

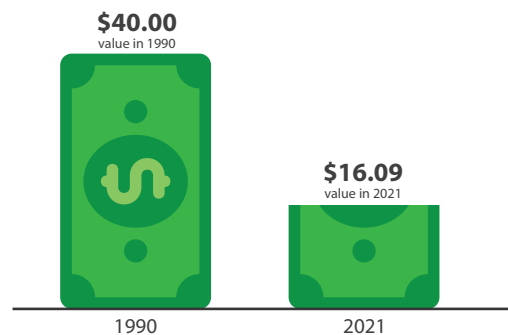
Expand the Grocery Tax Relief Credit

Strengthening the Sales Tax Relief Credit will provide targeted tax relief to those who need it, protect the state budget, and stimulate local economies.

Provide targeted tax relief

Oklahoma can substantially reduce or eliminate the state and local sales tax on groceries for most low-income families by increasing the Sales Tax Relief Credit to \$180 per person, slightly increasing the qualifying income limits, and adding a phase-out of the credit. Since its creation in 1990, this credit has lost 60 percent of its buying power, as the credit amount has remained at \$40 per person. Similarly, the qualifying income limits have not been updated since 1998, meaning the threshold to qualify has not kept pace with inflation and doesn't adequately reflect today's economic realities.

The value of Oklahoma's Sales Tax Relief Credit is shrinking



Source: Oklahoma Policy Institute



Protect the state budget

Entirely eliminating the sales tax on groceries would cost the state \$235 million annually, while providing this targeted relief would cost much less, at \$114 million annually.¹ This targeted approach would help working Oklahomans put food on the table in a cost-effective way, while better protecting the state's ability to maintain the services on which all Oklahomans rely. Further, because of the State Question 640 requirements to raise revenue, a tax credit - rather than a tax cut - would be easier to reverse in the future if necessary.

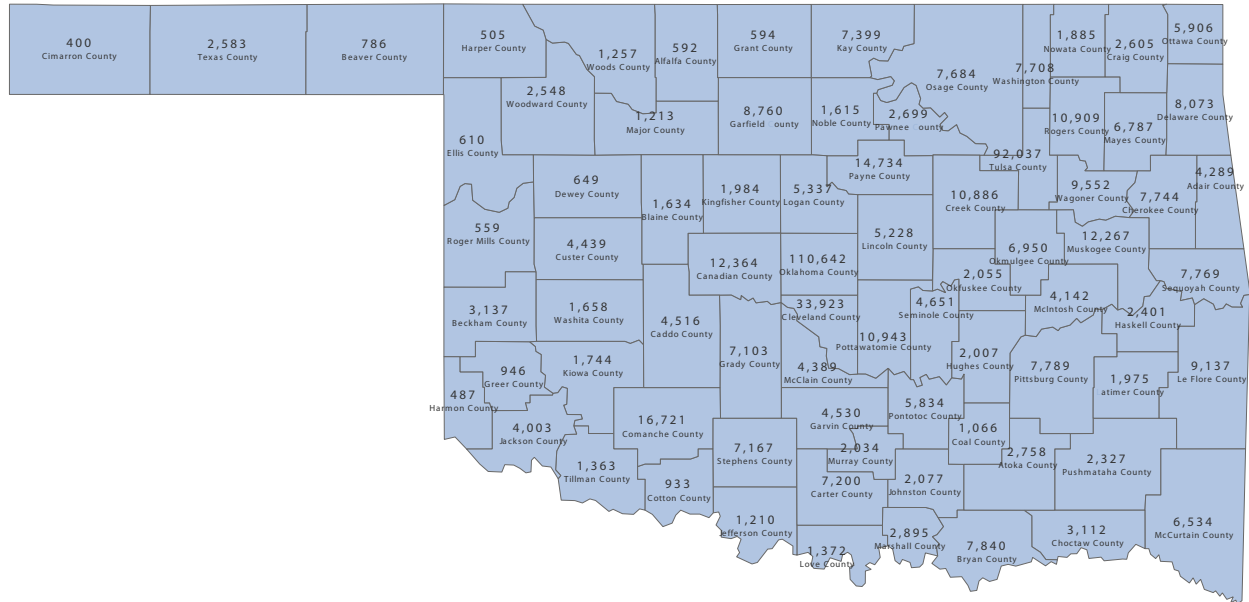
WHAT IS THE GROCERY TAX CREDIT?

The **Sales Tax Relief Credit**, sometimes known as the "grocery tax credit," is an income tax credit that provides a rebate of \$40 per household member to low-income and other households.

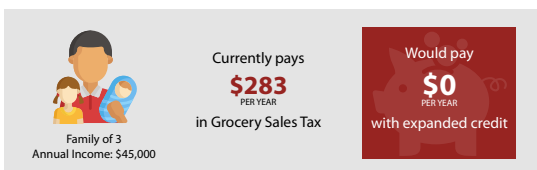
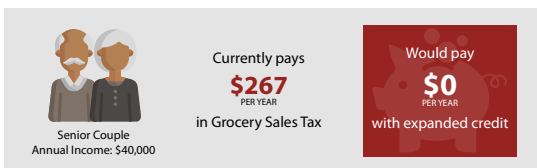
¹ Analysis done by the Institute on Taxation and Economic Policy.

Stimulate local economies

A larger credit would put more money in the pockets of nearly 600,000 Oklahomans, and the majority of this money would be immediately spent in Oklahoma communities.



Most low-income Oklahomans would see a tax cut if the Sales Tax Relief Credit is raised to \$180/person



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



Learn More

Scan this QR code with your phone to learn more about Oklahoma's Sales Tax Relief Credit.

