

PRESS RELEASE

DATE: April 15, 2003

For immediate release

Contacts:

Rick Graycarek
Director– State Fiscal Analysis Initiative
Kentucky Youth Advocates
502-875-4865

Kathleen Hoye
Policy Analyst – State Fiscal Analysis Initiative
Kentucky Youth Advocates
502-895-8167

Tax Day 2003: Low-Income Kentucky Families with Children will Pay More State Income Taxes than Anywhere Else

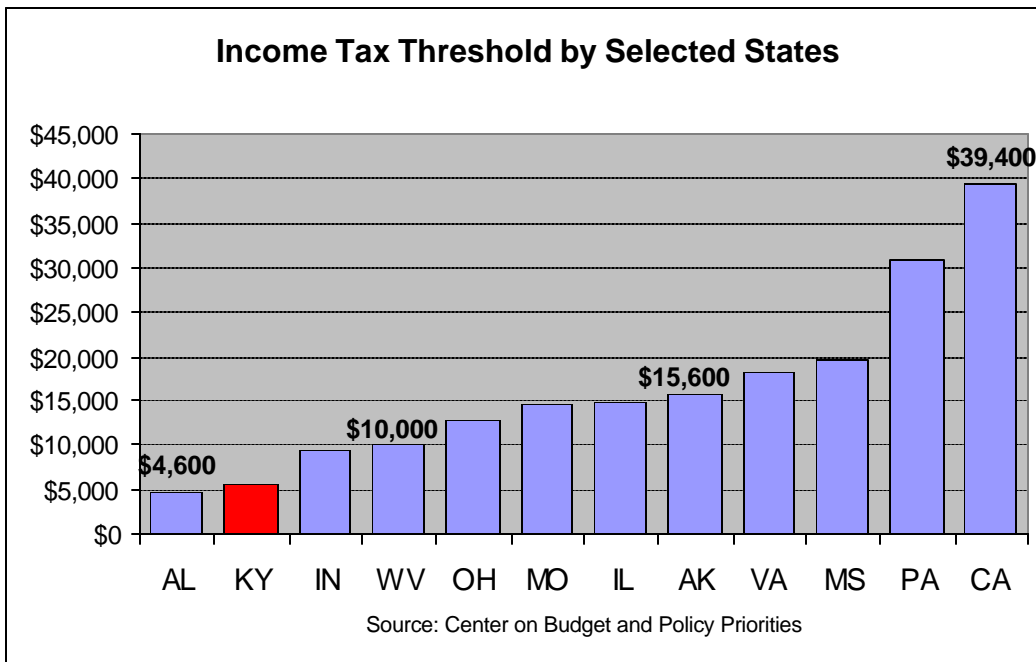
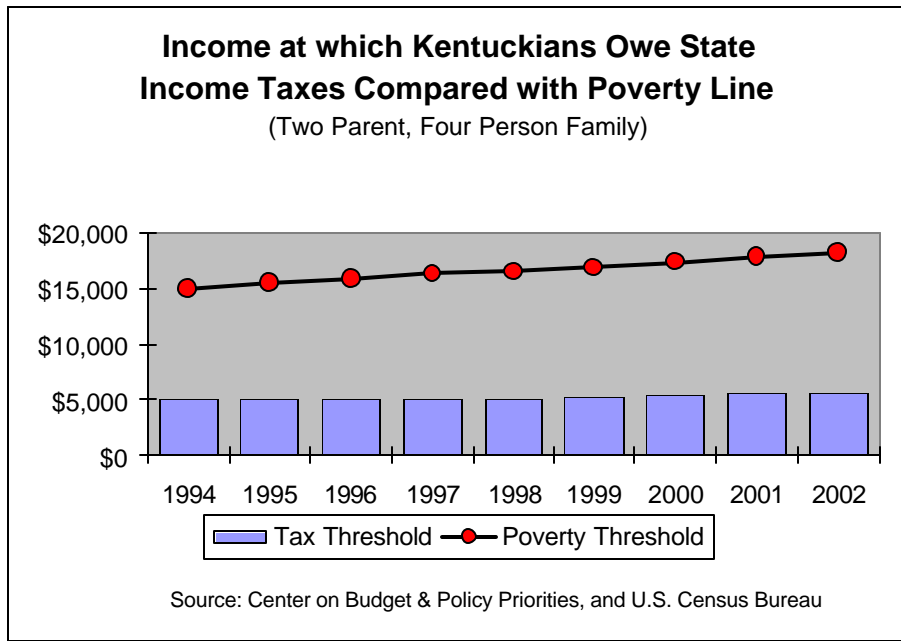
Kentucky **continues** to place an overwhelmingly high income tax burden on low income families with children. This conclusion was reached in a report recently released by the Center on Budget and Policy Priorities (CBPP).

A detailed fact sheet on Kentucky is attached to this release.

The CBPP report, titled STATE INCOME TAX BURDENS ON LOW-INCOME FAMILIES IN 2002 shows that low-income Kentucky families pay more state income taxes than similar families in any other state. For example, a two-parent family with two children in Kentucky, with an income of \$18,390 [the 2002 poverty line for a family that size], owes \$606 in state income tax, the highest state income tax on such a family in the country. A single-parent family with two children in Kentucky with a poverty-level income of \$14,351 owes \$370, second only to the state income tax burden on such a family levied in Alabama of \$398.

Many states have reduced income taxes on low-income families with children over the last decade, and a narrow majority of states now exempt altogether these families from the income tax. Says Debra Miller, Executive Director of Kentucky Youth Advocates, (an independent non-profit children's advocacy organization) “Unfortunately, Kentucky is not among them.”

The CBPP report concludes that “relieving state income tax burdens on poor families is making a meaningful contribution toward making work pay.”



Debra Miller, of **Kentucky Youth Advocates** (www.kyyouth.org) echoes this sentiment: “Does it make sense to start taxing families with children at \$5,500 income while at the same time we’re telling them to get an education and work their way out of poverty? We think most Kentuckians would agree that this isn’t good public policy and isn’t good for children. After all, the children in these families will be tomorrow’s workforce.”

Repeated attempts to enact a refundable state earned income tax credit [EITC] as a way of providing tax relief to Kentucky’s working families with children have failed. Other bills to reduce this high tax burden have also failed.

In the 2002 Legislative Session, The House Appropriations and Revenue Committee approved a bill that would have raised Kentucky’s tax threshold on low-income families with children to \$15,400 [from \$5,500] level. The bill died before it passed either chamber, but would have moved Kentucky past 12 other states that begin taxing families with children below the poverty line.

According to Scott Wegenast, Policy Analyst for the Catholic Conference of Kentucky “The state tax structure should be used to reduce poverty, not add to it. Kentucky cannot ignore the injustice in its current tax code. Any proposals to address tax reform must include relief for low-income working families with children.”

KYA and a coalition of organizations interested in comprehensive tax reform will be focusing on this issue in the next legislative session. An intensive public education campaign will begin soon to educate voters about the importance of this issue for Kentucky’s working families with children.

For more information on KYA, visit www.kyyouth.org

###