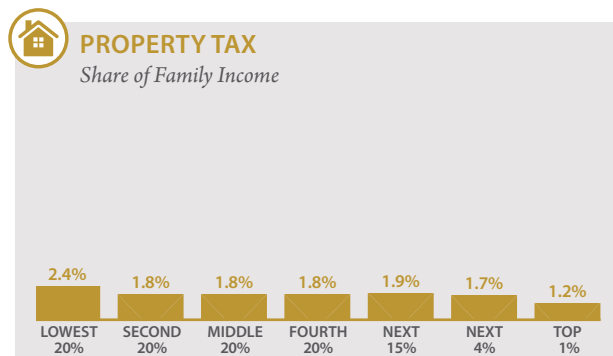
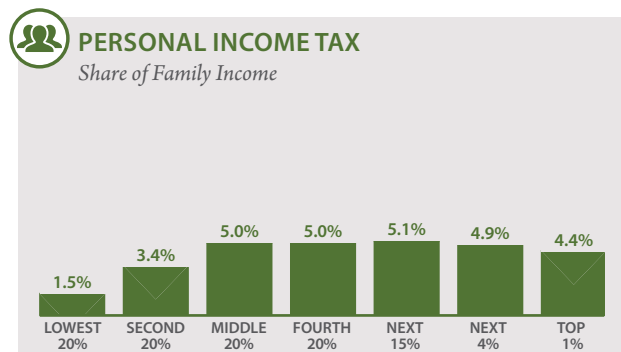
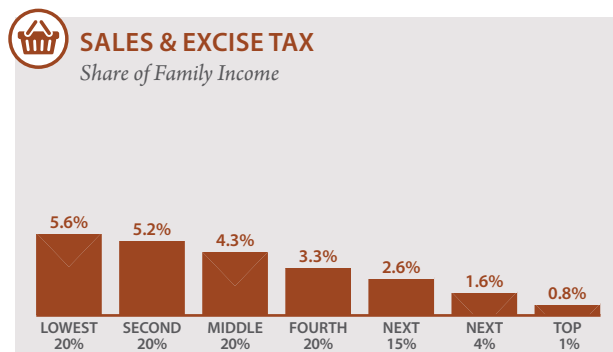
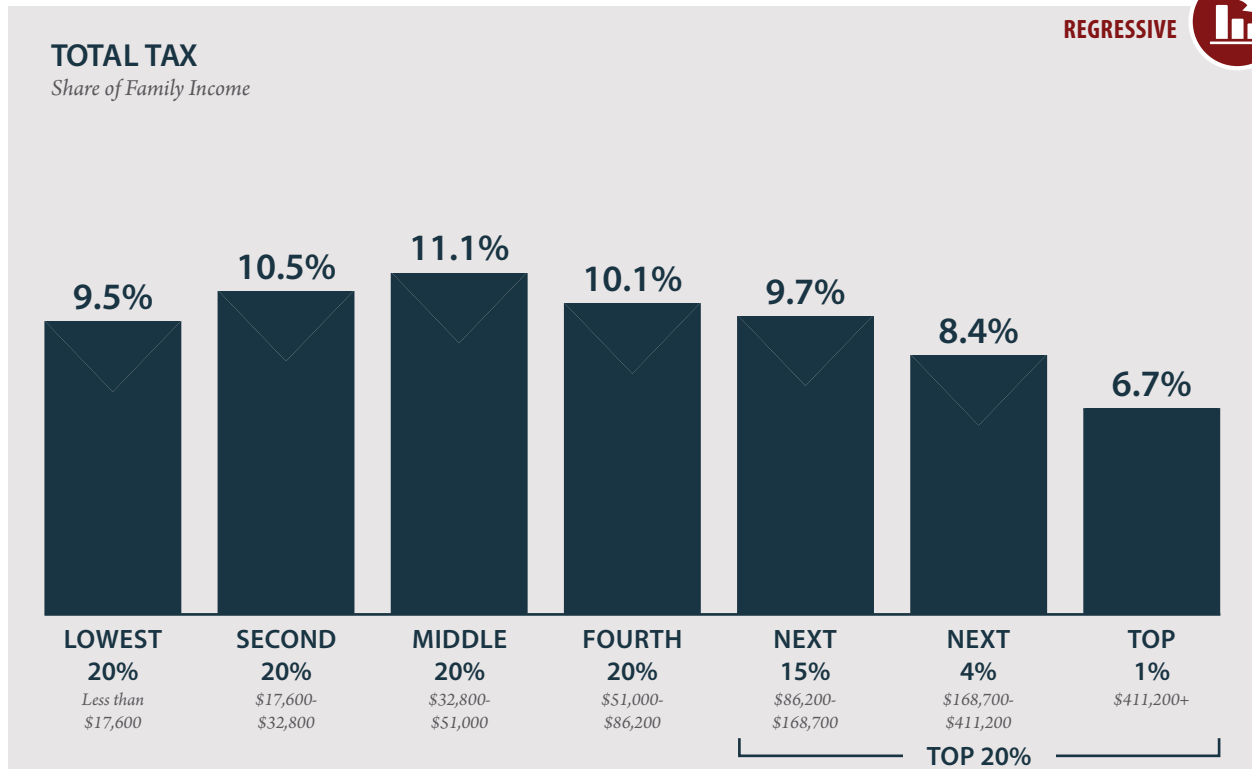


