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September 27, 2011

Via Email - Tax.Directors.Office@hawaii.gov

Members, Tax Review Commission
c/o Department of Taxation
State of Hawaii
830 Punchbowl Street, Rm. 221
Honolulu, Hawaii 96813

Re: Proposals for 2011-2012 Tax Review Commission Consideration

Members of the Commission,

I respectfully submit the following tax proposals for consideration--the first two involving policy issues and the remainder suggesting procedural tax reforms. As for the latter, I recognize that procedural tax matters do not attract attention by policy makers; however, they do affect the public's confidence in our tax system and perceptions of tax fairness and equity. Tax practitioners and industry have successfully lobbied for and obtained legislation to address procedural fairness issues in the past, some of which include the following: repeal of play-to-play for appeals to the tax appeal court, statute of limitations on delinquent tax collections, disclosure private letter rulings, establishment of appeals and dispute resolution office, and closing audit letters. Each of these legislative initiatives addressed imbalances of power as between the department and taxpayers. There is no doubt that taxing powers should be preserved as taxes are the life blood of government, but that should be tempered with basic notions of fairness.

1. Act 155 Repeal.

Act 155, enacted in 2010, made a sea change in the administration of the general excise tax ("GET") by: (1) providing for a forfeiture of GET deductions and exemptions upon failure to file what amounts to an information/reconciliation GET return (Form G-49) and (2) imposing personal liability on responsible persons of taxpayer entities (corporations, LLCs, partnerships, trusts, etc.) that fail to pay their GET.

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Act 155 provides a forfeiture of all GET exemptions and deductions, including the .5% wholesale rate, if a taxpayer does not file the annual Form G-49 within 12 months of its due date. This is a trap for the unwary, because many taxpayers do not know that the annual Form G-49 must be filed even though all tax liabilities were paid on time with the monthly GET returns (Form G-55) for the year in question. Taxpayers who believe that they do not have GET liability but are assessed the GET on audit also will not have filed the Form G-49. Losing GET benefits on this technicality will cause needless forfeiture of GET exemptions and deductions. Needless because the stated purpose of Act 155 was for the Department to receive information on GET benefits claimed by taxpayers. However, that objective can be accomplished through a less drastic penalty, such as monetary penalties. The Department's attempt to soften the impact of this part of Act 155 in TIR 2010-5 is not legal authority and can be revoked at any time. Based on other actions by the Department in the past, the TIR can even be revoked retroactively.

Act 155 further imposes personal liability on responsible persons who willfully fail to pay over the taxpayers' (corporations, LLCs, partnerships, trusts, etc.) unpaid GET. With the GET being so far reaching from the standpoint of its tax base, fairness issues arise that do not have a counterpart in sales tax states. Over and over we see taxpayers who do not understand that the GET can apply to wholesale transactions, services, income from intangibles, transactions even between related parties, and even phantom income. Especially for nonprofits, determining whether the GET applies to sources of income is a complex determination. A large GET assessment can bankrupt a company and, under Act 155, the Department can then point to one or more officers and directors to pay the GET. The fact that the failure to pay over the GET must be "willful" is of little comfort because there will always be at least one person found to be personally liable and federal courts addressing similar language in employment tax delinquencies have found personal liability in situations that you would not expect. For example, the following is a list of conduct that federal courts have not accepted as excuses from personal liability:

- Obeying direct orders from supervisors not to pay over trust fund taxes—not good absent unusual circumstances.
- Fear of being fired not excused.
- Individuals with check-signing authority without discretionary power expected to refuse to sign or co-sign checks to other creditors and payroll checks until trust fund taxes are paid.
- Even waiting too long to quit doesn't absolve liability.
- Delegating payroll responsibilities, or outsourcing payroll to payroll agent not excuse.
- Lack of funds no excuse in most cases.
- Trying to prevent shut down of operation or expectation that finances will improve no defense.
- Ignorance no excuse for directors if they should have known of the risk based on reports from officers and financial reports and the directors were told about the nonpayment of trust funds or were in a position to find out

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easily. So, can become a responsible person at any time even if you were not one at the time of the nonpayment.

- Community impact is not justification, e.g., social services of nonprofit would terminate.
- Closure and liquidation does not excuse payments.
- Senior executive status in large publicly traded company responsible for day-to-day management and finances liable for New York sales tax even if thousands of checks were issued during two-year period at issue, company had in-house tax department and relied on large outside accounting firm. Reliance on others no excuse.

Even more serious is that personal liability for unpaid GET applies whether or not the GET has been passed on to the customer.

Nevertheless, if repeal of this part of Act 155 will not be considered, then the following amendments to Act 155 should be adopted for balance:

- Adopt federal limited immunity for volunteer board members of tax-exempts.
- Permit right of contribution as per federal law.
- Limit personal liability only to the GET visibly passed on and collected from retail customer.
- Permit the responsible person to challenge the assessments against the taxpayer entity.
- Conform to IRC § 7491 on the burden of proof and burden of production.
- Permit that payments be directed to trust fund taxes first.
- On liquidation, limit personal liability to the value of assets of the taxpayer (transferee liability concept).

2. Earned Income Tax Credit; Standard Deduction.

Hawaii's income tax structure is known for disproportionately impacting our lower-income residents. In a recent report by the Center on Budget and Policy Priorities, Hawaii ranks as one of the few states that tax families with income below the poverty level. See "The Impact of State Income Taxes on Low-Income Families in 2009", Phil Oliff and Ashali Singham, Center on Budget and Policy Priorities (April 26, 2010), copy attached. A simple remedy would be to increase the standard deduction to match the federal deduction along with its annual CPI adjustments. A more equitable means of accommodating that population is to piggyback onto the federal earned income tax credit ("EITC"). Although that credit has been subject to fraud in the past, the Internal Revenue Service has developed fraud detection programs to assist in fraud prevention. Hawaii would not need to engage in any of that work as Hawaii's EITC program

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could be coordinated with IRS for the necessary safeguards. The Department could also collaborate with IRS on its outreach and educational efforts relating to the EITC.

3. Statute of Limitations on Collections.

Although practitioners successfully lobbied in 2009 for a statute of limitations on delinquent tax collections (Hawaii was only one in four states without such a statute of limitations before enactment of Act 166), the statutory period enacted was 15 years. I urge the Commission to adopt a 10-year statute of limitations that will conform to the federal statute.

4. Appeals and Dispute Resolution Office.

Also in Act 166 (2009), practitioners obtained legislative approval for the Department to establish an independent appeals office similar to that institutionalized at the Internal Revenue Service. The IRS Appeals Office is viewed as successfully resolving tax disputes on an informal and expedited basis without the expense of litigation. The problem is that the Department has not filled this office with any personnel. I urge the Commission to recommend that this office be staffed as soon as possible.

