

Vermont

Vermont Treats Working-Poor and Near-Poor Families Under Its Income Tax Better Than Most Other States

Vermont'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: \$28,900 (tied for) 40
- For two-parent families of four: \$32,200 41

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

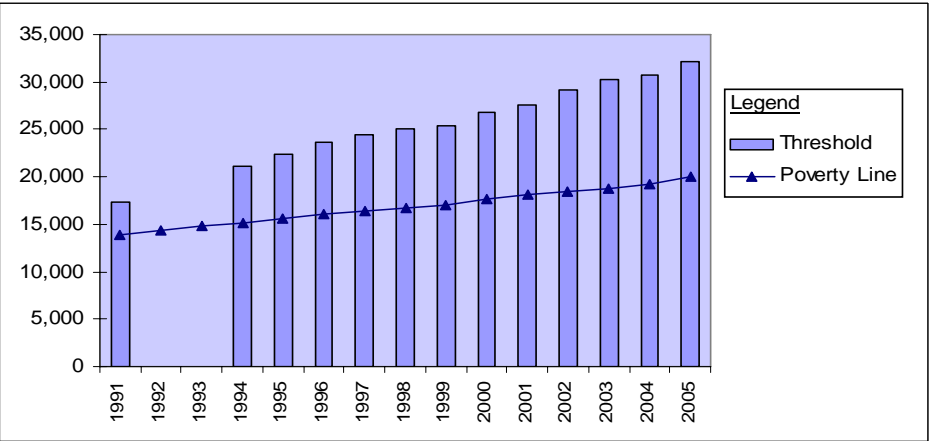
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$15,577): \$1,327 refund 42
- For families of four with incomes at the poverty line (\$19,961): \$1,165 refund 41
- For families of three with minimum-wage earnings (\$14,560): \$1,394 refund 42
- For families of three with incomes at 125% of poverty line (\$19,471): \$972 refund 41
- For families of four with incomes at 125% of poverty line (\$24,951): \$751 refund 41

Vermont has consistently exempted families with below-poverty earnings from the income tax.

- Since 1991, Vermont's income tax threshold for families of four has grown from 25 percent above the poverty line to 61 percent above the poverty line.
- Vermont's Earned Income Tax Credit provides one-parent families of three at the poverty line a tax refund of \$1,327 to help them work their way out of poverty — the largest refund in the country for such families.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$17,400
1992	no data
1993	no data
1994	\$21,100
1995	\$22,400
1996	\$23,700
1997	\$24,400
1998	\$25,000
1999	\$25,400
2000	\$26,800
2001	\$27,600
2002	\$29,200
2003	\$30,200
2004	\$30,800
2005	\$32,200