

Arizona

Arizona Exempts Working-Poor Families from the Income Tax

Arizona's 2005 income tax threshold

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

Rank among the 42 states with income taxes
(1 = lowest threshold)

- For single-parent families of three: \$20,100 (tied for) 29
- For two-parent families of four: \$23,600 28

Arizona's 2005 income tax levied on working-poor and near-poor families

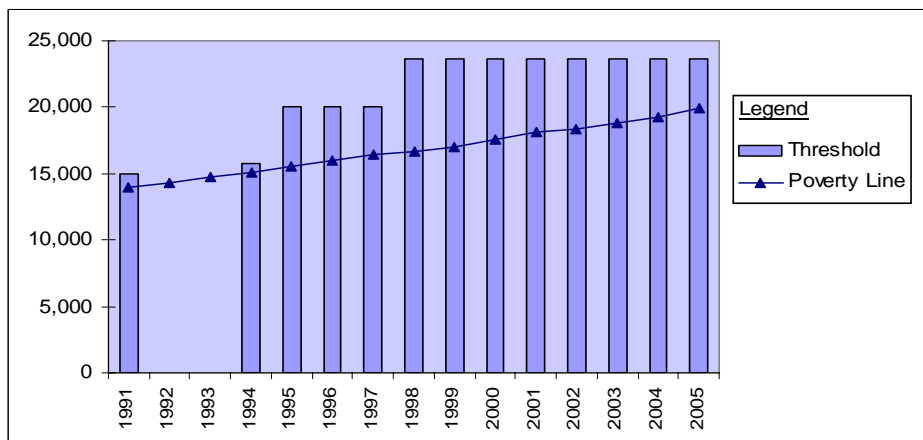
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$15,577): \$0 (tied for) 17
- For families of four with incomes at the poverty line (\$19,961): \$0 (tied for) 20
- 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): \$0 (tied for) 28
- For families of four with incomes at 125% of poverty line (\$24,951): \$167 22

Arizona's income tax threshold is declining relative to the poverty

- Arizona's tax threshold for families of four was increased to \$23,600 since 1998. Since then it has declined from 42 percent over the poverty line to 18 percent over the poverty line.
- Without legislative action, Arizona will tax families in poverty in just a few years.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$15,000
1992	no data
1993	no data
1994	\$15,800
1995	\$20,000
1996	\$20,000
1997	\$20,000
1998	\$23,600
1999	\$23,600
2000	\$23,600
2001	\$23,600
2002	\$23,600
2003	\$23,600
2004	\$23,600
2005	\$23,600