

Report: Poor spend more of income on taxes

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Thursday, November 19, 2009
11/19/2009 5:01:04 AM

The poorest 20 percent of Oklahomans pay the most in state and local taxes, a trend seen throughout most of the nation, a report issued this month states.

"Who Pays?" — an analysis by the nonprofit Institute on Taxation & Economic Policy — found that although Oklahoma isn't among the 10 most regressive or progressive, its sales, excise and property taxes take a higher share of family income from the groups ranking lowest in earnings.

"That's contrary to what most people think a fair tax system should be," said David Blatt, director of policy for the Oklahoma Policy Institute.

The lowest 20 percent pay nearly 10 percent of their income in state and local taxes and the top 1 percent pay about 5.6 percent of their income in taxes, according to the report.

Oklahoma is not alone, the report notes.

"The study's main finding is that nearly every state and local tax system takes a much greater share of income from middle- and low- income families than from the wealthy," according to the report.

Blatt said tax policies need to be reformed but that considering the state's notable economic struggles of late, tax cuts are off the table for now.

"The reality is that while the state is facing a severe budget crisis, there is very little chance of tax reform," he said.

When the economy stabilizes and tax policies are evaluated again, however, legislators should consider revision, Blatt said.

"I think that's a situation that calls out for reform and to efforts to make things more equitable," he said.

In Oklahoma, poorer people pay the most in sales and excise taxes — 7.7 percent — while the wealthy pay 1.1 percent.

The reverse is true, naturally, for income taxes, which account for nearly 4 percent of the top earners' income, according to state data.


A large part of that outcome can be attributed to the fact that Oklahoma includes groceries in its sales-tax base, a practice that a vast number of states don't allow, according to the report.

Earlier this year, a measure to gradually eliminate the state's sales tax on groceries died in a joint committee.

The Legislature also considered a bill to reduce the top individual income tax rate to 4 percent from 5.5 percent beginning in the 2010 tax year.

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