

Kentucky

Kentucky Exempts Most Working-Poor Families from Its Income Tax, But the Tax on Near-Poor Families Is Among the Highest in the Nation

Kentucky'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: \$16,100 19
- For two-parent families of four: \$19,400 (tied for) 16

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

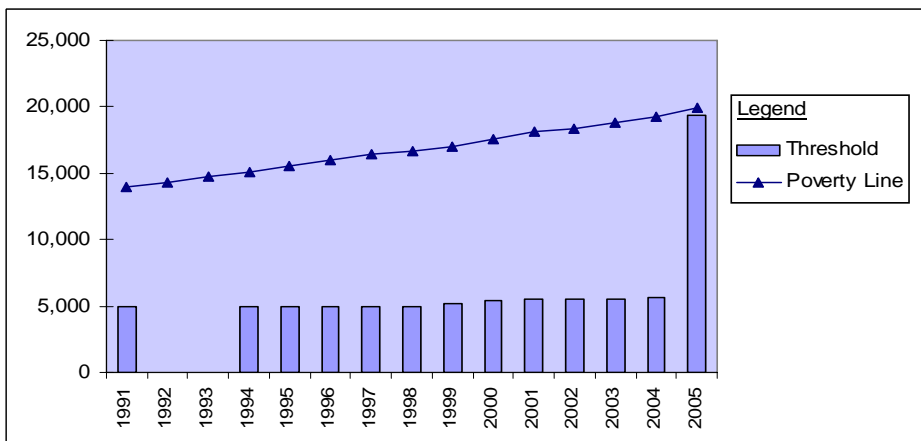
Rank (1 = highest tax)

- 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): \$78 16
- 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): \$464 6
- For families of four with incomes at 125% of poverty line (24,951): \$858 1

Kentucky's low-income credit more than tripled its tax thresholds in 2005, but near-poor working families of four still face high income taxes.

- Kentucky's new low-income credit increased its threshold for families of four from \$5,600 to \$19,400, which is just below the poverty line for a family of that size. The credit also reduced the tax liability for a family of four at the poverty line from \$652 to \$78.
- Because the new credit quickly phases out just above the poverty line, Kentucky families of four earning 125 percent of the poverty line still face the highest tax in the nation, at \$858.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$5,000
1992	no data
1993	no data
1994	\$5,000
1995	\$5,000
1996	\$5,000
1997	\$5,000
1998	\$5,000
1999	\$5,200
2000	\$5,400
2001	\$5,500
2002	\$5,500
2003	\$5,500
2004	\$5,600
2005	\$19,400