

California

California Exempts Working-Poor and Near-Poor Families from Its Income Tax

California'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: \$42,400 42
- For two-parent families of four: \$44,700 42

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

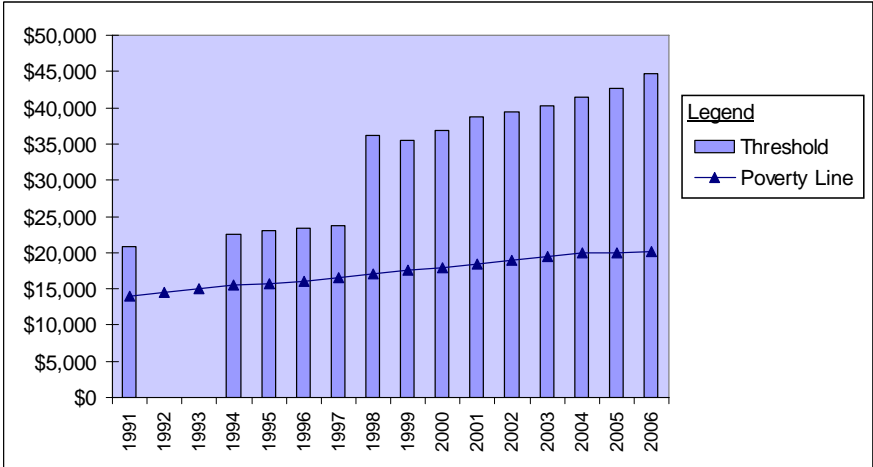
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$16,079): \$0 (tied for) 16
- For families of four with incomes at the poverty line (\$20,615): \$0 (tied for) 20
- For families of three with minimum-wage earnings (\$14,040): \$0 (tied for) 7
- For families of three with incomes at 125% of poverty line (\$20,099): \$0 (tied for) 25
- For families of four with incomes at 125% of poverty line (\$25,769): \$0 (tied for) 30

California's income tax has consistently exempted poor families.

- California has the highest income tax thresholds in the nation.
- In 1991, a family of four owed no tax until its income reached 50 percent above the poverty line. California's tax threshold is now more than double the poverty line.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$20,900
1992	no data
1993	no data
1994	\$22,600
1995	\$23,000
1996	\$23,400
1997	\$23,800
1998	\$36,100
1999	\$35,500
2000	\$36,800
2001	\$38,800
2002	\$39,400
2003	\$40,200
2004	\$41,500
2005	\$42,700
2006	\$44,700