KENTUCKY

STATE AND LOCAL TAX SHARES OF FAMILY INCOME for non-elderly taxpayers







NOTE:

Figures show permanent law in Kentucky enacted through September 10, 2018 at 2015 income levels. Top figure represents total state and local taxes as a share of income. The 6th edition of Who Pays does not include the impact of the federal deduction for state and local taxes (SALT) because policy changes in the 2017 federal Tax Cuts and Jobs Act temporarily limited the extent to which the SALT deduction functions as a generalized offset of state and local taxes.

KENTUCKY State and Local Taxes (cont.)

TOTAL TAX

Share of Family Income

| INCOME GROUP | TOP 20% | | | | | | |
|---|--------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|----------------|
| | LOWEST 20% | SECOND 20% | MIDDLE 20% | FOURTH 20% | NEXT 15% | NEXT 4% | TOP 1% |
| INCOME RANGE | Less than \$17,600 | \$17,600 to \$32,800 | \$32,800 to \$51,000 | \$51,000 to \$86,200 | \$86,200 to \$168,700 | \$168,700 to \$411,200 | over \$411,200 |
| AVERAGE INCOME IN GROUP | \$10,000 | \$24,700 | \$40,400 | \$66,300 | \$115,400 | \$237,900 | \$935,400 |
|  SALES & EXCISE TAXES | 5.6% | 5.2% | 4.3% | 3.3% | 2.6% | 1.6% | 0.8% |
| General Sales—Individuals | 2.4% | 2.5% | 2.2% | 1.8% | 1.4% | 0.9% | 0.5% |
| Other Sales & Excise—Ind. | 1.4% | 1.1% | 0.8% | 0.6% | 0.4% | 0.2% | 0.1% |
| Sales & Excise on Business | 1.7% | 1.6% | 1.3% | 1.0% | 0.7% | 0.5% | 0.3% |
|  PROPERTY TAXES | 2.4% | 1.8% | 1.8% | 1.8% | 1.9% | 1.7% | 1.2% |
| Home, Rent, Car—Individuals | 2.4% | 1.7% | 1.7% | 1.7% | 1.8% | 1.4% | 0.5% |
| Other Property Taxes | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.4% | 0.8% |
|  INCOME TAXES | 1.6% | 3.4% | 5.0% | 5.0% | 5.2% | 5.1% | 4.6% |
| Personal Income Tax | 1.5% | 3.4% | 5.0% | 5.0% | 5.1% | 4.9% | 4.4% |
| Corporate Income Tax | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% |
|  TOTAL TAXES | 9.5% | 10.5% | 11.1% | 10.1% | 9.7% | 8.4% | 6.7% |

Individual figures may not sum to totals due to rounding.

ITEP TAX INEQUALITY INDEX

According to ITEP's Tax Inequality Index, which measures the impact of each state's tax system on income inequality, **Kentucky has the 25th most unfair state and local tax system** in the country. Incomes are more unequal in Kentucky after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the methodology section for additional detail on the index.)

TAX FEATURES DRIVING THE DATA IN KENTUCKY



PROGRESSIVE TAX CODE FEATURES

- Sales tax base excludes groceries
- Requires the use of combined reporting for the corporate income tax
- Levies a state inheritance tax



REGRESSIVE TAX CODE FEATURES

- Personal income tax uses a flat rate
- Fails to provide refundable income tax credits to offset sales, excise and property taxes