

Minnesota

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

Minnesota'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: **\$26,800.**

4th highest (tie)

☞ For single-parent families of three: **\$25,600.**

2nd highest

Minnesota's 2000 income tax for working-poor and near-poor families:

☞ For families of four with *poverty-line incomes* (\$17,601): **\$1,360 refund.**

Lowest

☞ For families of three with *poverty-line incomes* (\$13,737): **\$972 refund.**

2nd lowest

☞ For families of three with *minimum-wage earnings* (\$10,712): **\$972 refund.**

2nd lowest

☞ For families of four with *incomes at 125% of the poverty line* (\$22,001): **\$747 refund.**

Lowest

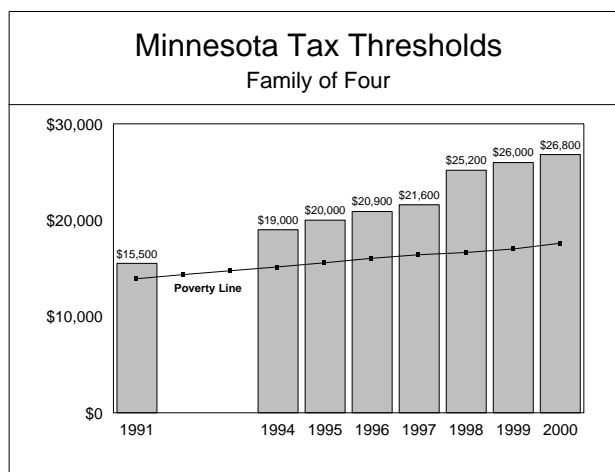
☞ For families of three with *incomes at 125% of the poverty line* (\$17,171): **\$1,234 refund.**

Lowest

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

☞ Because Minnesota's 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 tax until its income reached 11 percent *above* the poverty line. Minnesota's tax threshold is now 52 percent *above* the poverty line.



Source: Center on Budget and Policy Priorities.