

# Arkansas

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

### Arkansas' 2005 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: \$13,100 8
- For two-parent families of four: \$15,900 (tied for) 9

### Arkansas' 2005 income tax levied on working-poor and near-poor families

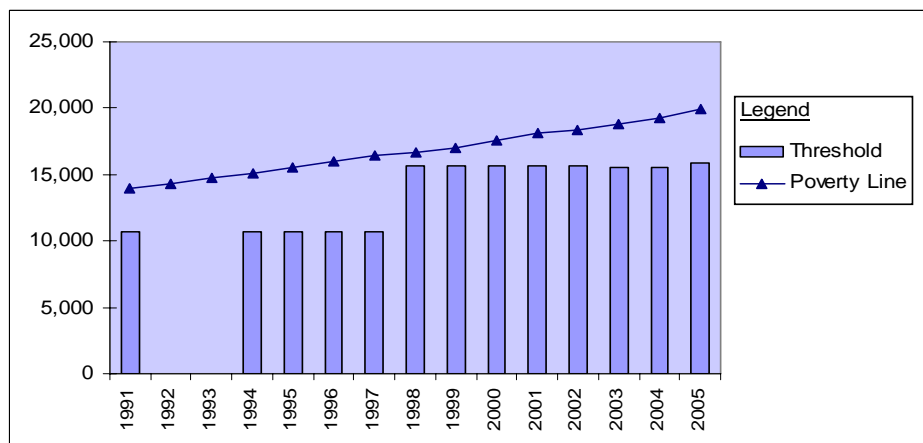
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$15,577): \$126 7
- For families of four with incomes at the poverty line (\$19,961): \$406 3
- For families of three with minimum-wage earnings (\$10,712): \$0 (tied for) 7
- For families of three with incomes at 125% of poverty line (\$19,471): \$474 5
- For families of four with incomes at 125% of poverty line (\$24,951): \$683 5

### Arkansas' income tax threshold is declining relative to the poverty line.

- Arkansas' tax threshold for families of four was increased in 1998. Since then it has declined from 94 percent of the poverty line to 80 percent of the poverty line. Without legislative action, Arkansas' threshold will decline further.
- Since 1994, Arkansas' income tax on families of four with poverty-level income has risen by \$192, an increase of 44 percent after accounting for inflation.

#### 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