5. Board of Review and Tax Appeal Court Case Hearings Should be Posted.

The Boards of Review and the Tax Appeal Court should post all hearings and trials on their respective web sites prior to the hearing date. These proceedings are public, but the transparency afforded by the public nature of these proceedings is lost if the public does not have a convenient way to be informed of these proceedings. Posting these hearing and trial dates on the web would give teeth to the transparency afforded these hearings under the law.

6. Burden of proof in court proceedings should conform to federal law.

The taxpayer has the burden of proof in court proceedings, and that should remain the rule. However, once the taxpayer introduces credible evidence on any factual issue, the burden of proof should shift to the Department to produce rebuttal evidence. This balances the rights of both parties in a fairer manner, and is in accord with the federal rule under IRC § 7491(a). Also like the federal rule, the Department should have the burden or proof on reconstructed income. IRC § 7491(b).

7. Stacking of Penalties; Burden of Proof.

Act 166 (2009) imposed numerous civil penalties to mirror many of those provided in the Internal Revenue Code. However, unlike the Code, Act 166 permits penalties to be imposed on penalties. Only one penalty should be imposed on the same conduct and, in this regard, Hawaii law should be brought into conformity to federal law. Furthermore, the

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Department should have the burden of production relating to the imposition of any penalties, which is the federal rule. IRC § 7491(c).

Thank you in advance for your consideration of the foregoing.

Very truly yours,

CHUN, KERR, DODD, BEAMAN & WONG,
a Limited Liability Law Partnership



Ray Kamikawa

Encl: as stated
cc via email: Director Frederick D. Pablo
Deputy Director Randy Baldemor

RKK:lmnt / 144027.1

April 26, 2010

THE IMPACT OF STATE INCOME TAXES ON LOW-INCOME FAMILIES IN 2009

By Phil Oliff and Ashali Singham¹

Summary

State income taxes affect working-poor families in different ways. Some states' tax codes help working-poor families lift themselves out of poverty. Others push them deeper into poverty. An analysis of state income tax systems for the 2009 tax year shows that:

- In 13 of the 42 states that levy income taxes, two-parent families of four with incomes below the federal poverty line are liable for income tax;
- In 11 states, poor single-parent families of three pay income tax;
- And 25 states collect taxes from families of four with incomes just above the poverty line.

These findings are based on the federal poverty line for 2009: \$21,947 for a family of four and \$17,102 for a family of three.

Some states levy income tax on working families in severe poverty. Five states — **Alabama, Georgia, Illinois, Montana, and Ohio** — tax the income of two-parent families of four earning less than three-quarters of the poverty line (\$16,460). And three states — **Alabama, Georgia, and Montana** — tax the income of one-parent families of three earning less than three-quarters of the poverty line (\$12,827).

In some states, families living in poverty face yearly income tax bills of several hundred dollars. In 2009, a two-parent family of four with income at the poverty line owed \$468 in **Alabama**, \$266 in **Hawaii**, \$225 in **Iowa**, and \$225 in **Montana**. Such amounts can make a big difference to a family struggling to escape poverty. Other states levying tax of more than \$150 on families with poverty-level incomes were **Georgia, Illinois, Ohio, and Oregon**.

At the other end of the spectrum, a growing number of states offer significant refunds to low-income working families, primarily through Earned Income Tax Credits (EITCs). Twenty-one

¹ Additional data analysis for this report was provided by Cathy Collins, Dylan Grundman, Michael Leachman, Michael Mazerov, Elizabeth McNichol, and Erica Williams.

states use the tax code to reduce poverty for families with two children and minimum-wage income, for example.

Over the last two decades, states have made significant progress in reducing the tax liabilities of low-income families. In 1991, over half of the states with an income tax levied taxes on two-parent, two-child families living with poverty-level income, whereas in 2009 fewer than one-third of these states levied taxes on such families.

There was important progress in 2009, as states implemented changes – mostly enacted before the recession – that reduced taxes for low-income working families. The number of states levying income tax on working-poor families of four declined from 16 states in 2008 to 13 states in 2009. And the taxes levied by those remaining 13 states also declined.

In the face of state fiscal problems, however, this progress has ground to a halt. Since the beginning of 2009, few states have enacted reforms to improve the tax treatment of low-income workers.

To some degree the slowing of progress has been inevitable. States' balanced budget requirements and current dire fiscal conditions have restricted states' ability to reduce taxes on poor families.

Nonetheless, doing so should remain a priority for states that still have such taxes. Taxing the incomes of working-poor families runs counter to the efforts of policymakers across the political spectrum to help families work their way out of poverty. The federal government has exempted such families from the income tax since the mid-1980s, and a majority of states now do so as well.

Eliminating state income taxes on working families with poverty-level incomes gives a boost in take-home pay that helps offset higher child care and transportation costs that families incur as they strive to become economically self-sufficient. In other words, relieving state income taxes on poor families can make a meaningful contribution toward “making work pay.”

Of particular concern, a number of states are considering budget balancing measures that would roll back targeted tax reductions for the working poor. New Jersey's governor and Washington, D.C.'s mayor have proposed decreases in the EITC. Georgia's legislature is considering eliminating the refundable portion of the state's low-income credit. Virginia enacted a budget that prevents an increase in the federal EITC from flowing through to the state's EITC. These changes would increase taxes on hundreds of thousands of poor and near-poor working families with children.

States have other gap-closing options at their disposal that do not reverse the progress they have made in mitigating the tax liabilities of low-income workers and that would be better for the economy.

Given these alternatives, states need not dismantle efforts to reduce poverty and encourage work. Rather they should preserve these efforts and build upon them when their fiscal situation improves.

Methodology

This analysis assesses the impact of each state's income tax in 2009 on poor and near-poor families with children. Broad-based income taxes are levied in 41 states and the District of Columbia. Two family types are used in assessing taxes' impact: a married couple with two dependent children, and a single parent with two dependent children.² The analysis focuses on two measures: the lowest income level at which state residents are required to pay income tax, and the tax due at various income levels.³

A benchmark used throughout this analysis is the federal poverty line — the annual estimate of the minimum financial resources required for a family to meet basic needs. The Census Bureau's poverty line for 2009 was \$17,102 for a family of three and \$21,947 for a family of four.⁴ It is generally acknowledged that attaining self-sufficiency requires an income level substantially higher than the federal poverty line, so if anything this analysis understates the extent to which state income tax provisions might impede the ability of poor families to move up the economic ladder.

Many States Continue to Levy Substantial Income Taxes on Poor Families

The Tax Threshold

One important measure of the impact of taxes on poor families is the income tax threshold — the point below which a family owes no income tax. Tables 1A and 1B show the thresholds for a single parent with two children and for a married couple with two children, respectively.

