

Indiana

Poor Families in Indiana Are Hit Harder by the Income Tax Than Those in Most Other States

Indiana's 2002 income tax threshold — the income level at which families begin paying income tax:

Ranking among 42 states with income taxes

- ⇒ For single-parent families of three: **\$9,000.** **4th lowest**
- ⇒ For two-parent families of four: **\$9,500.** **3rd lowest**

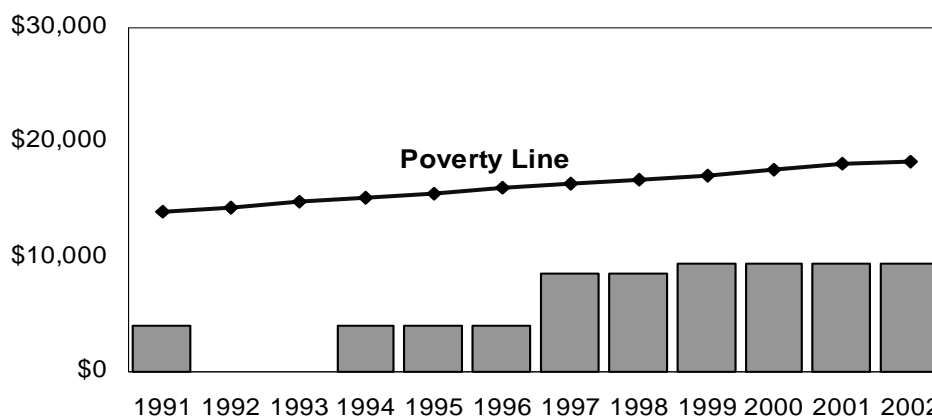
Indiana's 2002 income tax on working-poor and near-poor families:

- ⇒ For families of three with *incomes at the poverty line* (\$14,351): **\$284** **3rd highest**
- ⇒ For families of four with *incomes at the poverty line* (\$18,390): **\$387.** **3rd highest**
- ⇒ For families of three with *minimum-wage earnings* (\$10,712): **\$116** **5th highest**
- ⇒ For families of four with *minimum-wage earnings* (\$10,712): **\$82** **4th highest**
- ⇒ For families of three with *incomes at 125% of poverty line* (\$17,939): **\$406.** **6th highest**
- ⇒ For families of four with *incomes at 125% of poverty line* (\$22,988): **\$544.** **7th highest**

Despite progress, Indiana continues to tax families with incomes below the poverty line.

- ⇒ Indiana's tax threshold for families of four more than doubled in 1997, but substantial gap remains between the threshold and the poverty line.
- ⇒ In 1991, a family of four owed tax when its income exceeded 29 percent of the poverty line. By 2002, Indiana's tax threshold rose to 52 percent of the poverty line.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$4,000
1994	\$4,000
1995	\$4,000
1996	\$4,000
1997	\$8,500
1998	\$8,500
1999	\$9,500
2000	\$9,500
2001	\$9,500
2002	\$9,500