

Maine

Maine Exempts Poor and Near-Poor Families From the Income Tax

Maine's 2001 income tax threshold — the income level at which families begin paying income tax:

Ranking among 42 states with income taxes

☞ For two-parent families of four: **\$23,500.**

11th highest

☞ For single-parent families of three: **\$21,100.**

10th highest

Maine's 2001 income tax on working-poor and near-poor families:

☞ No tax on families with *incomes at the poverty line* (\$18,104 for family of four, \$14,129 for family of three).

☞ No tax on families of three or four with *full-time minimum-wage earnings* (\$10,712).

☞ No tax on families with *incomes at 125% of poverty line* (\$22,630 for a family of four, \$17,661 for a family of three).

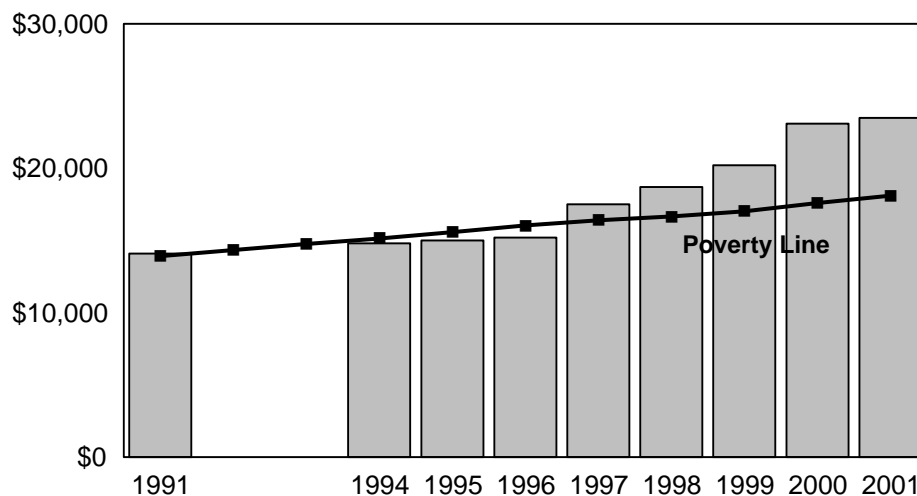
☞ The only states with more favorable income tax treatment of working-poor and near-poor families are states that have refundable income tax credits.

Maine has consistently exempted families with below-poverty earnings from the income tax.

☞ In 1991, a family of four owed no tax until its income reached 1 percent above the poverty line.

☞ Maine's threshold was below the poverty line in the mid-1990s but is now 30 percent above the poverty line.

Income Tax Threshold for Family of Four



| Year | Threshold |
|------|-----------|
| 1991 | \$14,100 |
| 1994 | \$14,800 |
| 1995 | \$15,000 |
| 1996 | \$15,200 |
| 1997 | \$17,500 |
| 1998 | \$18,700 |
| 1999 | \$20,200 |
| 2000 | \$23,100 |
| 2001 | \$23,500 |