

*For Immediate Release:*

Tuesday, March 27, 2007

*Contact:* Shannon Spillane  
202-408-1080, spillane@cbpp.org

820 First Street, NE  
Suite 510  
Washington, DC 20002

Tel: 202-408-1080  
Fax: 202-408-1056

center@cbpp.org  
www.cbpp.org

---

Robert Greenstein  
Executive Director

Iris J. Lav  
Deputy Director

---

**Board of Directors**

David de Ferranti, Chair  
*The World Bank*

Henry J. Aaron  
*Brookings Institution*

Ken Apfel  
*University of Maryland*

Barbara B. Blum  
*Columbia University*

Marian Wright Edelman  
*Children's Defense Fund*

James O. Gibson  
*Center for the Study of Social  
Policy*

Beatrix Hamburg, M.D.  
*Cornell Medical College*

Frank Mankiewicz  
*Hill and Knowlton*

Richard P. Nathan  
*Nelson A Rockefeller Institute  
of Government*

Marion Pines  
*Johns Hopkins University*

Sol Price  
*Chairman, The Price Company  
(Retired)*

Robert D. Reischauer  
*Urban Institute*

Audrey Rowe  
*AR Consulting*

Susan Sechler  
*German Marshall Fund*

Juan Sepulveda, Jr.  
*The Common Experience/  
San Antonio*

William Julius Wilson  
*Harvard University*

---

John Kramer  
*Founding Chair  
1937-2006*

## GEORGIA TAXES WORKING-POOR FAMILIES DEEPER INTO POVERTY

Working poor families in Georgia with incomes well below the federal poverty line face state income tax bills, according to a new study from the Center on Budget and Policy Priorities, which examines the income tax burdens on the poor in the 42 states that levy income taxes.

Georgia's "tax threshold" (the income level at which families begin owing taxes) for tax year 2006 is \$15,900 for a two-parent family of four and \$12,700 for a single-parent family of three. These thresholds are the 9<sup>th</sup>- and 7<sup>th</sup>-lowest in the nation, respectively.

"A number of states have significantly reduced their taxation of the poor in recent years, because they recognize the importance of helping families work their way out of poverty," said Jason Levitis, co-author of the report. "But Georgia continues to tax poor families deeper into poverty. Unless Georgia takes action, it will rank worse and worse each year in comparison to other states."

A two-parent family of four in Georgia with income at the federal poverty line of \$20,615 owes \$160 in state income taxes for 2006. A single-parent family of three in Georgia with income at the federal poverty line of \$16,079 owes \$97. Such taxes can make a big difference to a family struggling to escape poverty.

"Policymakers across the political spectrum agree that taxing a working-poor family deeper into poverty is counter-productive," said Levitis. "The federal government has exempted such families for decades and a majority of states now do so as well."

The tax Georgia levies on families of four at the poverty line jumped 38 percent between 2005 and 2006 because the state failed to adjust its exemptions, standard deductions and low-income credit to keep up with inflation. Without legislative action, Georgia's income tax threshold will sink further.

"By eliminating state income taxes on working families with incomes at or below the poverty line, states can offset some of the child care and transportation costs that families incur as they strive to become economically self-sufficient," said Levitis. "In other words, by eliminating income taxes on poor working families, states can help make work pay."

- more -

---

The full report, with Georgia-specific fact sheet, is available at: <http://www.cbpp.org/3-27-07sfp.htm>.

**Note to editors:** The Center on Budget will host a media conference call briefing to discuss this new report at 1:00 p.m. (ET) on Tuesday, March 27. To participate, please register by e-mailing [spillane@cbpp.org](mailto:spillane@cbpp.org), or calling the communications office at (202) 408-1080.

# # #

The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.