

# Arkansas

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

### Arkansas's 2006 income tax threshold

Rank among the 42 states with income taxes

(The income level at which families begin paying income tax)

(1 = lowest threshold)

- For single-parent families of three: \$13,400 8
- For two-parent families of four: \$16,000 10

### Arkansas's 2006 income tax levied on working-poor and near-poor families

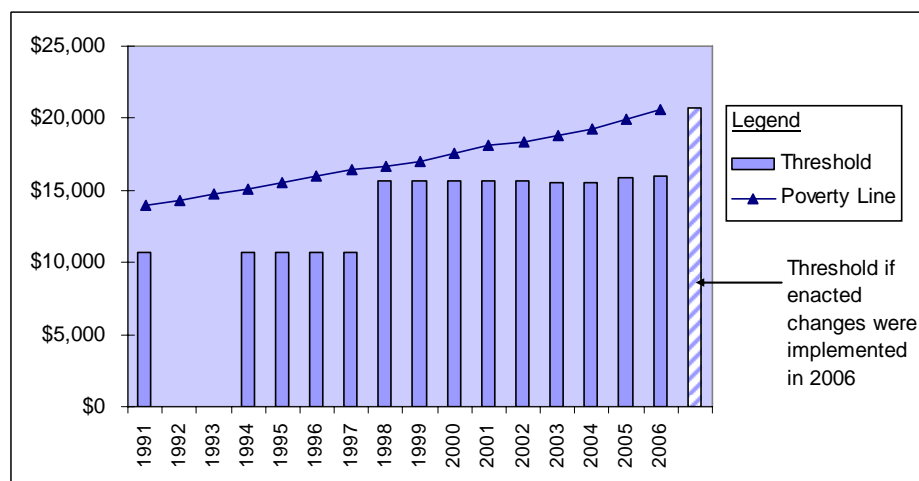
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$16,079): \$135 7
- For families of four with incomes at the poverty line (\$20,615): \$427 3
- For families of three with minimum-wage earnings (\$11,282): \$0 (tied for) 7
- For families of three with incomes at 125% of poverty line (\$20,099): \$491 4
- For families of four with incomes at 125% of poverty line (\$25,769): \$713 5

### Arkansas' income tax treatment of poor families will improve substantially in 2007.

- Since 1994, Arkansas' income tax on families of four with poverty-level income has risen by \$213, an increase of 44 percent after accounting for inflation.
- Beginning in 2007, Arkansas will raise its threshold close to the poverty line and reduce taxes substantially for families with incomes just over the poverty line.

#### Income Tax Threshold for Family of Four



Year	Threshold
1991	\$10,700
1992	no data
1993	no data
1994	\$10,700
1995	\$10,700
1996	\$10,700
1997	\$10,700
1998	\$15,600
1999	\$15,600
2000	\$15,600
2001	\$15,600
2002	\$15,600
2003	\$15,500
2004	\$15,500
2005	\$15,900
2006	\$16,000