

Data sources and calculations for

[Want to reduce Oklahoma’s public services, hurt local business and shrink our economy?
Eliminate the corporate income tax!](#)

March 20, 2021

Note: All data from fiscal year 2018-19 (FY 19) unless otherwise indicated. FY 20 had abnormal revenue and allocations due to economic downturn.

Over the five years from budget years 2014-15 through 2018-19, the corporate income tax raised an average of \$371 million a year.

| FY | Total Revenue |
|---------|---------------|
| 2014-15 | 387,601,244 |
| 2015-16 | 326,086,367 |
| 2016-17 | 156,511,963 |
| 2017-18 | 470,795,121 |
| 2018-19 | 516,931,578 |
| Average | 371,585,255 |

Source: Oklahoma Tax Commission Annual Report for each fiscal year, page 4. Reports available at

<https://www.ok.gov/tax/Forms & Publications/Publications/Annual Reports/index.html>

If it is eliminated, revenue loss would be distributed as shown in the chart below (assuming that cuts to the GRF are proportional to each agency’s allocation from that fund).

In 2018-19, the corporate income tax was allocated by law as follows (2020-21 and 2021-22 allocations are temporarily different due as a response to the COVID-19 epidemic and revenue shortfall.

| Fund | Percent Distribution | Dollar Distribution | Chart Category |
|---|----------------------|---------------------|---------------------|
| Total Revenue (5-year average from above) | | 371,585,255 | |
| HB 1017 | 16.50% | \$ 61,311,567 | K-12 Education |
| Teachers Retirement Fund | 5.00% | \$ 18,579,263 | Teachers Retirement |
| Ad Valorem Reimbursement | 1.00% | \$ 3,715,853 | Local Government |
| General Revenue Fund (GRF) | 77.50% | \$ 287,978,572 | |

Source: Oklahoma Apportionment of Statutory Revenues, 2018-19. Report available at:

<https://www.ok.gov/tax/documents/19Percentagechart.pdf>

General Revenue Fund is divided among most state departments. For 2018-19, the five largest departments were:

| Department | Percent Distribution | Dollar Distribution | Chart Category |
|-------------------------|----------------------|---------------------|-----------------------|
| Department of Education | 32% | \$ 93,251,312 | K-12 Education |
| Health Care Authority | 18% | \$ 50,514,586 | Health Care Authority |
| Dept. of Human Services | 12% | \$ 33,686,568 | Human Services |
| Higher Education | 10% | \$ 30,172,239 | Higher Education |
| Dept. of Corrections | 8% | \$ 23,902,598 | Corrections |
| | 80% | \$ 231,527,303 | |
| All other | 20% | \$ 56,451,270 | |
| | | \$ 287,978,572 | |

Source: Oklahoma Policy Institute analysis of FY 2019 general appropriations bill (2018 Regular Session, SB 1600), available at:

http://webserver1.lsb.state.ok.us/cf_pdf/2017-18%20ENR/SB/SB1600%20ENR.PDF

A \$155 million reduction in K-12 education could require eliminating over 2,800 teachers across the state...

| | |
|---------------------------|-------------|
| K-12 Education reductions | 154,562,879 |
| Avg. teacher salary | \$ 54,664 |
| Reduced teachers | 2,828 |

Source: K-12 Education reductions is from above. Average teacher salary is for 2018-19 from National Education Association, Rankings of the States 2019 and Estimates of School Statistics 2020, available at

https://www.nea.org/sites/default/files/2020-07/2020%20Rankings%20and%20Estimates%20Report%20FINAL_0.pdf#page-26

The reduction in state revenues would also cost OHCA and DHS over \$160 million in federal funds.

| | State reduction | State share of costs | Federal share of costs | Federal reduction |
|------------------------|-----------------|----------------------|------------------------|-------------------|
| Health Care Authority | \$ 50,514,586 | 34% | 66% | \$ 98,057,725 |
| Dept. of Human Service | \$ 33,686,568 | 34% | 66% | \$ 65,391,573 |
| | | | | \$ 163,449,298 |

