

WHERE DO OUR STATE TAXES GO?

On April 15 each year, Oklahoma citizens and businesses pay state income taxes to fund programs and services for all citizens of Oklahoma. This remains the largest **revenue** source for the state. Revenue is any income created at the local, state, or federal levels that is used to support public services and programs. Income taxes for individuals are considered a **progressive tax**, which means that as a person's income becomes higher, the person pays more taxes. Income tax for corporations is a **flat tax**. Corporations pay the same percentage, regardless of their size or how much profit they make.

In addition to state income taxes, revenue is generated through sales taxes in Oklahoma on all goods, including groceries. The percentage of sales tax for goods is determined by the legislature or through special elections. Sales taxes are also levied on gas and oil sales, the sale of new and used cars, insurance premiums, and the sale of tobacco and alcohol products. Oklahoma also charges fees for driver's licenses and license plates as well as fishing, hunting, and boating licenses. As many consumers begin to shop online, Oklahoma has begun to require virtual companies to charge sales tax if they sell goods to Oklahoma consumers.

Unlike the federal government, which has a budget deficit, the Oklahoma Constitution requires the state legislature to have a balanced budget. If public services require more money than what has been collected through revenue, state legislators are required to cut spending for public services or find new revenue sources. The situation where spending for public services exceeds collected revenues is called a **budget or revenue shortfall**.

Most of the state **appropriations**, or revenue funding, is given to common education, K-12. Common education accounts for 36% of the budget. A smaller percentage is allocated to higher education for Oklahoma colleges and universities (12%) and for career tech programs (2%). Combined, half of the Oklahoma state budget is allocated for education funding. Another large share of the state budget goes to mental health and healthcare services for all state employees and for people who cannot afford healthcare, which makes up approximately 20%. Smaller, but still significant, budget appropriations go to pay for prisons, law enforcement officers, and inmates. Transportation and public safety messages also account for about 8% to 10% of the budget. Many of these same public services rely on federal programs to support their budgets. For example, work on an interstate road project would receive funding from both the federal government and the state government. An interstate road improvement benefits travelers from other states and would qualify for federal dollars.

Other agencies and services not mentioned also require state funding. The state legislature must determine annually how much each state agency or public service will receive while creating a balanced budget.

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