- In 11 states, the threshold is too low to exempt from income taxes a single-parent family of three at the \$17,102 poverty line. In the remaining 31 states with income taxes, the threshold is above the poverty line, so families at that level of earnings pay no income tax or receive a refund.
- In 13 states, the threshold is too low to exempt from income taxes a two-parent family of four at the \$21,947 poverty line. The remaining 29 states with income taxes have thresholds above the poverty line (See Figure 1, below).

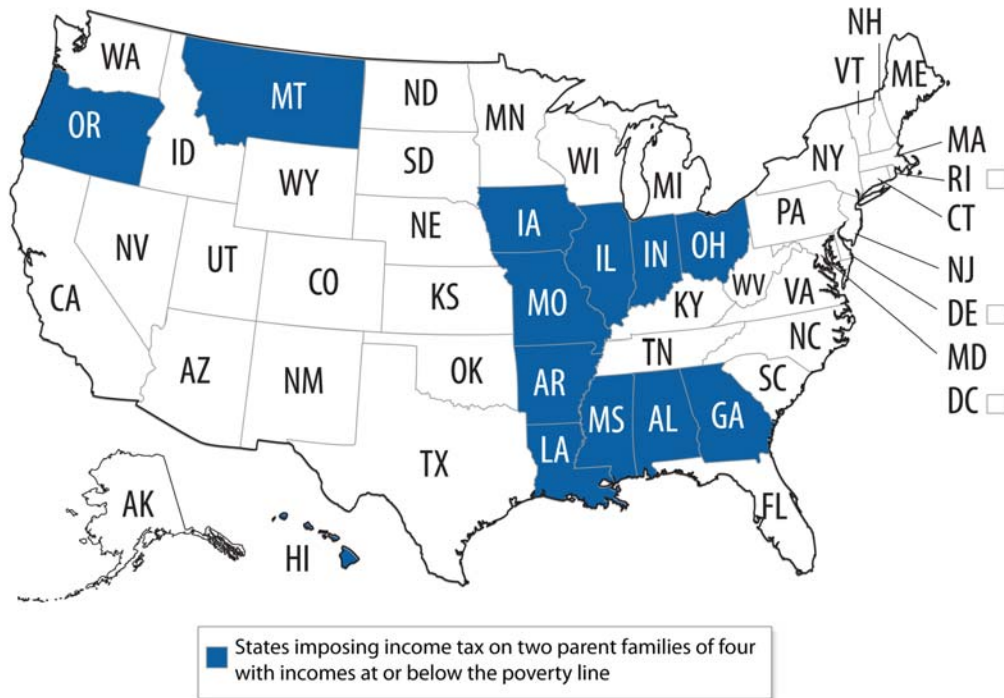
² The married couple is assumed to file a joint return on its federal and state tax forms, and the single parent is assumed to file as a Head of Household. A few states have different tax treatment for married couples with two workers, so each family is assumed to include one worker. For the few states where tax treatment depends on the age of children, the children are taken to be ages four and eleven.

³ This report takes into account income tax provisions that are broadly available to low-income families and that are not intended to offset some other tax. It does not take into account tax credits or deductions that benefit only families with certain expenses; nor does it take into account provisions that are intended explicitly to offset taxes other than the income tax. For instance, it does not include the impact of tax provisions that are available only to families with out-of-pocket child care expenses or specific housing costs, because not all families face such costs. It also does not take into account sales tax credits, property tax "circuit breakers," and similar provisions, because this analysis does not attempt to gauge the impact of those taxes — only of income taxes.

⁴ Specifically, this report uses the Census Bureau's weighted average poverty thresholds, available at <http://www.census.gov/hhes/www/poverty/threshld/09prelim.html>.

FIGURE 1

Many States Tax Working-Poor Families Deeper into Poverty



cbpp.org

- Five states — **Alabama, Georgia, Illinois, Montana, and Ohio** — tax families of three or four in severe poverty, meaning those earning less than three-quarters of the federal poverty line. That income level in 2009 was \$12,827 for a family of three and \$16,460 for a family of four.
- While most states set income tax thresholds high enough to exempt from taxes a family of three where the employed person works full-time at the minimum wage, eight do require such a family to pay: **Alabama, Georgia, Hawaii, Illinois, Missouri, Montana, Ohio, and Oregon.**
- **New York** has the nation’s highest threshold for 2009. There is no income tax on a family of three making under \$34,600 or a family of four making under \$40,300. Those levels are well above the poverty lines for families of those sizes.

Taxes and Tax Credits for Poor Families

Several states charge those living in poverty several hundred dollars a year in income taxes — a substantial amount for a struggling family. Tables 2A, 2B, 3A, and 3B show these amounts.

- The tax bill for a poverty-line family of four exceeds \$150 in eight states: **Alabama, Georgia, Hawaii, Illinois, Iowa, Montana, Ohio, and Oregon.**
- As noted above, a majority of states do not tax families with poverty-level income.

- There are 17 states that not only avoid taxing poor families but also offer tax credits that provide refunds to families of three or four with income at the poverty line. These are the 17 states shown at the bottom of Table 2A. These credits act as a wage supplement and income support, helping to assist families' work efforts and reduce poverty. The amount of refund for families with income at the poverty line is as high as \$1,940 for a family of four in **New York**.
- In addition to those 17, there are four other states that tax some or all families with incomes at the poverty line, but provide refundable credits to families with two children and full-time, minimum-wage income.

Taxes on Near-Poor Families

Studies have consistently found that the basic costs of living — food, clothing, housing, transportation, and health care — in most parts of the country exceed the federal poverty line, sometimes substantially.⁵ So, many families with earnings above the official federal poverty line still have considerable difficulty making ends meet.

In recognition of the challenges faced by families with incomes somewhat above the poverty line, the federal government and state governments have set eligibility ceilings for some programs, such as energy assistance, school lunch subsidies, and in many states health care subsidies, at 125 percent of the poverty line (\$21,378 for a family of three, \$27,434 for a family of four in 2009) or above.

A majority of states, however, continue to levy income tax on families with incomes at 125 percent of the poverty line. Tables 4A and 4B show these amounts.

- In 25 states, two-parent families of four earning 125 percent of the poverty level are taxed, with the bill exceeding \$500 in eight states: **Alabama, Arkansas, Georgia, Hawaii, Iowa, Kentucky, Oregon, and West Virginia**.
- Twenty-two states tax families of three with income at 125 percent of the poverty line.

How Can States Reduce Income Taxes on Poor Families?