A \$30 million reduction to Higher Education could be passed on to students and their families with a 2.2 percent (\$200/year) tuition increase.

| | |
|---------------------------------------|------------------|
| Reduced revenue | \$ 30,172,239 |
| Tuition revenue, 2018-19 | \$ 1,342,900,000 |
| Reduced revenue at % | 2.2% |
| Current tuition and fees/hour, OU/OSU | \$ 9,040 |
| Increase | \$ 203 |

Source: Reduced revenue is from above. Current tuition revenue is from Oklahoma State System of Higher Education, Educational and General Budgets Summary and Analysis Fiscal Year 2019, p. 23, available at:

<https://www.okhighered.org/studies-reports/budget/fy19-eg-summary-analysis.pdf#page=23>

Current tuition is in same document, p. 28.

Of the two states that have eliminated corporate income taxes since 2007...

State top corporate income tax rate, 2007 and 2017

| State | Top Corp Tax Rate, 2007 | Top Corp Tax Rate, 2017 |
|---------------|-------------------------|-------------------------|
| United States | | |
| Alabama | 6.50% | 6.50% |
| Alaska | 9.40% | 9.40% |
| Arizona | 6.97% | 4.90% |
| Arkansas | 6.50% | 6.50% |
| California | 8.84% | 8.84% |
| Colorado | 4.63% | 4.63% |
| Connecticut | 7.50% | 9.00% |
| Delaware | 8.70% | 8.70% |
| Florida | 5.50% | 5.50% |
| Georgia | 6.00% | 6.00% |
| Hawaii | 6.40% | 6.40% |
| Idaho | 7.60% | 7.40% |
| Illinois | 7.30% | 7.75% |
| Indiana | 8.50% | 6.25% |
| Iowa | 12.00% | 12.00% |
| Kansas | 7.35% | 7.00% |
| Kentucky | 7.00% | 6.00% |
| Louisiana | 8.00% | 8.00% |
| Maine | 8.93% | 8.93% |
| Maryland | 7.00% | 8.25% |
| Massachusetts | 9.50% | 8.00% |
| Michigan | 1.90% | 6.00% |
| Minnesota | 9.80% | 9.80% |
| Mississippi | 5.00% | 5.00% |
| Missouri | 6.25% | 6.25% |
| Montana | 6.75% | 6.75% |
| Nebraska | 7.81% | 7.81% |
| Nevada | 0.00% | 0.00% |
| New Hampshire | 9.25% | 8.20% |

| | | |
|----------------|-------|-------|
| New Jersey | 9.00% | 9.00% |
| New Mexico | 7.60% | 6.20% |
| New York | 7.50% | 6.50% |
| North Carolina | 6.90% | 3.00% |
| North Dakota | 7.00% | 1.41% |
| Ohio | 8.50% | 0.00% |
| Oklahoma | 6.00% | 6.00% |
| Oregon | 6.60% | 7.60% |
| Pennsylvania | 9.99% | 9.99% |
| Rhode Island | 9.00% | 7.00% |
| South Carolina | 5.00% | 5.00% |
| South Dakota | 0.00% | 0.00% |
| Tennessee | 6.50% | 6.50% |
| Texas | 4.50% | 0.00% |
| Utah | 5.00% | 5.00% |
| Vermont | 8.90% | 8.50% |
| Virginia | 6.00% | 6.00% |
| Washington | 0.00% | 0.00% |
| West Virginia | 9.00% | 6.50% |
| Wisconsin | 7.90% | 7.90% |
| Wyoming | 0.00% | 0.00% |

Source is Tax Foundation

For 2007: <https://taxfoundation.org/state-corporate-income-tax-rates/>

For 2017: <https://files.taxfoundation.org/20170710170127/TF-Facts-Figures-2017-7-10-2017.pdf#page=26>