

# Montana

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

### Montana's 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: \$8,900 2
- For two-parent families of four: \$10,800 3

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

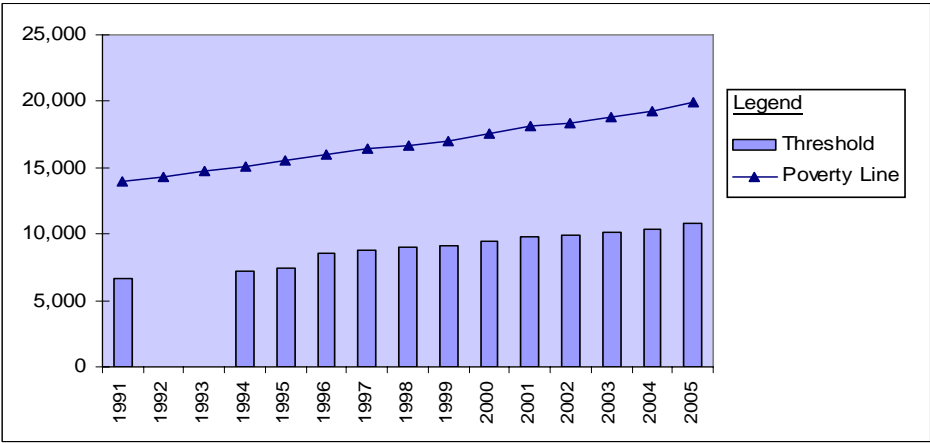
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$15,577): \$143 6
- For families of four with incomes at the poverty line (\$19,961): \$209 9
- For families of three with minimum-wage earnings (\$10,712): \$19 5
- For families of three with incomes at 125% of poverty line (\$19,471): \$284 10
- For families of four with incomes at 125% of poverty line (\$24,951): \$424 12

## Despite reduced income tax rates, Montana's thresholds remain among nation's lowest.

- Montana's tax threshold for families of four has increased since 1991, but a substantial gap remains between the threshold and the poverty line.
- Montana's 2005 tax rate reduction did not increase its threshold, but it did substantially reduce income tax liability for poor families. Between 2004 and 2005, the tax faced by a family of four at the poverty line decreased from \$255 to \$209.

### Income Tax Threshold for Family of Four



Year	Threshold
1991	\$6,600
1992	no data
1993	no data
1994	\$7,200
1995	\$7,400
1996	\$8,600
1997	\$8,800
1998	\$9,000
1999	\$9,100
2000	\$9,500
2001	\$9,800
2002	\$9,900
2003	\$10,100
2004	\$10,400
2005	\$10,800