

The Oklahoman

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No simple solutions to easing tax burden: OUR VIEWS Lower-income residents pinched

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NO further tax cuts are in the offing for the foreseeable future, so Oklahoma's tendency to tax lower-income citizens disproportionately is also unlikely to change any time soon.

The state is rated as having an exceptionally regressive tax system by the [Institute on Taxation and Economic Policy](#) (ITEP), which says low- and moderate-income Oklahomans surrender a greater portion of their incomes to taxes than those with higher incomes.

The problem is multifaceted and begins with the fact that Oklahoma's highest personal income tax rate (now at 5.5 percent) kicks in at a relatively low income level. Add to that the burden imposed by sales taxes and the lack of an exemption on food and clothing.

[Oklahoma](#) municipalities rely almost exclusively on the sales tax to finance operations. We don't see that changing, so lower-income residents will continue to pay the government's tab disproportionately. The absence of a food and clothing exemption also seems unlikely to change.

We're not among the 10 most regressive states ranked by ITEP, but we're certainly not among the most progressive. One state listed as progressive is [New York](#), which is also one of the highest-tax states in the nation. Lower-income New Yorkers receive a double blessing in paying a lesser share of taxes (relative to higher-income residents) and benefiting from social programs for which the wealthy foot the bill.

The [Oklahoma Policy Institute](#) recommends Oklahoma's system be addressed by creating a more balanced tax system through increasing the state Earned Income Tax Credit, raising the sales tax credit for lower-income residents and adjusting income tax brackets to allow more income to be taxed at lower rates. A property tax credit for renters is also proposed.

Any of these suggestions would provide relief to lower-income Oklahomans but at the expense of state revenues. Today's economic climate is unripe for reducing revenues. The state can't afford it, just as poorer Oklahomans can't afford to shoulder a higher tax burden.

The institute notes that Oklahoma has made some progress over the past decade to decrease the tax burden on low- and moderate-income families. No family with income below the poverty level pays any income tax, for example. Also, the standard deduction has been increased.

Raising taxes on "the rich" is of course an option, one that would be welcomed by tax consumers. But tax policy changes need to take into account that punishing the successful is no way to rebuild a struggling economy. Long term, however, lower-income Oklahomans need and deserve a break.

Upping the sales tax credit and pushing more workers out of the top income tax bracket is one place to start a discussion on how Oklahoma can help lower-income families with its tax policy.