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Budget Brief Examines 2004-2005 State Tax Cuts *Benefits Go Mainly to Wealthy Oklahomans*

TULSA – The tax cut fever that hit the Oklahoma legislature during the last two sessions amounts to some \$286 million in annual lost state revenue which will translate into millions less for Oklahoma to invest in education, health care, public safety and law enforcement in the years to come, according to analysis released today by Community Action Project (CAP).

The magnitude of the tax cuts pose long-term fiscal dangers for the state and threaten Oklahoma's capacity to provide adequate services that everyone uses. The analysis shows that the tax cuts will leave some \$143 million less in available revenue for education, \$41 million less for health care and \$30 million less for public safety and law enforcement. More than 80% of the recent tax cuts impact the state's income tax, traditionally the most robust and progressive tax source.

“The next legislative session is months away, but already we're hearing calls for more tax cuts,” said David Blatt, CAP public policy director. “Now, while Oklahoma is enjoying a period of robust revenue growth, is the time to shore up our finances so that we are prepared for the inevitable downturn rather than giving tax cuts to those who need it least.”

CAP analysis shows that the distribution of benefits across income groups is tilted toward higher income Oklahomans. For example, those taxpayers in the top 5%, who earn an average annual income of \$256,000, will receive a \$657 tax cut. In contrast, however, the bottom 60% of Oklahoma taxpayers, who earn \$38,000 or less, will get a mere \$36.

“When thinking about tax cuts, we must remember that a dollar in tax cuts is a dollar unavailable to fund services that everyone uses – schools, roads, public safety – or that disproportionately benefit those most in need, such as social services or tuition assistance,” Blatt said. “As such, tax cuts that disproportionately benefit the wealthiest few will limit the opportunities and support available for middle- and lower-income Oklahomans.”

**The CAP Budget Brief, entitled,
“Tax Cut Fever: A Closer Look at the 2004-05 Oklahoma Tax Cuts,” can be accessed at:
http://www.captc.org/pubpol/Budget/Budget_Brief_0905.pdf**

Community Action Project (CAP) is a Tulsa-based comprehensive anti-poverty agency whose mission is to help individuals and families in need achieve self-sufficiency. CAP's public policy department aims to promote policies that will benefit low- and moderate-income Oklahomans through research, education and advocacy.

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