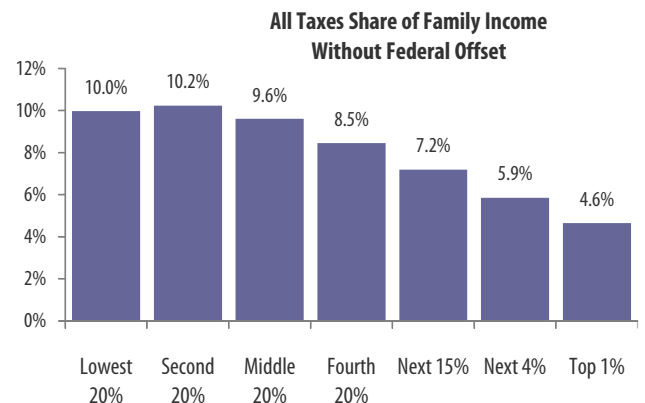
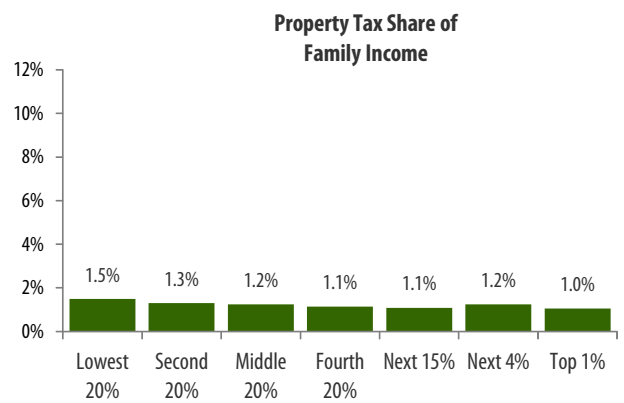
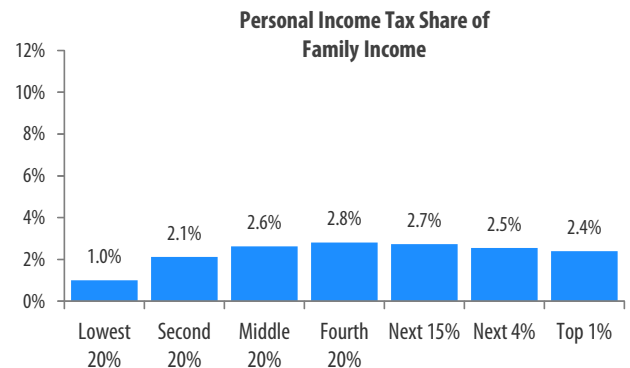
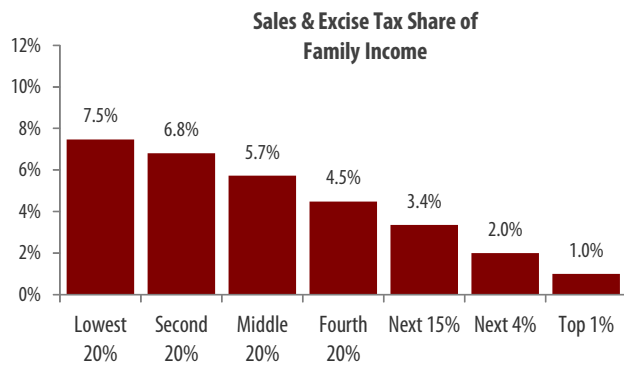
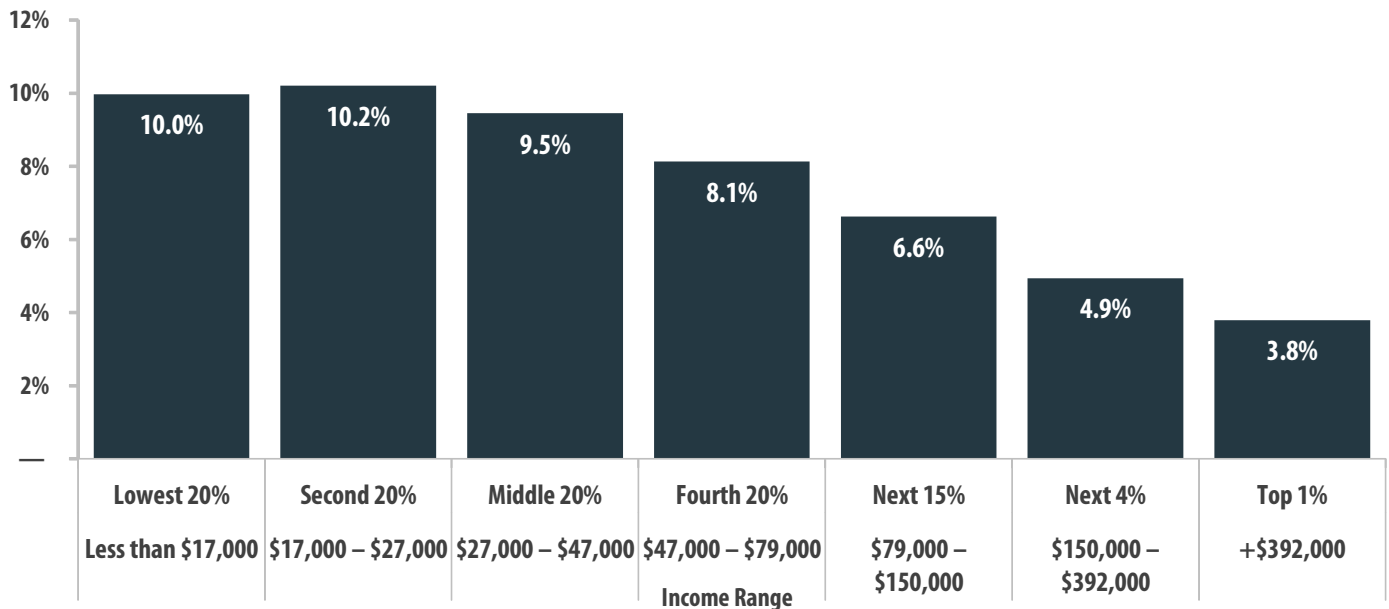


