TUA NEWS RELEASE

TAXPAYERS UNITED OF AMERICA
205 W. Randolph Street • Suite 1305 • Chicago, IL 60606
• www.taxpayersunited.org • E-mail: info@taxpayersunited.org

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Contact: Jim Tobin (773) 354-2076
(312) 427-5128

STATES' MARRIAGE-TAX-PENALTIES PUT ADDITIONAL FINANCIAL BURDENS ON TAXPAYERS

Fifteen states have a marriage penalty built into their tax-bracket structure, according to the nonpartisan Washington-based Tax Foundation, and this nonneutral tax treatment is particularly harmful to owners of pass-through businesses, who pay taxes on their business income under the individual income tax system, writes the foundation's Janelle Cammenga.

Under a graduated-rate income tax system, married couples who file jointly under this scenario face a higher effective tax rate than they would if they filed as two single individuals with the same amount of combined income. With a marriage penalty, married business owners are subject to higher effective tax rates on their business income than they would be otherwise.

According to the New Jersey Business and Industry Association, the 15 states with a marriage penalty built into their income tax bracket structure are California, Georgia, Maryland, Minnesota, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, Vermont, Virginia and Wisconsin.

"It's no surprise that these 15 states include the notorious Blue States of California, New York and New Jersey," said Jim Tobin, economist and president of Taxpayers United of America (TUA). "These greedy state governments squeeze every penny out of taxpayers unlucky enough to reside in their states."

"Marriage-tax-penalties should be done away with," said Tobin. "But an even better solution would be to do away with state income taxes altogether."

Sources:

https://taxfoundation.org/state-marriage-penalty-2020/

https://njbia.org/15-states-have-marriage-penalty-taxes-and-njs-one-of-them/