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

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).