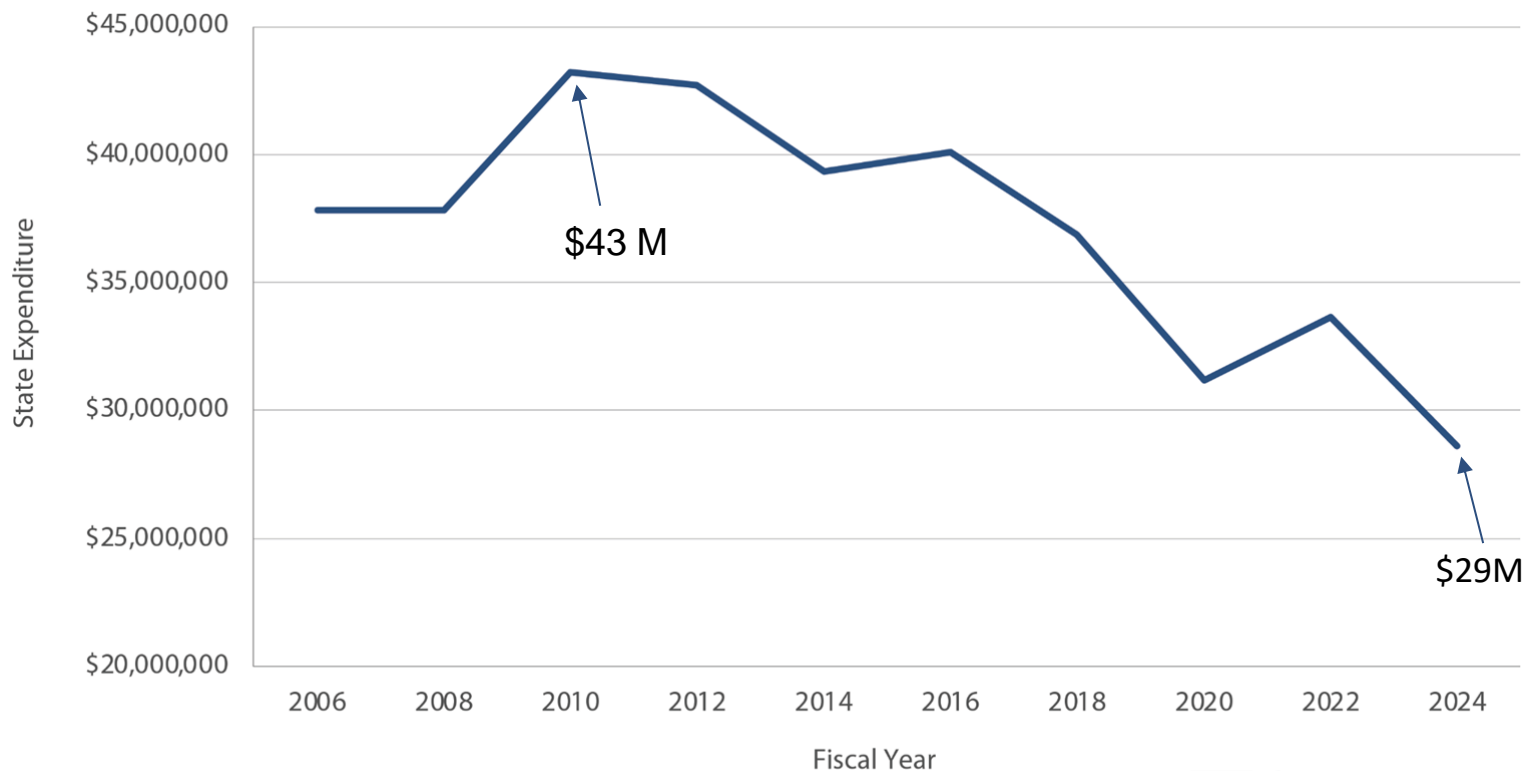




**STRC needs to be updated**



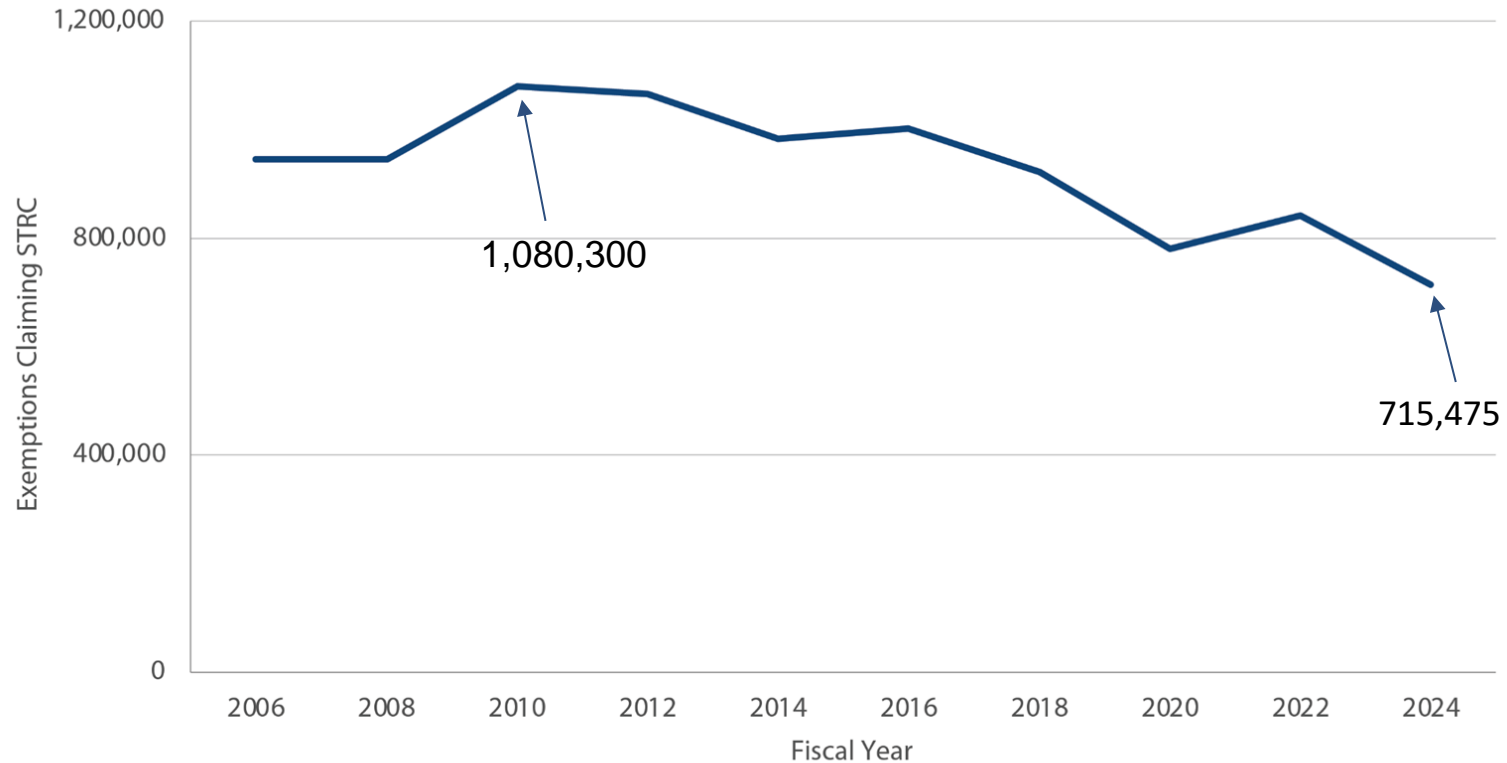
# OK expenditure on STRC is decreasing



Source: Oklahoma Tax Commission;  
Tax expenditure Reports from 2006 to 2024



# Fewer people benefit from STRC now



Source: Oklahoma Tax Commission;  
Tax expenditure Reports from 2006 to 2024



# Oklahoma is falling behind

State	Credit amount*	Refundable
New Mexico	\$600 - \$800 per person	✓
Maine	\$255 maximum	✓
Kansas	\$125 per person	✗
Idaho	\$100 per person	✓
Hawaii	\$70-\$220 per person	✓
Oklahoma	\$40 per person	✓
Arizona	\$25 per person	✓

