



**INSTITUTE ON TAXATION AND ECONOMIC POLICY**

(<https://itep.org/>)

October 17, 2018

## **Kentucky: Who Pays? 6th Edition**

About Who Pays (<https://itep.org/about-who-pays/>)

Who Pays? Sixth Edition ▼

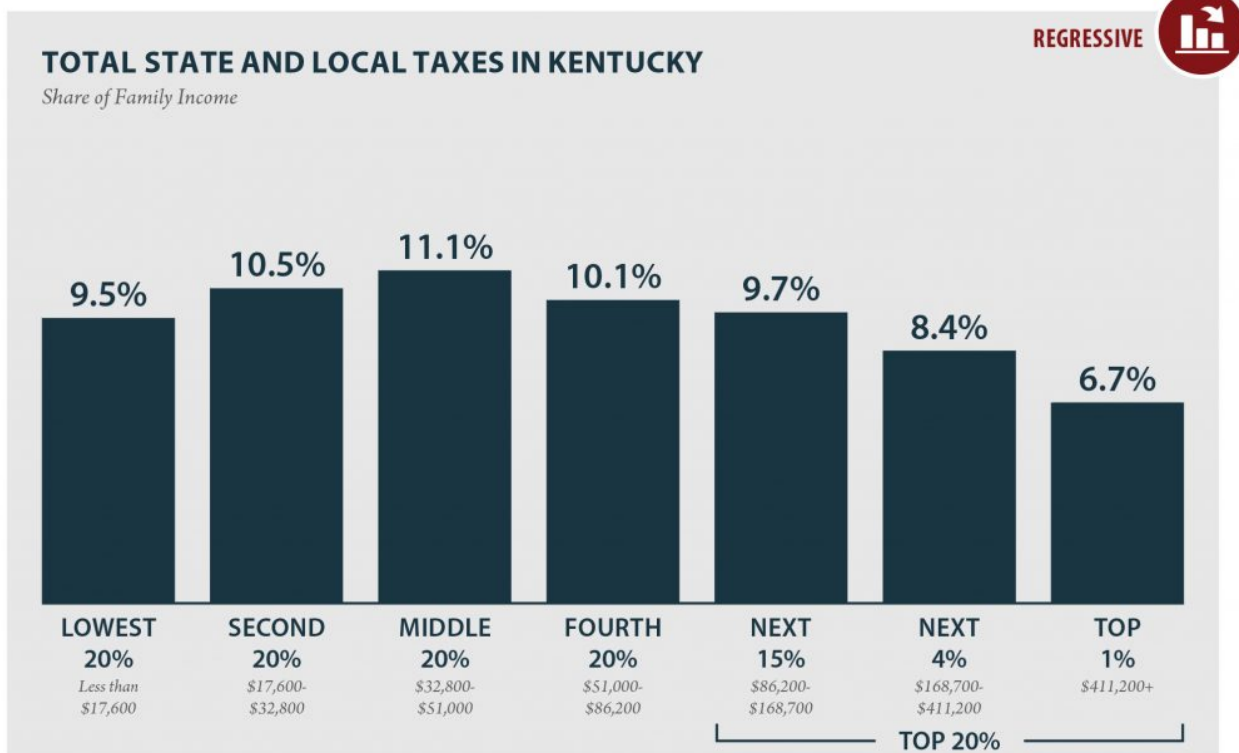
State-by-State Data (<https://itep.org/whopays-map/>)

