

eCapitol News

Senate approves bill repealing individual income tax trigger

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(eCap) The Senate approved a bill Monday that repeals the individual income tax trigger that would reduce the top marginal rate from 5.0 percent to 4.85 percent.

"I believe with this vote the Senate is saying we need to quit digging -- we need to stabilize our income," Sen. Roger Thompson, R-Okemah and the Senate author of **SB0170**, said in a press release. "At this point in time, we need to pay our bills and let future legislatures deal with the decision of whether to reduce taxes further."

The bill, which is co-authored by Rep. Earl Sears, R-Bartlesville, declares null and void action of the Board of Equalization that would result in the individual income tax decreasing from 5.0 percent to 4.85 percent. The bill repeals statutory language establishing the process for the Board of Equalization to make a finding that would result in the individual income rate decrease and the requirement that the rate decrease when a particular finding is made.

The bill passed 39 to 6 with no discussion or debate.

Thompson, who chairs of the Senate Appropriations Subcommittee on Finance, said when the Legislature began cutting income taxes several years ago under then-Gov. Brad Henry, the state had a surplus of funds. After facing revenue shortfalls of \$600 million two sessions ago, \$1.3 billion last session, and \$878 million this year, Thompson said ending the trigger is the right thing to do.

"It would only take growth in the amount of \$97 million to trigger another state income tax cut from 5 percent to 4.85 percent," Thompson said. "That wouldn't be very much at all after the shortfalls we've seen. For right now, we need to focus on meeting our financial obligations."

The trigger requires a forecast that state revenues will increase. In its preliminary finding in December, the State Board of Equalization found insufficient revenue growth to activate the trigger. That finding was reaffirmed in February.

The bill now moves to the House for consideration.