\* Credits in other states are designed to offset sales tax or taxes on food. [1]



## What's working

- Has no phase-in income restrictions
- Provides targeted relief to low income households
- Is cost effective
- Is refundable

## What can be improved

- Increase the amount
- Indexed it to inflation
- Increase income eligibility
- Publicize it to the public
- Implement a phase-out scheme



# Historical Data OK STRC

Who has claimed the STRC in the past?



**OKPOLICY.ORG**  
Oklahoma Policy Institute

# Table of Contents

**Historical data household types claiming STRC:**

**Deductions**

**Tax filing status**

**Income**





# Deductions

**Deductions** reduce the amount of a taxpayer's income subject to tax.

**Standard Deduction (SD):** A specific set dollar amount is deducted.

Ex. Single Individual  
SD is \$6350

**Itemized Deduction (ID):** A range of items qualify for deduction up to a specific amount

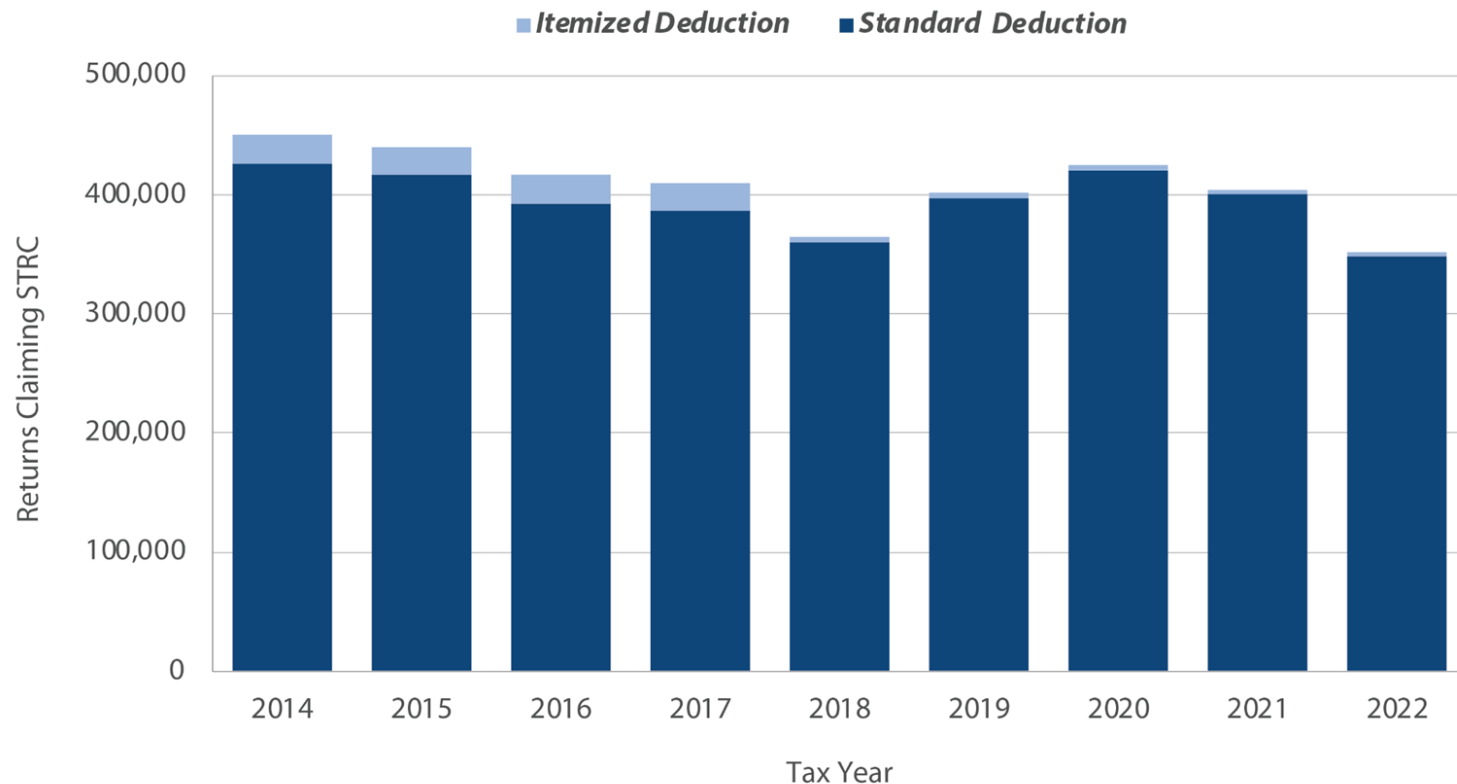
\$17,000 limit in OK



# STRC benefits those that need it



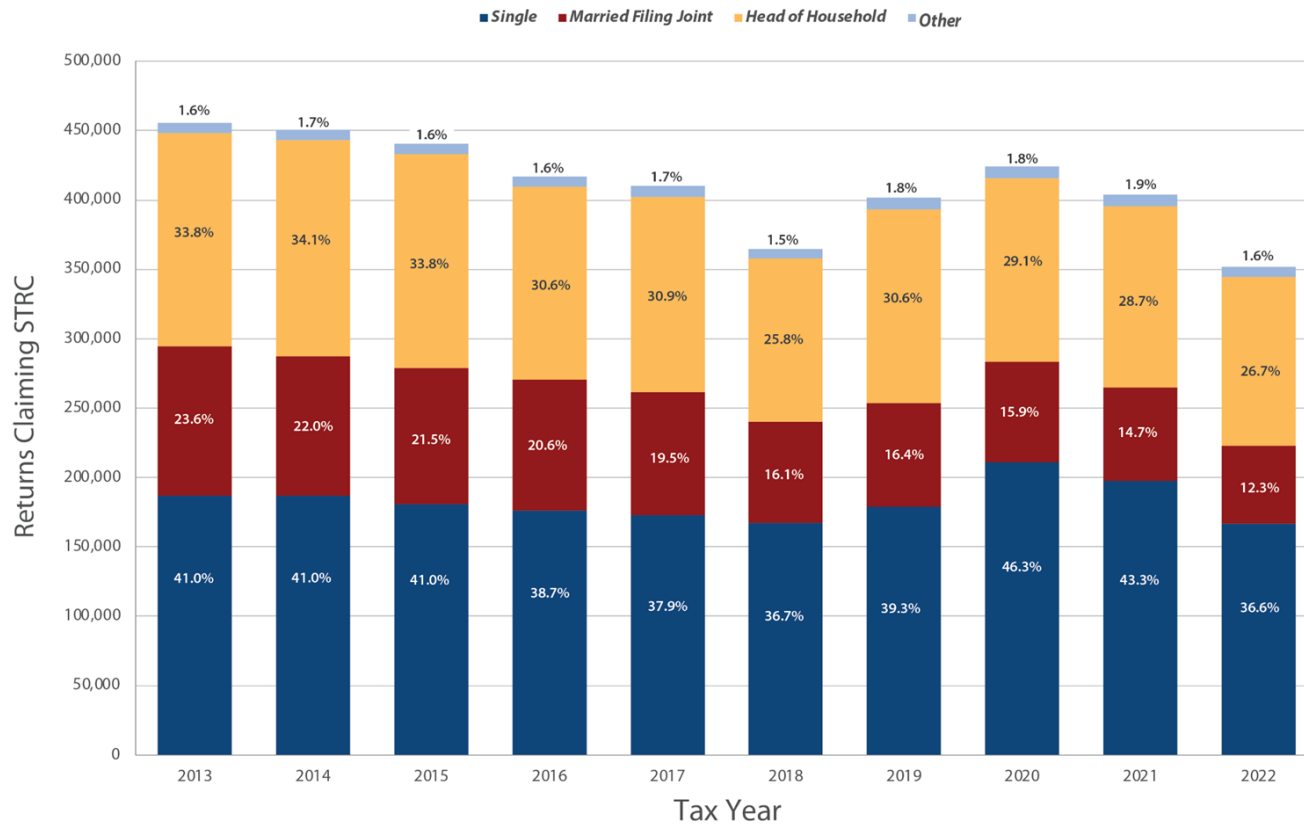
# 94% or more filers claiming STRC file Standard deduction