Related Resources ▼

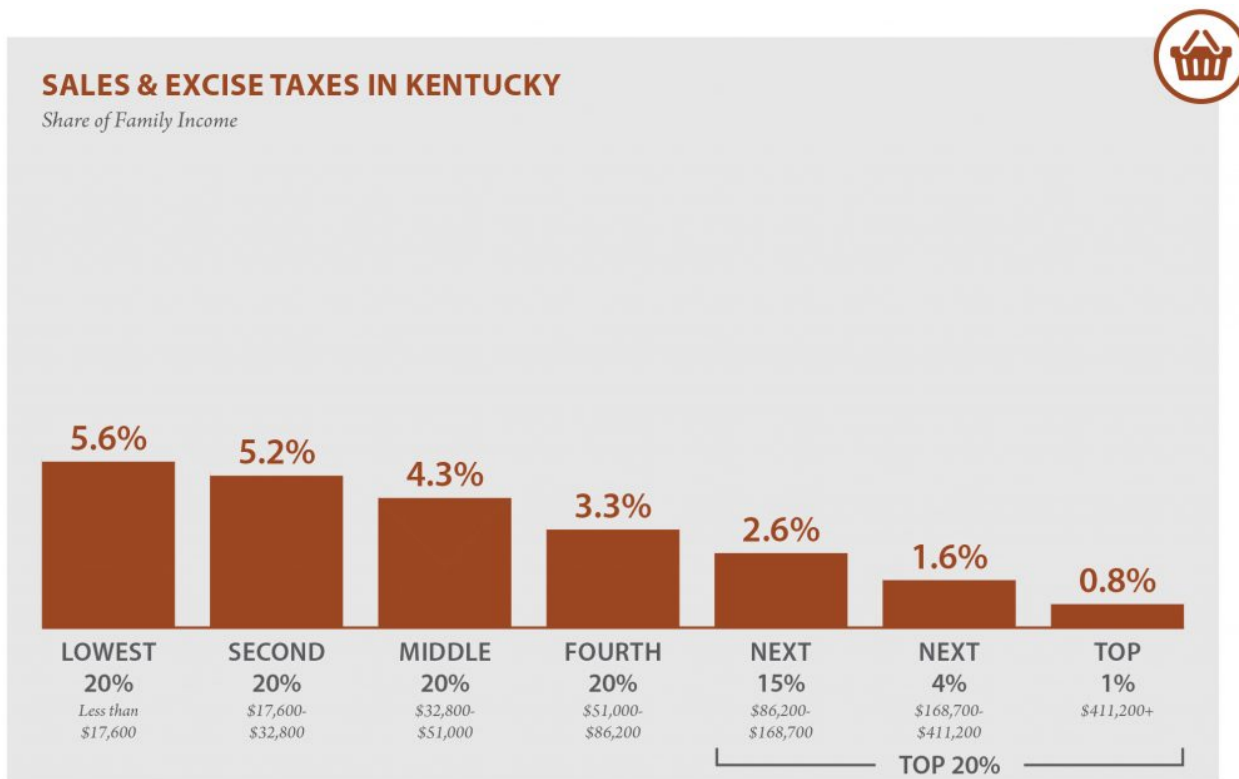
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## **KENTUCKY**

