

MEDIA RELEASE

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New Policy Briefs Explore Options to Increase Tax Credits for Struggling Families

(Oklahoma City, October 6, 2008): Policymakers looking for opportunities to help struggling Oklahoma families should consider expanding two existing tax credits targeted to low- and moderate-income Oklahomans, according to a pair of policy briefs released today by the Oklahoma Policy Institute (OK Policy).

“Rising prices, especially for food, fuel and utilities, are leading to really tough times for Oklahoma families,” said David Blatt, OK Policy’s Director of Policy. “Increasing the Sales Tax Relief Credit or Earned Income Tax Credit offers an opportunity for targeted, tangible assistance to those in greatest need, while providing an economic stimulus as well.”

The Sales Tax Relief Credit provides a refundable credit of \$40 per household member intended to offset the sales tax on groceries paid by low- and moderate-income families. It is available to households with income up to \$50,000 for households with a senior, person with a physical disability or dependent, or up to \$20,000 for childless adults. The credit has not been increased since it was first enacted in 1990. Food prices have increased 5.9 percent just over the past year, with greater increases for staples such as bread, dairy, fruits and vegetables. The credit was claimed by about one-third of Oklahoma households in 2007.

The Earned Income Tax Credit, which is available to families with incomes up to about \$42,000 per year, is widely acknowledged as the nation’s foremost income supplement and work support program. Oklahoma’s EITC, which is set at 5% of the federal credit, provided an average credit of about \$95 to some 280,000 Oklahoma families in 2005.

“We believe that increasing these credits can make a small, yet significant difference to hard-pressed families, while still being mindful of the state’s uncertain budget situation and the competing demands for scarce resources,” said Blatt.

The policy briefs, available at www.okpolicy.org, provide detailed information on the two credits, as well as the estimated fiscal impact of increasing them.

In the coming weeks, OK Policy will participate in the launch of a broad-based advocacy effort aimed at strengthening the grocery tax credit during the upcoming legislative session.

Oklahoma Policy Institute is a new state policy organization committed to advancing policies aimed at promoting fiscal responsibility, expanding economic opportunity and reducing poverty. For additional information and analysis go to our website at: www.okpolicy.org