States employ a variety of mechanisms to reduce income taxes on poor families. Nearly all states offer personal exemptions and/or standard deductions, which reduce the amount of income subject to taxation for all families, including those with low incomes. In a number of states, these provisions by themselves are sufficient to lift the income tax threshold above the poverty line. In addition, many states have enacted provisions targeted to low- and moderate-income families. To date, 24 states have established an Earned Income Tax Credit based on the federal EITC, which is a mechanism for reducing the tax obligation of working-poor families, mostly those with children.⁶

⁵ See, for example, Sylvia A. Allegretto, *Basic Family Budgets: Working Families' Incomes Often Fail to Meet Living Expenses Around the U.S.*, Economic Policy Institute, September 2005.

⁶ The 24 states are the **District of Columbia, Delaware, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Rhode Island, Vermont, Virginia, Washington, and Wisconsin**. For more information on state EITCs, see Erica Williams, Nicholas Johnson, and Jon Shure, "State Earned Income Tax Credits:

Why Does This Report Focus on the Income Tax — A Tax That Is Arguably the Fairest State Tax?

In most states, poor families pay more in consumption taxes, such as sales and gasoline taxes, than they do in income taxes. They also pay substantial amounts of property taxes and other taxes and fees. Why then does this report focus on the impact of state income taxes on poor families?

First, because the income tax is a major component of most state tax systems — making up 36 percent of total state tax revenue nationally — the design of a state's income tax has a major effect on the overall fairness of the state's tax system.

Second, it is administratively easier for states to target income tax cuts to poor families than it is to cut sales or property taxes on those families. That is because information on a taxpayer's income is available at the time the income tax is levied. Sales tax, on the other hand, is collected by merchants from consumers with no knowledge of income level; and property taxes are passed through from landlords to renters. As a result, the most significant low-income tax relief at the state level in the past decade has come by means of the income tax.

Third, families trying to work their way out of poverty often face an effective tax on every additional dollar earned in the form of lost benefits such as income support, food stamps, Medicaid, or housing assistance. Income taxes on poor families can exacerbate this problem and send a negative message about the extent to which increased earnings will improve family well-being.

This report emphasizes that many states' income taxes leave considerable room for improvement. But it is important to recognize that a state tax system that includes an income tax — even one with a relatively low income threshold — typically serves low-income families better than a state tax system that does not include an income tax at all. The reason is that most states' income taxes, even those that tax the poor, are progressive; that is, income tax payments represent a smaller share of income for low-income families than for high-income families. By contrast, the other primary source of tax revenue for states, the sales tax, is regressive, consuming a larger share of the income of low-income families than of high-income families.

States that rely heavily on non-income taxes tend to have higher overall taxes on the poor than do other states. Seven states — Florida, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming — do not appear in this report because they do not levy income taxes. Their heavy reliance on the sales tax renders their tax systems very burdensome for low-income families. Conversely, two states with income taxes but no general sales tax — Montana and Oregon — are shown in this report to impose above-average income tax burdens on the poor, despite some recent improvement. While there is room for further improvement in this aspect of their income taxes, these two states still have less regressive tax systems overall than the average state because they do not levy general sales taxes.

Some states offer other types of low-income tax credits, such as **New Mexico's** Low-Income Comprehensive Tax Rebate. Finally, a few states have a “no-tax floor,” which sets a dollar level below which families owe no tax but does not affect tax liability for families above that level. A \$20,000 no-tax floor, for example, means that a family making below that amount owes no taxes, but once income surpasses that level the tax is owed on all taxable income from one dollar up.

Most States Have Made Substantial Progress Since the Early 1990s, but Others Lag Severely Behind

Since the 1990s, Most States' Income-Tax Treatment of the Poor Has Improved Greatly

While a substantial number of states continue to tax the poor, since the early 1990s, states generally have reduced the amount of tax owed by working-poor families. From 1991 to 2009, the number of states levying income tax on poor, two-parent families of four decreased to 13 from 24. Over that same span, the average of state tax thresholds increased to 120 percent of the poverty line from 84 percent. And many of the 13 states that still tax poor families of four have reduced the taxes levied. From 1994 to 2009, the average tax levied fell by 42 percent, after adjusting for inflation. Tables 5, 6, and 7 show these changes over time.

From 2008 to 2009 alone, there was significant progress, based largely on measures enacted prior to the recession. Three states that previously levied income tax on poor families of four — Kentucky, North Carolina and West Virginia — no longer do so. And average taxes paid by families with incomes at the poverty line in the 13 states that still tax the poor declined by 18 percent.⁷ Specific policy changes for 2009 include:

- Indiana increased its EITC from 6 percent to 9 percent of the federal credit. This change raised the state's threshold for single-parent families of three above the poverty line, and significantly reduced the tax liabilities of poor, two-parent families of four.
- Michigan increased its EITC from 10 to 20 percent of the federal credit. This increase boosted the size of the rebate that the state provides to poor families by over \$200.
- New Jersey increased its EITC from 22.5 percent to 25 percent of the federal credit, increasing the state's threshold and the size of the tax rebate that the state provides to poor families.
- North Carolina increased its EITC from 3.5 percent to 5 percent of the federal credit, lifting the state's threshold above the poverty line for a family of four.
- Oklahoma continued to phase in an increase in its standard deduction, lifting the state's tax threshold further above the poverty line.

A Few States Tax the Incomes of the Poor More Heavily than in the Early 1990s

A smaller number of states stand out for their lack of progress between the early 1990s and 2009 in reducing income taxes on the poor and near-poor.

⁷ To some degree, the improvement in state tax treatment of poverty-line families occurred because the federal poverty line, which is adjusted annually for the Consumer Price Index, declined in 2009. Many states' tax parameters are also tied to the Consumer Price Index (directly or indirectly through the federal tax code), but with a one-year lag, so the parameters increased in 2009 because the CPI increased in 2008. For 2010, the reverse is likely to be true: the federal poverty line will probably increase to reflect the fact that prices are again rising, but many states' tax parameters will not increase, so families with poverty-line income will pay more tax.

- In **California, Connecticut, Mississippi, and Ohio**, the income tax threshold has fallen compared to the poverty line since 1991. In **Connecticut**, the threshold has fallen over that time to 110 percent of the poverty line from 173 percent.
- In four states — **Georgia, Iowa, Mississippi, and Ohio** — the income tax on families of four with poverty-level incomes has risen since 1994 even after accounting for inflation. As Table 6 shows, the inflation-adjusted increase was 30 percent in **Georgia** and 3 percent in **Ohio**. In **Iowa**, such families' tax liability increased to \$225 from zero — the highest dollar increase in any state. In each of these states, the reason for the tax increase is that personal exemptions, credits, or other features designed to protect the incomes of low-income families from taxation have eroded due to inflation.

