# **Montana**

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

Montana's 2002 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 three: \$8,100.

3<sup>rd</sup> lowest

⇒ For single-parent families of four: \$9,900.

4<sup>th</sup> lowest

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

⇒ For families of three with *incomes at the poverty line (\$14,351)*: **\$183 6**<sup>th</sup> **highest** 

⇒ For families of four with *incomes at the poverty line (\$18,390)*: **\$244**. **9**<sup>th</sup> **highest** 

⇒ For families of three with *minimum-wage earnings* (\$10,712): **\$56 6**<sup>th</sup> **highest** 

⇒ For families of four with *minimum-wage earnings* (\$10,712): **\$17 5**<sup>th</sup> **highest** 

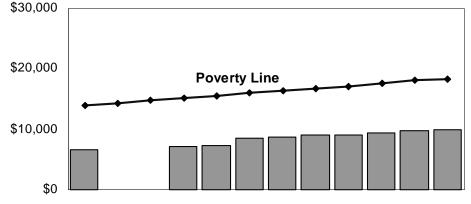
For families of three with *incomes at 125% of poverty line (\$17,939):* **10**<sup>th</sup> **highest** 

For families of four with *incomes at 125% of poverty line (\$22,988):* **10**<sup>th</sup> **highest** 

## Montana has consistently taxed families with income below the poverty line.

- Montana's tax threshold for families of four increased during the last decade, but a substantial gap remains between the threshold and the poverty line.
- □ In 1991, a family of four owed tax when its income exceeded 47 percent of the poverty line. By 2002, Montana's tax threshold was 54 percent of the poverty line.

### Income Tax Threshold for Family of Four



Year	Threshold
1991	\$6,600
1994	\$7,200
1995	\$7,400
1996	\$8,600
1997	\$8,800
1998	\$9,000
1999	\$9,100
2000	\$9,500
2001	\$9,800
2002	\$9,900

1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002

Source: Center on Budget and Policy Priorities, *State Income Tax Burdens on Low-Income Families in 2002*, April 11, 2003.