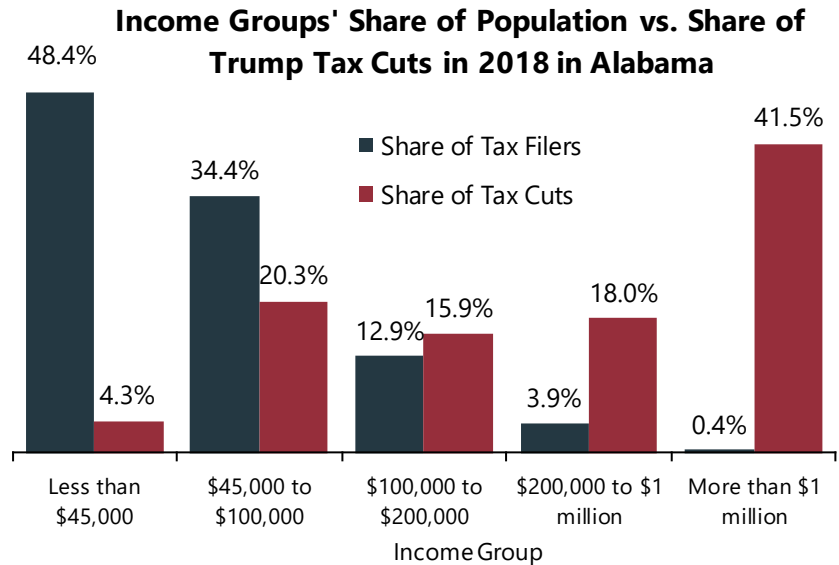


August 2017

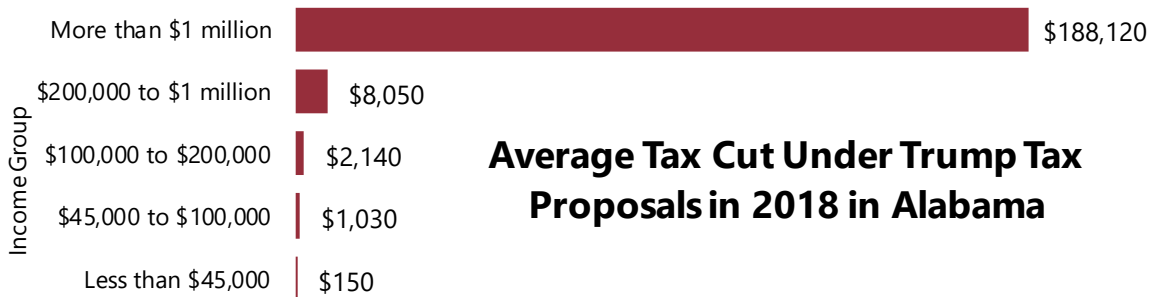
In Alabama 41.5 Percent of Trump's Proposed Tax Cuts Go to People Making More than \$1 Million

A tiny fraction of the Alabama population (0.4 percent) earns more than \$1 million annually. But this elite group would receive 41.5 percent of the tax cuts that go to Alabama residents under the tax proposals from the Trump administration. A much larger group, 48.4 percent of the state, earns less than \$45,000, but would receive just 4.3 percent of the tax cuts.

The first group, the millionaires, would receive an average tax cut of \$188,120 in 2018, equal to 7.8 percent of their income. The second group, those making less than \$45,000, would receive an average tax cut of just \$150, equal to 0.6 percent of their income.



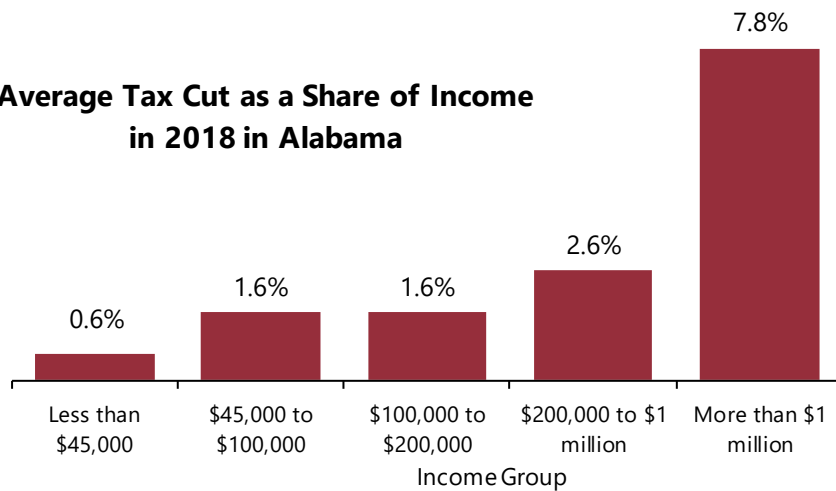
Source: Institute on Taxation and Economic Policy (ITEP), August 2017



Figures rounded to the nearest ten dollars. Source: Institute on Taxation and Economic Policy (ITEP), August 2017

The figures in this brief have been calculated by the Institute on Taxation and Economic Policy (ITEP) based on broad principles for tax policy released by the Trump administration on April 26 as well as subsequent statements by administration officials. Because the principles and statements left many unanswered questions, the estimates required some assumptions. [ITEP's longer report](#) explains these assumptions and each tax proposal in detail. That report concludes that the Trump tax principles would reduce revenue by at least \$4.8 trillion over 10 years.

Average Tax Cut as a Share of Income in 2018 in Alabama



Source: Institute on Taxation and Economic Policy (ITEP), August 2017

The table below provides more detail about the effects of the administration's tax proposals on households at different income levels.

Impacts of the Trump Tax Proposals in 2018 in Alabama

State Taxpayers				Tax Changes		Average Changes	
Income Group	Average Income	Number of Tax Filers	Share of Total Tax Filers	Total Amount (in thousands)	Share of Tax Cuts	In dollars	As a % of Pre-Tax Income
Less than \$45,000	\$23,900	1,102,800	48.4%	\$ -169,800	4.3%	\$ -150	-0.6%
\$45,000 to \$100,000	64,800	784,100	34.4%	-805,300	20.3%	-1,030	-1.6%
\$100,000 to \$200,000	134,800	294,500	12.9%	-629,900	15.9%	-2,140	-1.6%
\$200,000 to \$1 million	312,400	88,300	3.9%	-710,600	18.0%	-8,050	-2.6%
More than \$1 million	2,407,300	8,700	0.4%	-1,641,700	41.5%	-188,120	-7.8%
ALL	\$74,400	2,278,400	100.0%	\$ -3,957,300	100.0%	\$ -1,730	-2.3%

The Trump tax proposals included in these figures are the following, which are described in more detail in [ITEP's longer report](#).

Repeal of the 3.8 percent tax on investment income for the rich.

Repeal of the Alternative Minimum Tax.

Repeal of personal exemptions and doubling of the standard deduction.

Replacement of current income tax brackets with three brackets, 10 percent, 25 percent, and 35 percent.

Elimination of all itemized deductions except those for charitable giving and home mortgage interest.

Special tax rate (15 percent) for businesses that do not pay the corporate income tax.

New deduction and tax credit for child care.

Repeal of special tax breaks for businesses and reduction in the corporate income tax rate from 35 percent to 15 percent.

Repeal of the estate tax.