Source: Oklahoma Tax Commission



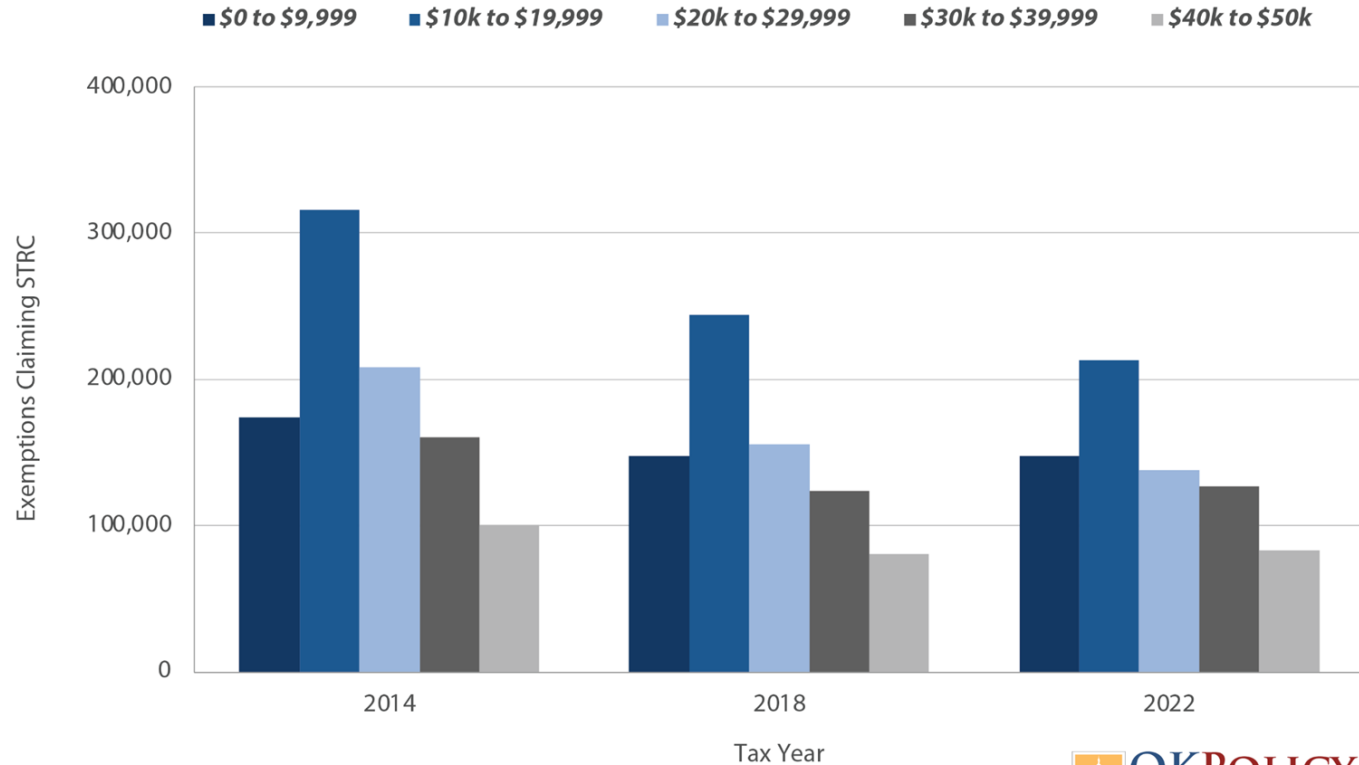
# STRC most effective for individuals and single parent households



