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Oklahoma Policy Institute

WHAT THE INCOME TAX PAYS FOR

The personal income tax is Oklahoma's largest single revenue source. In 2011, the state collected \$2.412 billion from the personal income tax, or slightly less than one in three dollars (31.7 percent) of total state tax collections. The income tax supplies revenue that helps support every core function of government and public services.

Income tax revenues are allocated in two ways: First, a set amount is taken off the top for a number of specific programs, including:

- **The ROADS fund:** In 2012, the Department of Transportation received \$255.7 million from the individual income tax for maintenance and construction of roads and bridges, passenger rail services and public transportation.. In 2013 and each following year, the ROADS fund will receive an additional \$41.7 million until the fund reaches an annual amount of \$435 million.
- **Quality Jobs:** Companies that qualify for the Quality Jobs program receive quarterly incentive payments from personal income tax receipts. In 2011, Quality Job payments totaled \$61.8 million.
- **Oklahoma's Promise scholarships:** In 2012, \$63.2 million in personal income tax revenues was allocated for Oklahoma's Promise scholarships, which cover higher education expenses for qualified Oklahoma students.

Remaining individual income tax revenues are divided between the General Revenue Fund (85.66%); 1017 Fund for Common Education (8.34%); Teacher's Retirement Fund (5.00%); and Ad Valorem Reimbursement Fund (1.00%). This year, income tax collections account for 29.9 percent of the total state appropriated budget . The agencies funded with the most income tax dollars are:

- **Department of Education** – \$743.4 million from the personal income tax, which represents the cost of salary and benefits for almost **17,000 public school teachers**;
 - **Health Care Authority** – \$268.2 million, representing the state match for the health care expenses of more than **430,000 low-income children** enrolled in SoonerCare;
 - **Higher Education** – \$261.8 million, representing the per-student cost of educating **23,400 full-time students** at public colleges and universities;
 - **Human Services** – \$149.7 million, representing the state share of funding for the services DHS provides to some **14,500 Oklahomans with developmental disabilities**;
 - **Corrections** – \$141.2 million, representing the expense of incarcerating more than **9,300 inmates**,
- An additional \$383 million in income tax revenues are divided between some 70 other state agencies.

In 2011, the income tax also provided \$118 million to help shore up the badly underfunded Oklahoma Teacher's Retirement System and \$24 million to partly reimburse counties and school districts for lost property tax revenues.