

Tax Facts & Comparisons Kentucky

Taxes are complicated. Each state's tax code is a multifaceted system with many moving parts, and Kentucky is no exception. The Tax Foundation produces a number of rankings that evaluate states on tax structures and overall tax burdens. Here's how Kentucky scores.



Tax Foundation Rankings of Kentucky

State Business Tax Climate Index

26th
best

Kentucky ranks 26th out of the 50 states on the Tax Foundation's 2014 *State Business Tax Climate Index*, which annually compares the states' tax systems on over 100 variables that impact business. Last year, Kentucky ranked 27th.

Kentucky's individual income tax ranks 30th best, its corporate income tax ranks 29th best, its sales tax ranks 11th best, its property tax ranks 17th best, and its unemployment insurance tax ranks 45th best.

Neighboring states' ranks: Illinois (31st), Indiana (8th), Ohio (44th), West Virginia (21st) Virginia (27th) Tennessee (15th) Missouri (17th)

State-Local Tax Burdens Rank

23rd
highest

Estimated at 9.5% of income, Kentucky's 2011 state-local tax burden ranks 23rd highest nationally, below the national average of 9.8%. Kentucky taxpayers pay \$3,169 per capita in state and local taxes.

Neighboring states' ranks: Illinois (13th), Indiana (22nd), Ohio (18th), West Virginia (19th) Virginia (30th) Tennessee (45th) Missouri (33rd)

Tax Freedom Day®

2015
April
11

In 2014, Kentucky taxpayers worked 101 days into the year until April 11 to pay their total tax bill, ranking 6th highest nationally.

That's 13 days before national Tax Freedom Day (April 21), the day when Americans finally have earned enough money to pay their total tax bill for the year.

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Kentucky Taxes at a Glance

Each state uses a variety of tax tools to raise revenue, including individual income taxes, property taxes, and sales taxes, among others. Here are some facts on how Kentucky structures their different tax types:

Note: All collections listed on this page are combined state and local tax collections as reported by the Census Bureau's Government Finance Division. For all ranks, 1 indicates highest among the 50 states.

General Info		Rank	Nat. Avg.
Income per capita	\$33,435	47th	\$43,735
Federal aid as % of gen. revenue	35%	12th	32.8%
State debt per capita	\$9,716	15th	\$3,678

Individual Income Tax		
Number of brackets		6
Bottom income bracket rate		2.00%
Bottom bracket kick in		\$0
Top income tax rate		6.00%
Top bracket kick in		\$75,000
Collections per capita (2012)		\$1,060
Collections rank (2012)		18th

Property Tax	
Collections per capita (2012)	\$716
Collections rank (2012)	46th
Property taxes paid as share of owner-occupied housing value (2013)	0.85%
Property taxes paid percent rank (2013)	32nd

Sources of State & Local Tax Collections	Kentucky	All States.
Property Tax	21%	32%
Sales Tax	20%	23%
Corporate Income Tax	5%	4%
Individual Income Tax	31%	22%
Other	23%	20%

Corporate Income Tax		
Number of brackets		3
Top corporate tax rate		6.00%
Collections per capita (2012)		\$158
Collections rank (2012)		16th

Sales Tax	
State rate	6.00%
State + average local rate	6.00%
State + average local rank	37th
Collections per capita (2011)	\$698
Collections rank (2011)	41st

Excise Taxes	Rate	Rank
Gasoline taxes and fees	27.6¢ per gallon	23rd
Cigarette taxes	\$0.60 per pack	39th
Spirits taxes	\$7.35 per gallon	17th
Beer taxes	\$0.83 per gallon	6th
Cell phone taxes	10.48%	23rd

Other Taxes	Rate	Exemption
Gross receipts tax	None	N/A
Capital stock tax	None	N/A
Inheritance tax	0% - 16%	Variable
Estate tax	None	N/A

About the Tax Foundation



The Tax Foundation is the nation's leading independent tax policy research organization. Since 1937, our principled research, insightful analysis, and engaged experts have informed smarter tax policy at the federal, state, and local levels. Our Center for

State Tax Policy is routinely relied upon for presentations, testimony, and media appearances on state tax and fiscal policy, and our website is a comprehensive resource for information on tax and spending policy in each U.S. state.

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