

Rhode Island

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

Rhode Island's 2000 income tax threshold — the income level at which families begin paying income tax:

Ranking among 42 states with income taxes

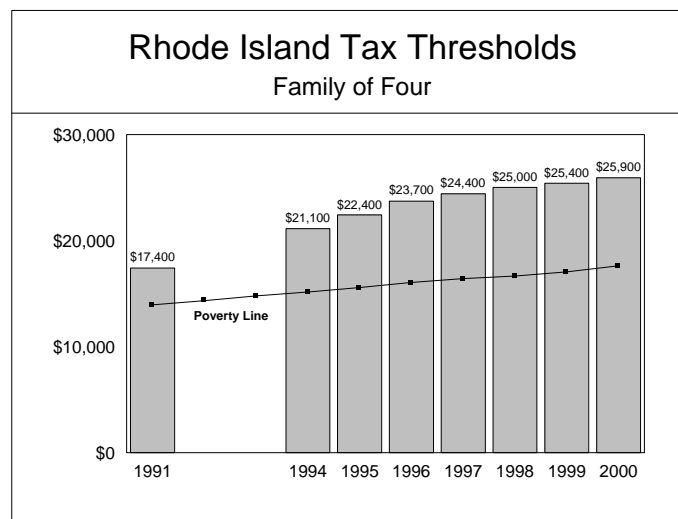
- ☞ For two-parent families of four: **\$25,900.** **6th highest**
- ☞ For single-parent families of three: **\$24,400.** **5th highest (tie)**

Rhode Island'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* (\$12,792).
- ☞ No tax on families of three or four with *incomes at 125% of the poverty line* (\$22,001 for family of four, \$17,171 for 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 has increased 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 25 percent *above* the poverty line. Rhode Island's threshold now has risen to 47 percent *above* the poverty line.



Source: Center on Budget and Policy Priorities.