Progress Is Threatened in 2010

States' fiscal troubles are significantly slowing their progress in reducing the tax liabilities of poor families. Faced with budget deficits, few states since 2009 have revised their tax systems to improve their tax treatment of low income families.

Beyond limiting new measures to reduce the tax liabilities of poor families, fiscal problems have prompted some states to consider measures that increase income taxes for poor and near-poor families. For example:

- Georgia's legislature is considering eliminating the refundable portion of the state's Low Income Credit. Under this proposal, a low-income taxpayer would not be able to claim the portion of the credit that exceeds his or her tax liability. Had this proposal been in effect in 2009, a two-parent, two-child family with income at half the federal poverty line (\$10,974) would have lost its eligibility for a \$32 tax credit.
- New Jersey's governor has proposed cutting the state's earned income tax credit from 25 to 20 percent of the federal credit. Had this occurred in 2009, a family of four with income at the poverty line would have lost almost \$250.
- Virginia enacted a budget that requires that, in tax year 2010, families compute their state EITC based not on the current federal EITC but rather on the EITC as it existed under pre-2009 federal law. Had this change taken effect in 2009, a two-parent family with three children with income at 125 percent of the federal poverty line would have paid \$205 in additional income taxes.
- Washington D.C.'s mayor has proposed reducing the city's EITC from 40 to 39 percent of the federal credit. Had the District's EITC been 39 percent of the federal credit in 2009, a family of four with income at the poverty line would have lost \$49.

These measures would increase poverty and reduce the after-tax incomes of working families already hit hard by the recession. As a result, they would be more harmful to states' economies than other budget-balancing measures. This is because lower-income people spend nearly all of the money they make, mainly on necessities. So for every dollar they lose, the total amount of spending in the economy drops by around a dollar. That puts more jobs at risk — such as at stores where

low-income people shop — and weakens a recovery. By contrast, high-income people are generally able to save part of any extra income they receive. So for every dollar they lose in income, total spending drops by less than a dollar, say, 90 cents. Thus, tax increases that mostly affect higher-income families and corporations have less of an impact on aggregate demand and are better for the economy and jobs.⁸

Conclusion

Too many states continue to tax the income of poor families and in some cases, the poorest. Over time, states have made significant progress in improving the tax treatment of these families. In 2009, however, that progress slowed significantly, as fiscal problems constrained states' ability to advance targeted tax reductions. To address budget deficits, some states have proposed or enacted tax policy changes that would reduce after-tax incomes for the working poor. This approach to budget balance is misguided. States have other gap-closing options at their disposal that do not reverse the progress they have made in mitigating the tax liabilities of low-income workers and would be better for the economy. Despite their fiscal troubles, states should prioritize preserving this progress and build upon it when their budget outlook improves.

⁸ This point — made by, among others, Nobel Prize winner Joseph Stiglitz of Columbia University and Peter Orszag, now the director of the Office of Management and Budget — is explained more fully in “Budget Cuts or Tax Increases at the State Level: Which is Preferable During a Recession?” Center on Budget and Policy Priorities, <http://www.cbpp.org/cms/?fa=view&id=1032>.

Table 1A: 2009 State Income Tax Thresholds, Single-Parent Family of Three

Rank	State	Threshold
1	Alabama	\$9,800
2	Montana	9,900
3	Georgia	12,700
4	Hawaii	13,800
5	Illinois	14,400
5	Mississippi	14,400
5	Missouri	14,400
8	Ohio	14,700
9	Arkansas	15,200
10	Oregon	16,700
11	Louisiana	16,800
<i>Poverty Line: \$17,102</i>		
12	Indiana	18,300
12	Kentucky	18,300
12	West Virginia	18,300
15	Iowa	18,800
16	North Carolina	19,000
17	Connecticut	19,100
18	Colorado	19,300
19	Idaho	19,400
20	North Dakota	19,600
21	Utah	19,700
22	Arizona	20,100
23	Michigan	22,300
23	Oklahoma	22,300
25	Virginia	23,000
25	Wisconsin	23,000
27	Maine	23,900
28	Pennsylvania	25,500
29	South Carolina	25,700
30	Massachusetts	26,400
31	Delaware	26,500
32	California	26,600
33	Kansas	27,100
34	Nebraska	27,300
35	District of Columbia	29,400
36	Rhode Island	31,600
37	New Jersey	32,300
38	Maryland	32,400
39	Minnesota	33,100
39	Vermont	33,100
41	New Mexico	33,800
42	New York	34,600
Average Threshold 2009		\$22,000
Amount Above Poverty Line		\$4,898

Note: A threshold is the lowest income level at which a family has state income tax liability. In this table thresholds are rounded to the nearest \$100. The 2009 poverty line is a Census Bureau estimate based on the actual 2008 line adjusted for inflation. The threshold calculations include earned income tax credits, other general tax credits, exemptions, and standard deductions. Credits that are intended to offset the effects of taxes other than the income tax or that are not available to all low-income families are not taken into account. Source: Center on Budget and Policy Priorities

Table 1B: 2009 State Income Tax Thresholds, Two-Parent Family of Four

Rank	State	Threshold
1	Montana	\$12,000
2	Alabama	12,600
3	Georgia	15,900
4	Ohio	16,200
5	Illinois	16,400
6	Hawaii	17,800
7	Missouri	18,100
8	Iowa	19,200
9	Mississippi	19,600
10	Oregon	19,800
11	Indiana	20,300
12	Louisiana	21,000
13	Arkansas	21,400
<i>Poverty Line: \$21,947</i>		
14	Kentucky	22,100
14	West Virginia	22,100
16	North Carolina	23,200
17	Arizona	23,600
18	Connecticut	24,100
19	Oklahoma	25,800
20	Colorado	26,000
21	Idaho	26,100
22	North Dakota	26,300
23	Utah	26,500
24	Michigan	26,600
25	Virginia	27,400
26	Maine	28,200
27	Wisconsin	28,600
28	Massachusetts	29,500
29	Kansas	30,400
30	California	31,000
31	Delaware	31,700
32	Pennsylvania	32,000
33	District of Columbia	32,300
34	South Carolina	32,400
35	Nebraska	33,200
36	New Jersey	36,300
37	Rhode Island	36,500
38	Maryland	36,800
39	Minnesota	37,400
40	Vermont	38,700
41	New Mexico	39,500
42	New York	40,300
Average Threshold 2009		\$26,300
Amount Above Poverty Line		\$4,353

Note: A threshold is the lowest income level at which a family has state income tax liability. In this table thresholds are rounded to the nearest \$100. The 2009 poverty line is a Census Bureau estimate based on the actual 2008 line adjusted for inflation. The threshold calculations include earned income tax credits, other general tax credits, exemptions, and standard deductions. Credits that are intended to offset the effects of taxes other than the income tax or that are not available to all low-income families are not taken into account. Source: Center on Budget and Policy Priorities

