

GRADUATE CORPORATE INCOME TAX

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KEY FACTS

- Income tax rate for corporations is 6%
- Corporate income tax collections were 2.2% of Oklahoma revenue
- Oklahoma ranks 31th in overall business tax climate

BACKGROUND

Oklahoma corporations pay income tax at a flat rate of 6%. This static tax rate unfairly burdens businesses already struggling to grow and create more jobs. Our rate is the second highest among states in our region and is one of the factors that earned Oklahoma the ranking of 31th in overall business tax climate in the *2017 State Business Tax Climate Index* by the Tax Foundation.

The modern business market is characterized by mobile capital and labor, with business of all types tending to locate where they have the greatest competitive advantage. Because of this, it stands to reason that the states with the best tax systems will be the most competitive in attracting new businesses and the most effective at generating economic growth. Unlike other concerns such as infrastructure, health care and a skilled workforce that can take decades to implement, changes to a tax code can quickly improve a state's business climate.

Business taxes affect business decisions such as plant location, job creation and retention. Oklahoma should reduce the burden companies pay in the form of corporate tax and create a sliding scale to help small business.

STATE CHAMBER POSITION

The State Chamber supports job-creating measures such as corporate income tax reduction. One simple way to reduce the corporate income tax would be the creation of brackets based upon income and indexed to inflation. This inflation index would prevent automatic tax increases on business incomes based solely upon inflation.