Alabama

Poor Families in Alabama Are Hit Harder by the Income Tax Than Those in Most Other States

Alabama's 2002 income tax threshold — the income level at which families begin paying income tax:

Ranking among 42 states with income taxes

⇒ For single-parent families of three: \$4,600.

Lowest

⇒ For two-parent families of four: \$4,600.

Lowest

Alabama's 2002 income tax on working-poor and near-poor families:

⇒ For families of three with *incomes at the poverty line (\$14,351)*: **\$398**. **Highest**

⇒ For families of four with *incomes at the poverty line (\$18,390)*: **\$478**. **2**nd **highest**

⇒ For families of three with *minimum-wage earnings* (\$10,712): **\$218**. **Highest**

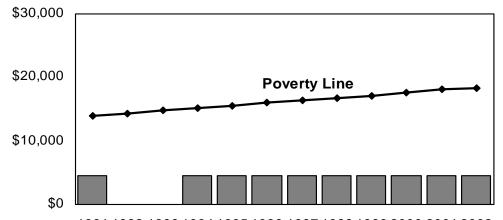
For families of three with *incomes at 125% of poverty line (\$17,939):* **2**nd **highest**

For families of four with *incomes at 125% of poverty line (\$22,988):* **3**rd **highest**

Alabama has consistently taxed families with incomes well below the poverty line.

- Alabama's tax threshold for families of four has not changed over the last eleven years. In 1991, a family of four owed tax when its income exceeded 33 percent of the poverty line. By 2002, Alabama's tax threshold dropped to 25 percent of the poverty line.
- Since 1994, the Alabama income tax on a family of four with poverty-level income has risen by \$130, an increase of 13 percent after taking inflation into account.

Income Tax Threshold for Family of Four



	Year	Threshold	
	1991	\$4600	
	1994	\$4600	
	1995	\$4600	
	1996	\$4600	
	1997	\$4600	
	1998	\$4600	
	1999	\$4600	
	2000	\$4600	
	2001	\$4600	
	2002	\$4600	

1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002

Source: Center on Budget Policy Priorities, State Income Tax Burdens on Low-Income Families in 2002, April 11, 2003.