

# California

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

### California'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: \$40,500 42
- For two-parent families of four: \$42,700 42

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

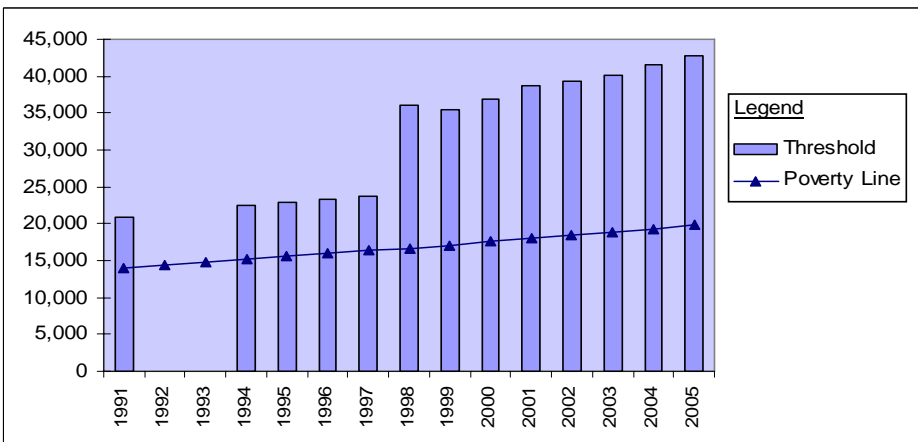
Rank (1 = highest tax)

- 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 (\$14,040): \$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): \$0 (tied for) 32

### 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