Table 2A: 2009 State Income Tax at Poverty Line, Single-Parent Family of Three

Rank	State	Income	Tax
1	Alabama	\$17,102	\$333
2	Hawaii	17,102	211
3	Arkansas	17,102	205
4	Montana	17,102	151
5	Georgia	17,102	141
6	Ohio	17,102	94
7	Illinois	17,102	89
8	Mississippi	17,102	81
9	Missouri	17,102	56
10	Oregon	17,102	34
11	Louisiana	17,102	19
12	Arizona	17,102	0
12	California	17,102	0
12	Colorado	17,102	0
12	Connecticut	17,102	0
12	Delaware	17,102	0
12	Idaho	17,102	0
12	Kentucky	17,102	0
12	Maine	17,102	0
12	North Dakota	17,102	0
12	Pennsylvania	17,102	0
12	South Carolina	17,102	0
12	Utah	17,102	0
12	Virginia	17,102	0
12	West Virginia	17,102	0
26	Indiana	17,102	(62)
27	North Carolina	17,102	(131)
28	Iowa	17,102	(179)
29	Rhode Island	17,102	(183)
30	Oklahoma	17,102	(244)
31	Michigan	17,102	(441)
32	Nebraska	17,102	(488)
33	Wisconsin	17,102	(515)
34	New Mexico	17,102	(548)
35	Kansas	17,102	(703)
36	Massachusetts	17,102	(732)
37	Maryland	17,102	(1,058)
38	New Jersey	17,102	(1,220)
39	Minnesota	17,102	(1,257)
40	Vermont	17,102	(1,562)
41	District of Columbia	17,102	(1,695)
42	New York	17,102	(1,939)

Source: Center on Budget and Policy Priorities

Table 2B: 2009 State Income Tax at Poverty Line, Two-Parent Family of Four

Rank	State	Income	Tax
1	Alabama	\$21,947	\$468
2	Hawaii	21,947	266
3	Iowa	21,947	225
3	Montana	21,947	225
5	Georgia	21,947	218
6	Oregon	21,947	200
7	Illinois	21,947	172
8	Ohio	21,947	159
9	Missouri	21,947	89
10	Arkansas	21,947	83
11	Mississippi	21,947	70
12	Indiana	21,947	65
13	Louisiana	21,947	21
14	Arizona	21,947	0
14	California	21,947	0
14	Colorado	21,947	0
14	Connecticut	21,947	0
14	Delaware	21,947	0
14	Idaho	21,947	0
14	Kentucky	21,947	0
14	Maine	21,947	0
14	North Dakota	21,947	0
14	Pennsylvania	21,947	0
14	South Carolina	21,947	0
14	Utah	21,947	0
14	Virginia	21,947	0
14	West Virginia	21,947	0
28	North Carolina	21,947	(91)
29	Rhode Island	21,947	(185)
30	Oklahoma	21,947	(198)
31	Michigan	21,947	(395)
32	Nebraska	21,947	(492)
33	New Mexico	21,947	(527)
34	Wisconsin	21,947	(567)
35	Kansas	21,947	(595)
36	Massachusetts	21,947	(618)
37	New Jersey	21,947	(994)
38	Maryland	21,947	(1,004)
39	District of Columbia	21,947	(1,496)
40	Vermont	21,947	(1,575)
41	Minnesota	21,947	(1,759)
42	New York	21,947	(1,940)

Source: Center on Budget and Policy Priorities

Table 3A: 2009 State Income Tax at Minimum Wage, Single-Parent Family of Three

Rank	State	Income*	Tax
1	Alabama	\$14,231	\$188
2	Hawaii**	15,080	98
3	Montana**	14,655	74
4	Oregon**	17,472	66
5	Illinois**	16,380	60
6	Ohio**	15,184	46
7	Georgia	14,231	34
8	Missouri**	14,837	8
9	Arizona**	15,080	0
9	Arkansas	14,231	0
9	California**	16,640	0
9	Colorado**	15,142	0
9	Connecticut**	16,640	0
9	Delaware**	14,959	0
9	Idaho	14,231	0
9	Kentucky**	14,352	0
9	Maine**	15,210	0
9	Mississippi	14,231	0
9	North Dakota	14,231	0
9	Pennsylvania**	14,959	0
9	South Carolina	14,231	0
9	Utah	14,231	0
9	Virginia	14,231	0
9	West Virginia	14,231	0
25	Louisiana	14,231	(106)
26	Indiana	14,231	(173)
27	Rhode Island**	15,392	(189)
28	North Carolina	14,231	(251)
28	Oklahoma	14,231	(251)
30	Iowa**	15,080	(352)
31	Nebraska	14,231	(503)
32	Michigan**	15,392	(545)
33	New Mexico**	15,600	(573)
34	Wisconsin	14,231	(701)
35	Massachusetts**	16,640	(748)
36	Kansas	14,231	(830)
37	Maryland	14,231	(1,218)
38	Minnesota	14,231	(1,257)
38	New Jersey**	14,959	(1,257)
40	Vermont**	16,765	(1,585)
41	District of Columbia**	16,311	(1,786)
42	New York**	14,959	(2,001)

* Income reflects full-time, year-round minimum wage earnings for one worker (52 weeks, 40 hours/week).

** These states had a minimum wage higher than the federal minimum wage in all or part of 2009.

Source: Center on Budget and Policy Priorities

Table 3B: 2009 State Income Tax at Minimum Wage, Two-Parent Family of Four

Rank	State	Income*	Tax
1	Alabama	\$14,231	\$50
2	Montana**	14,655	28
3	Arizona**	15,080	0
3	Arkansas	14,231	0
3	California**	16,640	0
3	Colorado**	15,142	0
3	Connecticut**	16,640	0
3	Delaware**	14,959	0
3	Idaho	14,231	0
3	Illinois**	16,380	0
3	Kentucky**	14,352	0
3	Maine**	15,210	0
3	Mississippi	14,231	0
3	Missouri**	14,837	0
3	North Dakota	14,231	0
3	Ohio**	15,184	0
3	Pennsylvania**	14,959	0
3	South Carolina	14,231	0
3	Utah	14,231	0
3	Virginia	14,231	0
3	West Virginia	14,231	0
22	Georgia	14,231	(32)
23	Hawaii**	15,080	(89)
24	Louisiana	14,231	(176)
25	Oregon**	17,472	(179)
26	Rhode Island**	15,392	(189)
27	Indiana	14,231	(207)
28	North Carolina	14,231	(251)
28	Oklahoma	14,231	(251)
30	Iowa**	15,080	(352)
31	Nebraska	14,231	(503)
32	New Mexico**	15,600	(588)
33	Michigan**	15,392	(701)
34	Wisconsin	14,231	(704)
35	Massachusetts**	16,640	(754)
36	Kansas	14,231	(855)
37	Maryland	14,231	(1,257)
37	Minnesota	14,231	(1,257)
37	New Jersey**	14,959	(1,257)
40	Vermont**	16,765	(1,609)
41	District of Columbia**	16,311	(1,786)
42	New York**	14,959	(2,100)

* Income reflects full-time, year-round minimum wage earnings for one worker (52 weeks, 40 hours/week).

