

Arizona

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

Arizona's 2000 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: **\$23,600.**

10th highest

☞ For single-parent families of three: **\$20,100.**

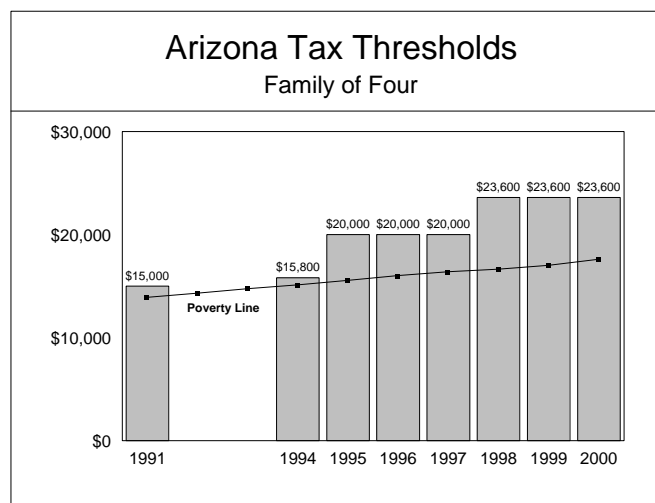
11th highest

Arizona's 2000 income tax on working-poor and near-poor families:

- ☞ No tax on families with *incomes at the poverty line* (\$17,601 for family of four, \$13,737 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 the poverty line* (\$22,001 for a family of four, \$17,171 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.

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

- ☞ Because Arizona's tax threshold for families of four was increased substantially during the 1990s, the threshold has risen further above the poverty line. (See chart.)
- ☞ In 1991, a family of four owed no tax until its income reached 8 percent *above* the poverty line. Arizona's tax threshold is now 34 percent *above* the poverty line.



Source: Center on Budget and Policy Priorities.