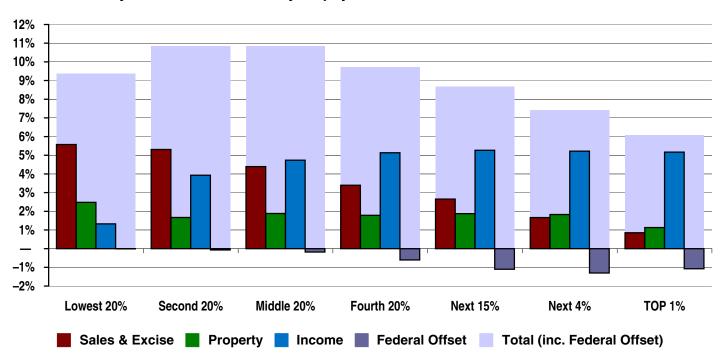
Kentucky

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
Group					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$15,000	\$15,000 – \$29,000	\$29,000 - \$47,000	\$47,000 – \$77,000	\$77,000 – \$140,000	\$140,000 – \$346,000	\$346,000 or more
Average Income in Group	\$8,300	\$21,700	\$36,300	\$59,700	\$99,100	\$203,500	\$957,500
Sales & Excise Taxes	5.6%	5.3%	4.4%	3.4%	2.7%	1.7%	0.9%
General Sales—Individuals	2.6%	2.7%	2.3%	1.9%	1.5%	1.0%	0.5%
Other Sales & Excise—Ind.	1.3%	1.0%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.7%	1.7%	1.3%	1.0%	0.8%	0.5%	0.3%
Property Taxes	2.5%	1.7%	1.9%	1.8%	1.9%	1.8%	1.1%
Property Taxes on Families	2.4%	1.6%	1.8%	1.7%	1.8%	1.6%	0.6%
Other Property Taxes	0.1%	0.0%	0.0%	0.0%	0.1%	0.2%	0.5%
Income Taxes	1.3%	3.9%	4.7%	5.1%	5.3%	5.2%	5.2%
Personal Income Tax	1.3%	3.9%	4.7%	5.1%	5.2%	5.1%	4.8%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
TOTAL TAXES	9.4%	10.9%	11.0%	10.3%	9.8%	8.7%	7.1%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.6%	-1.1%	-1.3%	-1.1%
TOTAL AFTER OFFSET	9.4%	10.8%	10.8%	9.7%	8.7%	7.4%	6.1%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

Kentucky

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- Offers an income tax credit for child and dependent care expenses
- Provides a low-income tax credit linked to the federal poverty level
- Sales tax base excludes groceries

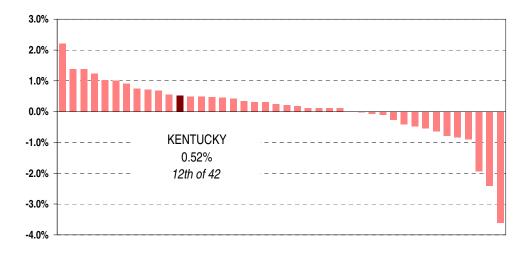
Regressive Features

✗ Fails to provide refundable income tax credits to offset impact of sales and property taxes

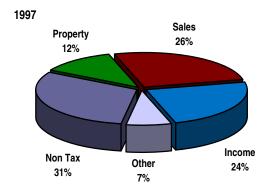
Recent Developments

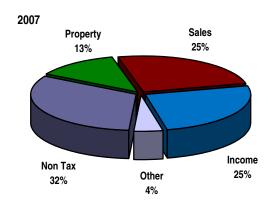
- ▲ Added a new top income tax bracket
- Expanded its low-income tax credit
- Increased cigarette and alcohol taxes

State Income Taxes as a Share of Income Among the Poorest Fifth of Families



Change in the Composition of Revenue





Source: U.S. Census Bureau, Government Finances