

Rhode Island

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

Rhode Island'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: **\$26,800.**

6th highest

☞ For single-parent families of three: **\$25,200.**

5th highest

Rhode Island'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* (\$12,792).

☞ 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).

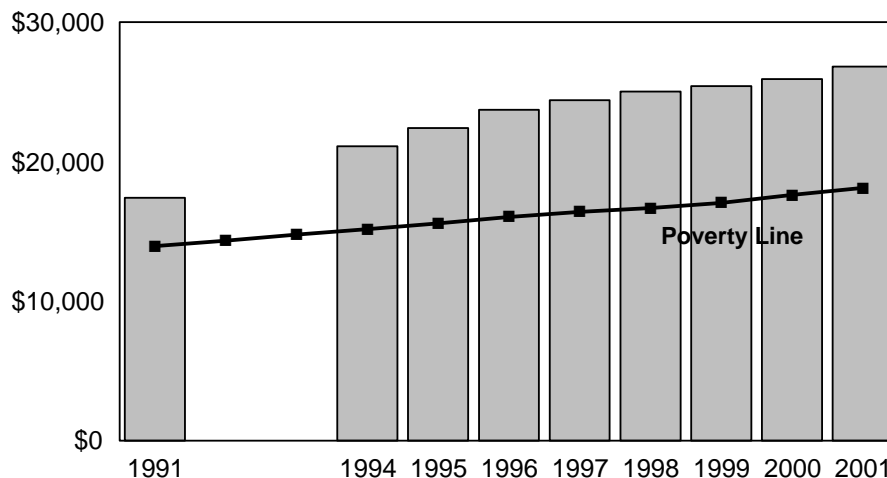
☞ The only states with more favorable income tax treatment of working-poor and near-poor families are states that have refundable income tax credits.

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

☞ As Rhode Island's tax threshold for families of four increased during the 1990s, the threshold rose further above the poverty line. (See chart.)

☞ In 1991, a family of four owed tax when its income reached 25 percent above the poverty line. Rhode Island's tax threshold is now 48 percent above the poverty line.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$17,400
1994	\$21,100
1995	\$22,400
1996	\$23,700
1997	\$24,400
1998	\$25,000
1999	\$25,400
2000	\$25,900
2001	\$26,800