

# State income gap continues to grow

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The wealthy in Tennessee are getting wealthier at a rate seven times faster than the poor, according to a new report that

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■ See charts and highlights of the analysis by the Economic Policy Institute and the Center on Budget and Policy Priorities.

analyzes state income trends. Tennessee ranks among the worst in income inequality — where the incomes of the richest families climbed substantially while the incomes of the middle- and lower-income families saw only modest increases.

Tennesseans for Fair Taxation, along with the Tennessee AFL-CIO, held a press conference Thursday in Knoxville laying out the report and calling for several changes that include eliminating the state sales tax on food, enacting a higher state minimum wage and requiring large employers to provide health care for employees.

## THE INCOME GAP

### Greatest income inequality between the top and the bottom, early 2000s

1. New York
2. Texas
3. Tennessee
4. Arizona
5. Florida
6. California
7. Louisiana
8. Kentucky
9. New Jersey
10. North Carolina

### Greatest increases in income inequality between the top and the bottom, early 1990s to early 2000s

1. Tennessee
2. Connecticut
3. Washington
4. North Carolina
5. Utah
6. Texas
7. West Virginia
8. Pennsylvania
9. Florida
10. Maine

■ Average income in 2003 of Tennesseans in the bottom fifth: \$14,303.

■ From 1980 to 2003, the increase in average income for the bottom fifth of Tennesseans: \$2,246 or 18.6 percent.

■ Average income in 2003 of Tennesseans in the top fifth: \$110,429.

■ From 1980 to 2003, the increase in average income for the top fifth of Tennesseans: \$45,809 or 70.9 percent.

Source: "Pulling Apart: A State-by-State Analysis of Income Trends" by Economic Policy Institute and the Center on Budget and Policy Priorities, January 2006.

Representatives of the organizations cited the report prepared by the Center on Budget and Policy Priorities and the Economic Policy Institute, both based in Washington, D.C., which points out that

among the 50 states, Tennessee has had the fourth-fastest growth in income inequality over the past 20 years.

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## INCOME

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Tennessee is now third out of 50 states in income inequality between high- and low-income earners and fifth in inequality between high- and middle-income earners.

"Clearly something is setting Tennessee apart from the rest of the nation," said David McIlwaine, treasurer of Tennesseans for Fair Taxation and co-chair of Jobs for Justice. "Something more than just national or global trends. That something is state-level policies that fail to value the hard work of average Tennesseans."

The report explores policy options that have been used in other states to promote efforts to narrow the disparity between the rich and the poor.

Lizajeane Holt, local organizer of Tennesseans for Fair Taxation, cited such options as setting the state minimum wage higher than the national level, as 18 other states and the District of Columbia have done.

She also said that people need to push large employers to provide health care to their employees rather than shifting the cost to state government. More than 30 states are looking at legislation, modeled on a bill recently passed

in Maryland, which would require large employers to provide health care to their employees or help pay to support the state Medicaid program.

But the main objective Holt and the group pushed on Tuesday was to force the state government to pass legislation that would eliminate the state sales tax on food.

"It's not a great mystery that Tennessee, with the nation's highest average food tax, has one of the most inequitable tax systems in the nation," Holt said. "If we are to do anything about this, legislators and our governor must be willing to take immediate action to reduce the cruel and unjust food

tax and work toward a more fair and sensible tax system."

Holt said several organizations are working with state legislators to bring two bills before the legislature this session that call for the elimination of the state sales tax on food. She said the two bills would have different solutions for making up for lost revenue.

"The main point, however the details work out, is that we are only one of six states left that still taxes food," Holt said. "Call your state legislator and let them know you will support these changes in public policy."

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