

Minnesota

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

Minnesota'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: \$31,800 39

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

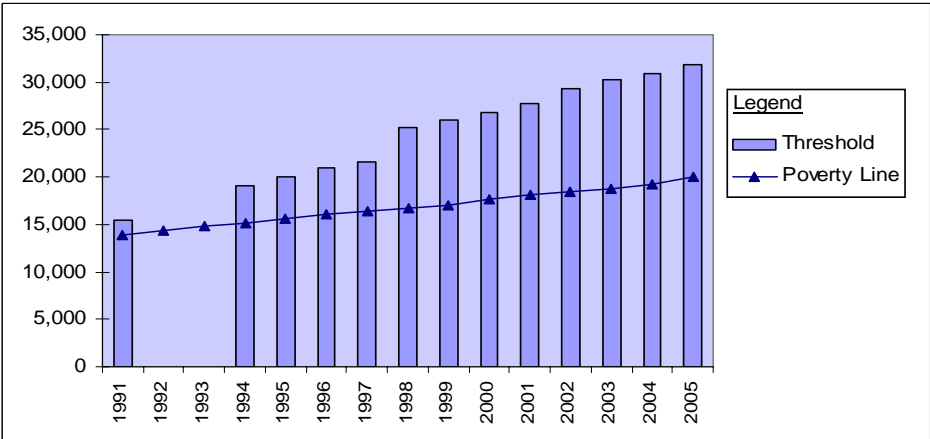
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$15,577): \$1,100 refund 40
- For families of four with incomes at the poverty line (\$19,961): \$1,540 refund 42
- For families of three with minimum-wage earnings (\$10,920): \$1,095 refund 39
- For families of three with incomes at 125% of poverty line (\$19,471): \$1,404 refund 42
- For families of four with incomes at 125% of poverty line (\$24,951): \$1,077 refund 42

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

- Since 1991, Minnesota's income tax threshold for families of four has grown from 11 percent above the poverty line to 59 percent above the poverty line.
- Minnesota's Earned Income Tax Credit provides two-parent families of four at the poverty line a tax refund of \$1,540 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	\$15,500
1992	no data
1993	no data
1994	\$19,000
1995	\$20,000
1996	\$20,900
1997	\$21,600
1998	\$25,200
1999	\$26,000
2000	\$26,800
2001	\$27,700
2002	\$29,300
2003	\$30,200
2004	\$30,900
2005	\$31,800