** These states had a minimum wage higher than the federal minimum wage in all or part of 2009.

Source: Center on Budget and Policy Priorities

Table 4A: 2009 State Income Tax at 125% of Poverty Line, Single-Parent Family of Three

Rank	State	Income	Tax
1	Alabama	\$21,378	\$608
2	Arkansas	21,378	525
3	West Virginia	21,378	514
4	Hawaii	21,378	483
5	Oregon	21,378	449
6	Kentucky	21,378	433
7	Georgia	21,378	361
8	Montana	21,378	306
9	Illinois	21,378	262
10	Mississippi	21,378	229
11	Iowa	21,378	225
12	Louisiana	21,378	221
13	Missouri	21,378	218
14	Ohio	21,378	210
15	North Carolina	21,378	169
16	Indiana	21,378	164
17	Utah	21,378	109
18	Colorado	21,378	95
19	Arizona	21,378	84
20	North Dakota	21,378	38
21	Idaho	21,378	33
22	Connecticut	21,378	18
23	California	21,378	0
23	Delaware	21,378	0
23	Maine	21,378	0
23	Pennsylvania	21,378	0
23	South Carolina	21,378	0
23	Virginia	21,378	0
29	Oklahoma	21,378	(51)
30	Michigan	21,378	(76)
31	Rhode Island	21,378	(138)
32	Wisconsin	21,378	(151)
33	Nebraska	21,378	(333)
34	Massachusetts	21,378	(400)
35	Kansas	21,378	(401)
36	New Mexico	21,378	(423)
37	Maryland	21,378	(641)
38	New Jersey	21,378	(753)
39	District of Columbia	21,378	(1,154)
40	Vermont	21,378	(1,202)
41	New York	21,378	(1,500)
42	Minnesota	21,378	(1,573)

Source: Center on Budget and Policy Priorities

Table 4B: 2009 State Income Tax at 125% of Poverty Line, Two-Parent Family of Four

Rank	State	Income	Tax
1	Kentucky	\$27,434	\$840
2	Alabama	27,434	838
3	Arkansas	27,434	768
4	Oregon	27,434	764
5	West Virginia	27,434	678
6	Iowa	27,434	645
7	Hawaii	27,434	570
8	Georgia	27,434	523
9	Montana	27,434	457
10	Illinois	27,434	395
11	Indiana	27,434	356
12	Missouri	27,434	341
13	Ohio	27,434	336
14	North Carolina	27,434	297
15	Mississippi	27,434	263
16	Louisiana	27,434	218
17	Arizona	27,434	186
18	Oklahoma	27,434	103
19	Michigan	27,434	75
20	Colorado	27,434	67
21	Utah	27,434	62
22	North Dakota	27,434	26
22	Connecticut	27,434	26
24	Idaho	27,434	23
25	Virginia	27,434	9
26	California	27,434	0
26	Delaware	27,434	0
26	Maine	27,434	0
26	Pennsylvania	27,434	0
26	South Carolina	27,434	0
31	Wisconsin	27,434	(101)
32	Rhode Island	27,434	(122)
33	Massachusetts	27,434	(171)
34	Kansas	27,434	(205)
35	Nebraska	27,434	(324)
36	New Mexico	27,434	(376)
37	Maryland	27,434	(489)
38	New Jersey	27,434	(618)
39	District of Columbia	27,434	(702)
40	Vermont	27,434	(1,153)
41	New York	27,434	(1,372)
42	Minnesota	27,434	(1,559)

Source: Center on Budget and Policy Priorities

Table 5: Tax Threshold for a Family of Four, 1991-2009

State	1991	2000	2007	2008	2009	Change 1991- 2009	Change 2008- 2009
Alabama	\$4,600	\$4,600	\$12,600	\$12,600	\$12,600	\$8,000	\$0
Arizona	15,000	23,600	23,600	\$23,600	\$23,600	\$8,600	\$0
Arkansas	10,700	15,600	20,700	\$21,300	\$21,400	\$10,700	\$100
California	20,900	36,800	46,100	\$48,300	\$31,000	\$10,100	-\$17,300
Colorado	14,300	27,900	24,300	\$24,900	\$26,000	\$11,700	\$1,100
Connecticut	24,100	24,100	24,100	\$24,100	\$24,100	\$0	\$0
Delaware	8,600	20,300	29,300	\$30,100	\$31,700	\$23,100	\$1,600
District of Columbia	14,300	18,600	27,300	\$30,200	\$32,300	\$18,000	\$2,100
Georgia	9,000	15,300	15,900	\$15,900	\$15,900	\$6,900	\$0
Hawaii	6,300	11,000	14,000	\$17,800	\$17,800	\$11,500	\$0
Idaho	14,300	20,100	24,400	\$25,000	\$26,100	\$11,800	\$1,100
Illinois	4,000	14,000	15,900	\$16,000	\$16,400	\$12,400	\$400
Indiana	4,000	9,500	15,300	\$15,500	\$20,300	\$16,300	\$4,800
Iowa	9,000	17,400	18,700	\$19,000	\$19,200	\$10,200	\$200
Kansas	13,000	21,100	27,600	\$28,500	\$30,400	\$17,400	\$1,900
Kentucky	5,000	5,400	20,700	\$21,200	\$22,100	\$17,100	\$900
Louisiana	11,000	13,000	17,500	\$20,300	\$21,000	\$10,000	\$700
Maine	14,100	23,100	27,000	\$27,800	\$28,200	\$14,100	\$400
Maryland	15,800	25,200	32,000	\$34,300	\$36,800	\$21,000	\$2,500
Massachusetts	12,000	20,600	27,100	\$28,100	\$29,500	\$17,500	\$1,400
Michigan	8,400	12,800	14,800	\$23,800	\$26,600	\$18,200	\$2,800
Minnesota	15,500	26,800	34,500	\$35,900	\$37,400	\$21,900	\$1,500
Mississippi	15,900	19,600	19,600	\$19,600	\$19,600	\$3,700	\$0
Missouri	8,900	14,100	17,400	\$17,600	\$18,100	\$9,200	\$500
Montana	6,600	9,500	11,600	\$12,200	\$12,000	\$5,400	-\$200
Nebraska	14,300	18,900	30,200	\$31,200	\$33,200	\$18,900	\$2,000
New Jersey	5,000	20,000	30,800	\$32,900	\$36,300	\$31,300	\$3,400
New Mexico	14,300	21,000	35,900	\$37,400	\$39,500	\$25,200	\$2,100
New York	14,000	23,800	37,200	\$38,300	\$40,300	\$26,300	\$2,000
North Carolina	13,000	17,000	19,400	\$21,800	\$23,200	\$10,200	\$1,400
North Dakota	14,700	19,000	24,800	\$25,400	\$26,300	\$11,600	\$900
Ohio	10,500	12,700	15,800	\$16,000	\$16,200	\$5,700	\$200
Oklahoma	10,000	13,000	20,500	\$23,500	\$25,800	\$15,800	\$2,300
Oregon	10,100	14,800	18,000	\$18,900	\$19,800	\$9,700	\$900
Pennsylvania	9,800	28,000	32,000	\$32,000	\$32,000	\$22,200	\$0
Rhode Island	17,400	25,900	32,600	\$34,000	\$36,500	\$19,100	\$2,500
South Carolina	14,300	21,400	30,400	\$31,100	\$32,400	\$18,100	\$1,300
Utah	12,200	15,800	24,300	\$25,300	\$26,500	\$14,300	\$1,200
Vermont	17,400	26,800	34,400	\$35,800	\$38,700	\$21,300	\$2,900
Virginia	8,200	17,100	24,800	\$25,800	\$27,400	\$19,200	\$1,600
West Virginia	8,000	10,000	10,000	\$21,200	\$22,100	\$14,100	\$900
Wisconsin	14,400	20,700	26,000	\$26,800	\$28,600	\$14,200	\$1,800
Average	\$11,736	\$18,474	\$24,026	\$25,500	\$26,307	\$14,571	\$807
Federal Poverty Line	\$13,924	\$17,603	\$21,203	\$22,017	\$21,947	\$8,023	-\$70
Average as % Poverty Line	84%	105%	113%	116%	120%	36%	4%
Number Above Poverty Line	18	23	24	26	29	11	3
Number Below Poverty Line	24	19	18	16	13	-11	-3

