

Personal Income Tax Cut (.25% Across the Board)



COST IN LOST REVENUE

\$235 million - \$293 million

A 0.25% across-the-board cut to the personal income tax would provide little benefit to most Oklahomans



Half a tank of gas for the **poorest 20%** of Oklahomans

AVERAGE TAX CUT:
\$19



A new office chair from Target for the **middle 20%**

AVERAGE TAX CUT:
\$92



A round-trip flight to Greece for the **wealthiest 1%**

AVERAGE TAX CUT:
\$2,634



Who Benefits

- The richest 1% of Oklahomans would see a tax cut of \$2,381 on average



Who Loses

- The State of Oklahoma's coffers due to weakened revenue
- The poorest 20% would only get ~\$15 back
- The middle class would only get ~\$93 back

Flat Personal Income Tax (4.5% on all income above \$20,700)



COST IN LOST REVENUE

\$145 million - \$251 million

NOTE: A different version (HB 1953) would establish a 4.25% flat tax with different standard deductions. Cost = \$426 million



Who Benefits

- The richest 1% of Oklahomans would see a tax cut of \$2,174 on average



Who Loses

- Every income band (EXCEPT the top 1%) would have some taxpayers whose taxes increase with a flat tax
- 1 in 12 taxpayers would see a tax INCREASE
- The poorest 20% would only get ~\$18 back
- The middle class would only get ~\$80 back

Private School Tax Credits (Vouchers)



COST IN LOST REVENUE

\$215 million - \$417 million



STATE AID REDUCTION

\$123 million (FY2030 and forward)



Who Benefits

- Fewer than 40,000 well-off Oklahoma families who can already afford to send their children to private school — many of who are currently doing that without taxpayer subsidy now
- Metro area families who would have more school choice than families in rural communities



Who Loses

- Public schools that lose state aid due to lower enrollment. They would still have fixed operating costs that would not decrease with enrollment loss.
- Rural families who do not have the same level of "school choice" as those in metro areas
- Even a small enrollment shift could weaken rural schools, which are often the area's largest employer

Triggered Reductions to the Personal Income Tax



COST IN LOST REVENUE

\$235 million - \$293 million



FUTURE LOST REVENUE

Costs in future years will be significantly larger as revenue would be lost for each triggered tax cut

+ Who Benefits

- The richest 1% of Oklahomans would see a tax cut of \$2,381 from the first cut and more following future cuts

- Who Loses

- Future lawmakers who will have to wrestle with addressing revenue shortfalls from automatic tax triggers
- Most Oklahomans would receive negligible tax benefit, if any at all

Oklahoma has tried automatic triggers. It didn't work.

- Automatic triggers strip power from future lawmakers to respond to economic crises.
 - In 2016, Oklahoma made national headlines when an automatic tax cut was slated to go into effect at the same time that state lawmakers had to declare a revenue failure.
- Requires adequate multi-year revenue projections to be effective.
 - Oklahoma only projects state revenue for the coming fiscal year.
 - The full fiscal impact of triggers can't be understood without adequate fiscal projections.
- Automatic tax triggers ignore the reality that population growth will create increased demands on core state services. Inflation will mean today's state revenue will not stretch as far tomorrow.

Modernizing the Sales Tax Relief Credit



COST TO IMPLEMENT

\$120 million

+ Who Benefits

- Nearly 4 in 10 low- and moderate-income households
- More than 575,000 families, many of them Oklahoma's senior citizens struggling with inflation, would see a tax cut
- Most households making less than \$50,000 annually would see a significant reduction or elimination of the state and local grocery sales tax

- Who Loses

- Nobody

The only proposal that would deliver targeted tax relief to residents who most need inflation relief. This proposal increases the Sales Tax Relief Credit from \$40 to \$200 per person with slight adjustments to qualifying income limits to avoid a cliff effect when taxpayers lose the credit.

	Annual Income						
	≤ \$30,000	\$35,000	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000
Credit Amount per Person in Household							
Single Adult	\$200	\$100	\$0	\$0	\$0	\$0	\$0
Adult who is elderly, has a disability, or claims dependents	\$200	\$200	\$200	\$150	\$100	\$50	\$0