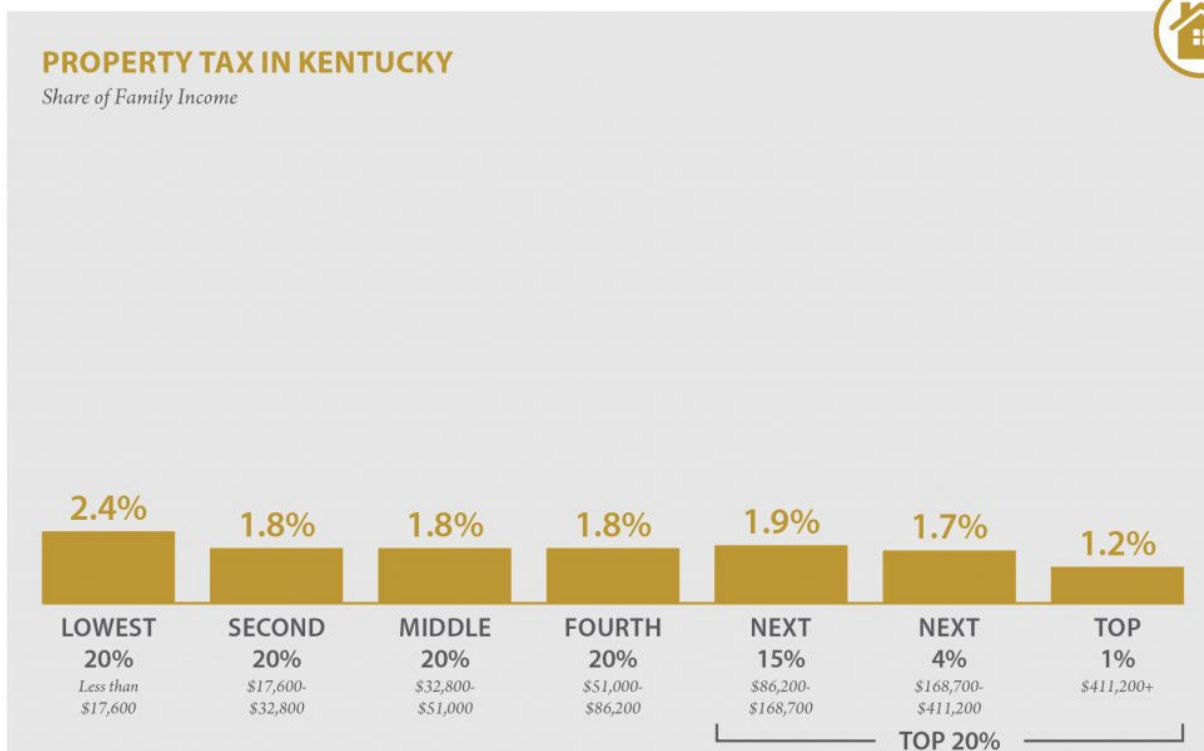
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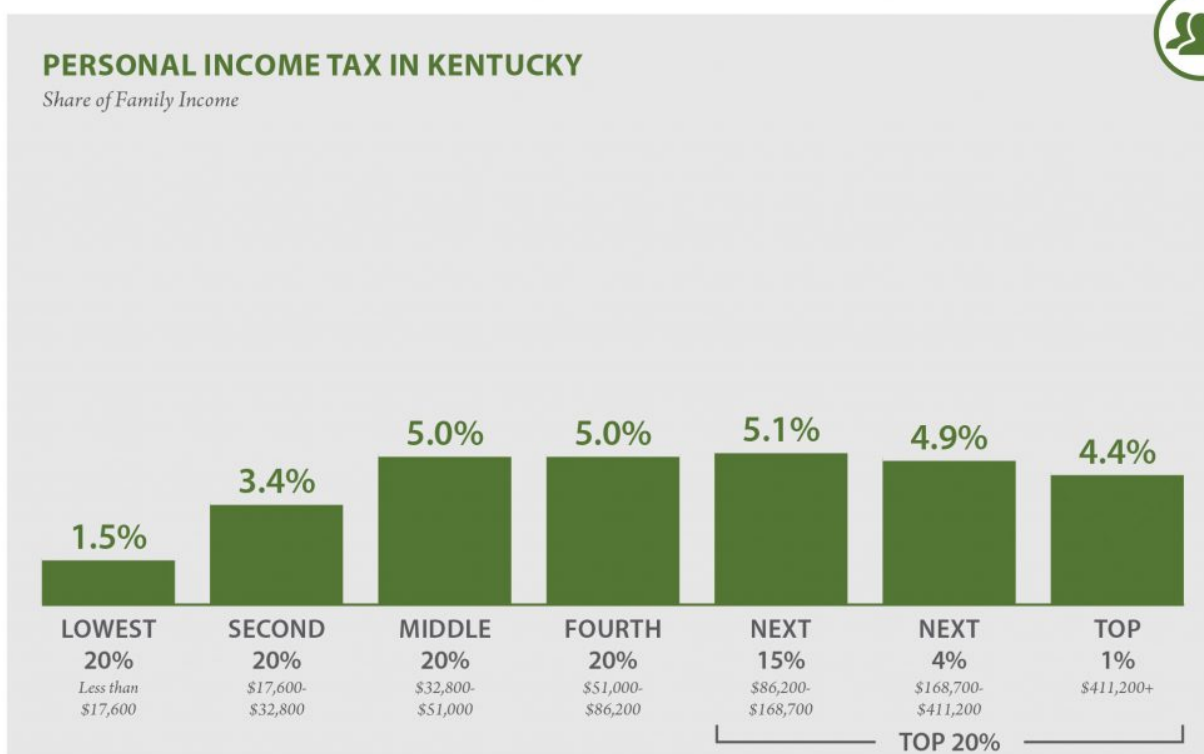
(<http://itep.org/wp-content/uploads/Kentucky-total-graph.jpg>)



(<http://itep.org/wp-content/uploads/Kentucky-sales-graph.jpg>)



(<http://itep.org/wp-content/uploads/Kentucky-property-graph.jpg>)



(<http://itep.org/wp-content/uploads/Kentucky-income-graph.jpg>)

## KENTUCKY STATE AND LOCAL TAXES

*Taxes as Share of Family Income*

## Top 20%

Income Group	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	\$10,000	\$24,700	\$40,400	\$66,300	\$115,400	\$237,900	\$935,400
<b>Sales &amp; Excise Taxes</b>	<b>5.6%</b>	<b>5.2%</b>	<b>4.3%</b>	<b>3.3%</b>	<b>2.6%</b>	<b>1.6%</b>	<b>0.8%</b>
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%
<b>Property Taxes</b>	<b>2.4%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.2%</b>
Home, Rent, Car – Ind.	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%
<b>Income Taxes</b>	<b>1.6%</b>	<b>3.4%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>4.6%</b>
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%
<b>TOTAL TAXES</b>	<b>9.5%</b>	<b>10.5%</b>	<b>11.1%</b>	<b>10.1%</b>	<b>9.7%</b>	<b>8.4%</b>	<b>6.7%</b>

Individual figures may not sum to totals due to rounding. Download the table (<http://itep.org/wp-content/uploads/Kentucky-table.jpg>)

## TAX FEATURES DRIVING THE DATA in Kentucky



### Progressive Features

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



### Regressive Features

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

## 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 (<http://itep.org/whopays/#appendices>) for state-by-state rankings and the methodology section for additional detail on the index.)

*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 non-elderly income. The sixth 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.*

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