Alabama State & Local Taxes in 2015

Shares of family income for non-elderly taxpayers



Note: Figures show permanent law in Alabama enacted through December 31, 2014 at 2012 income levels. Top figure represents total state and local taxes as a share of income, post- federal offset.

Alabama State & Local Taxes in 2015

Details, Tax Code Features, & Recently Enacted Tax Code Changes

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$17,000	\$17,000 – \$27,000	\$27,000 – \$47,000	\$47,000 – \$79,000	\$79,000 – \$150,000	\$150,000 – \$392,000	\$392,000 or more
Average Income in Group	\$11,000	\$21,600	\$35,600	\$60,700	\$102,900	\$206,500	\$1,050,400
Sales & Excise Taxes	7.5%	6.8%	5.7%	4.5%	3.4%	2.0%	1.0%
General Sales—Individuals	3.9%	3.7%	3.2%	2.6%	2.0%	1.2%	0.6%
Other Sales & Excise—Ind.	1.9%	1.6%	1.3%	0.9%	0.6%	0.4%	0.2%
Sales & Excise on Business	1.7%	1.6%	1.3%	1.0%	0.7%	0.4%	0.2%
Property Taxes	1.5%	1.3%	1.2%	1.1%	1.1%	1.2%	1.0%
Property Taxes on Families	1.4%	1.3%	1.2%	1.1%	1.0%	1.0%	0.5%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.5%
Income Taxes	1.0%	2.1%	2.6%	2.8%	2.8%	2.6%	2.6%
Personal Income Tax	1.0%	2.1%	2.6%	2.8%	2.7%	2.5%	2.4%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Total Taxes	10.0%	10.2%	9.6%	8.5%	7.2%	5.9%	4.6%
Federal Deduction Offset	-0.0%	-0.0%	-0.2%	-0.3%	-0.6%	-0.9%	-0.9%
OVERALL TOTAL	10.0%	10.2%	9.5%	8.1%	6.6%	4.9%	3.8%

Note: Table shows detailed breakout of data on previous page.

Alabama Tax Code Features

Progressive Features

- Provides a very large property tax homestead exemption
- Requires the use of combined reporting for the corporate income tax

Regressive Features

- Narrow income tax brackets mean majority of taxpayers pay top income tax rate
- Sales tax base includes groceries
- Provides an income tax deduction for federal income taxes paid
- Fails to provide refundable income tax credits to offset sales, excise, and property taxes

Tax Changes Enacted in 2013 & 2014

- Enacted a new income tax credit for annual donations to education scholarship organizations (not modeled in the report)

ITEP Tax Inequality Index

According to ITEP's Tax Inequality Index, Alabama has the **12th** most unfair state and local tax system in the country. States with regressive tax structures have negative tax inequality indexes, meaning that incomes are less equal in those states after state and local taxes than before (See Appendix B for state-by-state rankings and more details).