Source: Oklahoma Tax Commission



# Low Income households claim STRC most



Source: Oklahoma Tax Commission

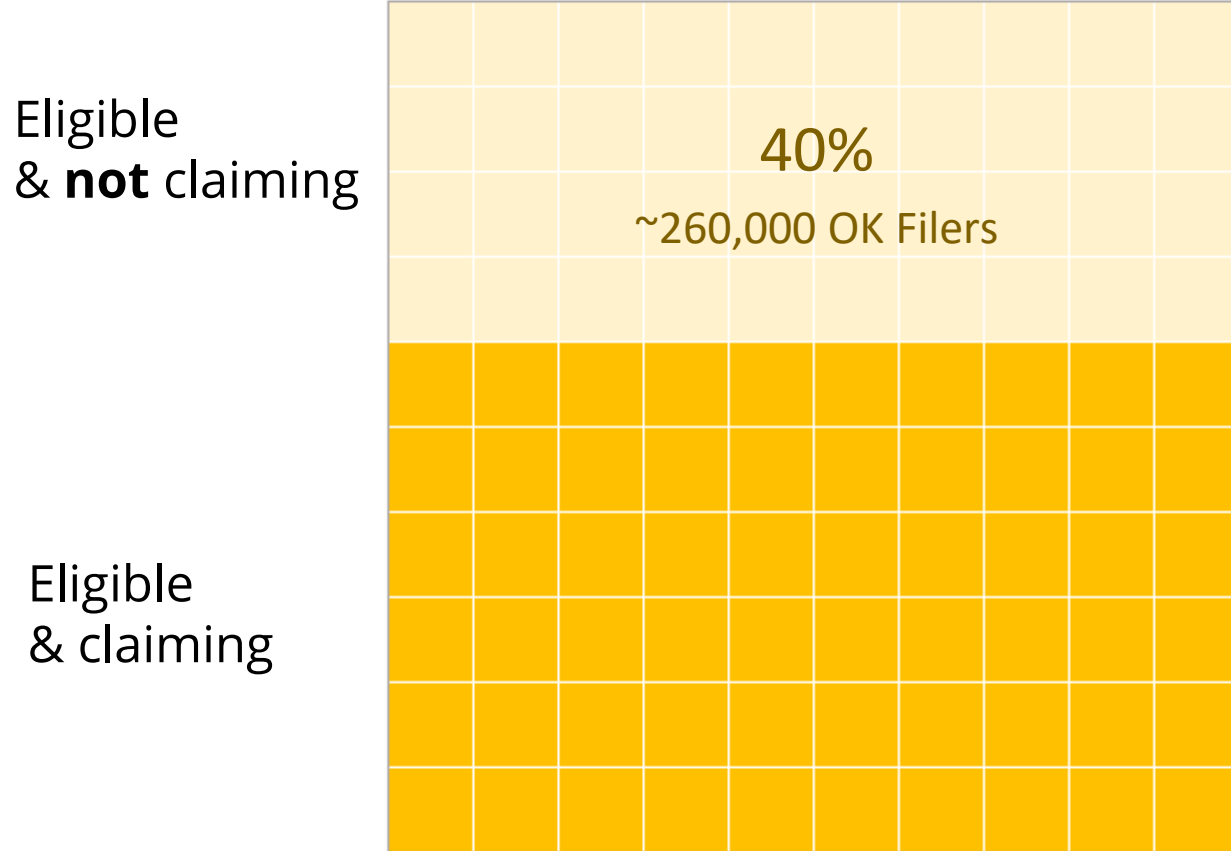


The background is a dark red collage of various business-related graphics. It includes a donut chart in the top left, a line graph with multiple data series in the top center, a table titled 'Month/Year' with columns for 2013, 2014, and 2015 in the top right, a 3D pie chart in the middle right, and several bar charts of different orientations (vertical and horizontal) in the bottom half. The text 'Not everyone who needs it is claiming it' is overlaid in large white font.

# Not everyone who needs it is claiming it



# 40% of eligible OK filers didn't claim STRC



FY 2024



# Thank you!

Questions?

[aervin@okpolicy.org](mailto:aervin@okpolicy.org)



**OKPOLICY.ORG**  
Oklahoma Policy Institute