Source: Center on Budget and Policy Priorities

**Table 6: State Income Tax at the Poverty Line for Family of Four, 1994-2009
In States with Below-Poverty Thresholds in 2009**

State	1994	2000	2007	2008	2009	Change 2008-09	Percent change after inflation 2008-09*	\$ Change 1994-2009	Percent change after inflation 1994-2009*
Montana	\$211	\$233	\$217	\$220	\$225	5	3%	14	-26%
Mississippi	0	0	48	73	70	(3)	-4%	70	—
Georgia	116	55	184	223	218	(5)	-2%	102	30%
Ohio	107	113	161	168	159	(9)	-5%	52	3%
Arkansas	214	311	63	95	83	(12)	-12%	(131)	-73%
Alabama	348	443	423	483	468	(15)	-3%	120	-7%
Missouri	147	80	89	109	89	(20)	-18%	(58)	-58%
Louisiana	83	133	179	53	21	(32)	-60%	(62)	-83%
Illinois	334	145	201	214	172	(42)	-19%	(162)	-64%
Iowa	0	23	251	268	225	(43)	-16%	225	—
Oregon	331	278	325	311	200	(111)	-35%	(131)	-58%
Indiana	379	360	248	263	65	(198)	-75%	(314)	-88%
Hawaii	406	420	409	272	266	(6)	-2%	(140)	-55%
Average	\$206	\$200	\$215	\$212	\$174	(\$38)	-18%	(\$32)	-42%

Notes: Dollar amounts shown are nominal amounts.

* “Percent change after inflation” shows the percentage change adjusted for the 0.4 percent decrease in the cost of living from 2008 to 2009 and the 45 percent increase in the cost of living from 1994 to 2009, as measured by the Consumer Price Index.

Source: Center on Budget and Policy Priorities

Table 7: Tax Threshold as a Percent of the Federal Poverty Line for a Family of Four, 1991-2009

State	1991	2001	2008	2009	% Point Change 1991-2009	% Point Change 2008-2009
Alabama	33%	25%	57%	57%	24%	0%
Arizona	108%	130%	107%	108%	0%	1%
Arkansas	77%	86%	97%	98%	21%	1%
California	150%	214%	219%	141%	-9%	-78%
Colorado	103%	159%	113%	118%	15%	5%
Connecticut	173%	133%	109%	110%	-63%	1%
Delaware	62%	112%	137%	144%	82%	7%
District of Columbia	103%	108%	137%	147%	44%	10%
Georgia	65%	85%	72%	72%	7%	0%
Hawaii	45%	62%	81%	81%	36%	0%
Idaho	103%	115%	114%	119%	16%	5%
Illinois	29%	79%	73%	75%	46%	2%
Indiana	29%	52%	70%	92%	63%	22%
Iowa	65%	97%	86%	87%	22%	1%
Kansas	93%	119%	129%	139%	46%	10%
Kentucky	36%	30%	96%	101%	65%	5%
Louisiana	79%	74%	92%	96%	17%	4%
Maine	101%	130%	126%	128%	27%	2%
Maryland	113%	145%	156%	168%	55%	12%
Massachusetts	86%	125%	128%	134%	48%	6%
Michigan	60%	71%	108%	121%	61%	13%
Minnesota	111%	153%	163%	170%	59%	7%
Mississippi	114%	108%	89%	89%	-25%	0%
Missouri	64%	79%	80%	82%	18%	2%
Montana	47%	54%	55%	55%	8%	0%
Nebraska	103%	108%	142%	151%	48%	9%
New Jersey	36%	110%	149%	165%	129%	16%
New Mexico	103%	118%	170%	180%	77%	10%
New York	101%	138%	174%	184%	83%	10%
North Carolina	93%	94%	99%	106%	13%	7%
North Dakota	106%	109%	115%	120%	14%	5%
Ohio	75.4%	69%	73%	74%	-1%	1%
Oklahoma	72%	74%	107%	118%	46%	11%
Oregon	73%	83%	86%	90%	17%	4%
Pennsylvania	70%	166%	145%	146%	76%	1%
Rhode Island	125%	148%	154%	166%	41%	12%
South Carolina	103%	122%	141%	148%	45%	7%
Utah	88%	90%	115%	121%	33%	6%
Vermont	125%	152%	163%	176%	51%	13%
Virginia	59%	98%	117%	125%	66%	8%
West Virginia	57%	55%	96%	101%	44%	5%
Wisconsin	103%	119%	122%	130%	27%	8%
Average	84%	105%	116%	120%	36%	4%

Source: Center on Budget and Policy Priorities