

Minnesota

Minnesota Treats Poor Families Under Its Income Tax Better Than Most Other States

Minnesota'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: **\$27,700.**

4th highest

☞ For single-parent families of three: **\$26,400.**

2nd highest

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

☞ For families of three or four with *full-time minimum-wage earnings* (\$10,712): **\$1,002 refund.**

2nd highest refund (tie)

☞ For families of four with *incomes at the poverty line* (\$18,104): **\$1,402 refund.**

Highest refund

☞ For families of three with *incomes at the poverty line* (\$14,129): **\$1,002 refund.**

2nd highest refund

☞ For families of three with *incomes at 125% of poverty line* (\$17,661): **\$1,276 refund.**

Highest refund

☞ For families of four with *incomes at 125% of poverty line* (\$22,630): **\$784 refund.**

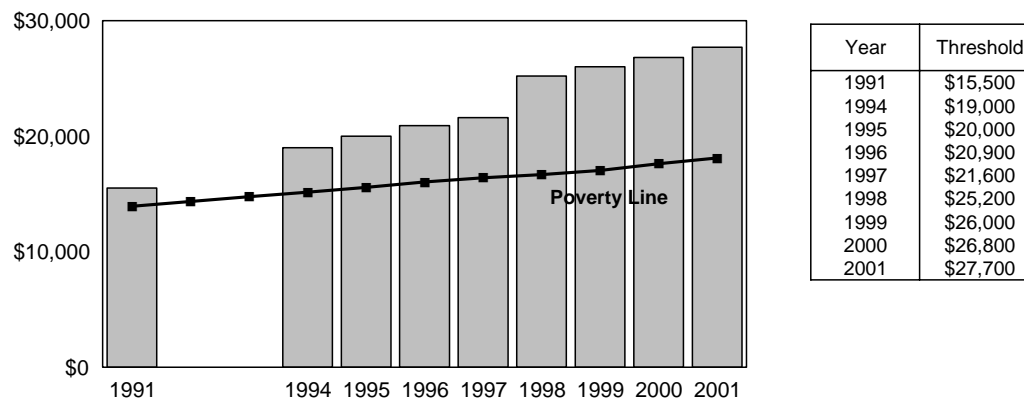
Highest refund

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

☞ Because Minnesota's income tax threshold for families of four has risen substantially during the 1990s, the threshold has risen further above the poverty line. (See chart.)

☞ In 1991, a family of four owed no income tax until its income reached 11 percent above the poverty line. Minnesota's tax threshold is now 53 percent above the poverty line.

Income Tax Threshold for Family of Four



Source: CBPP, *State Income Tax Burdens on Low-Income Families in 2001*, February 26, 2002.