

Alabama

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

Alabama's 2004 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**

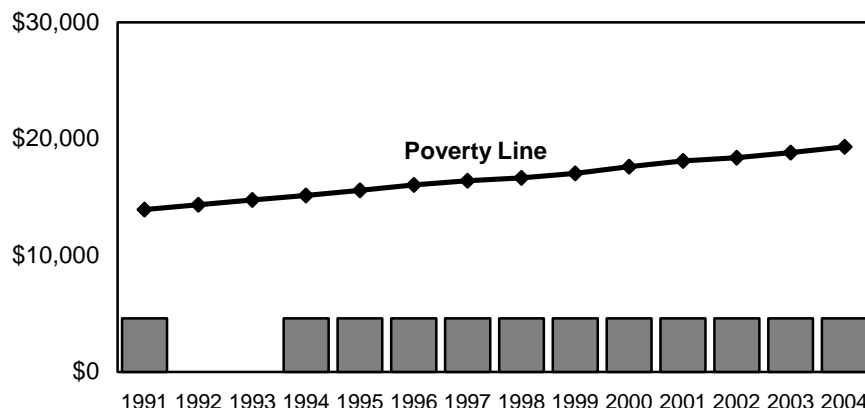
Alabama's 2004 income tax on working-poor and near-poor families:

- ⇒ For families of three with *incomes at the poverty line* (\$15,071): **\$433.** **2nd Highest**
- ⇒ For families of four with *incomes at the poverty line* (\$19,311): **\$513.** **2nd highest**
- ⇒ For families of three with *minimum-wage earnings* (\$10,712): **\$218.** **Highest**
- ⇒ For families of three with *incomes at 125% of poverty line* (\$18,839): **\$623.** **2nd highest**
- ⇒ For families of four with *incomes at 125% of poverty line* (\$24,139): **\$748.** **4th 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 twelve years. In 1991, a family of four owed tax when its income exceeded 33 percent of the poverty line. By 2004, Alabama's tax threshold dropped to 24 percent of the poverty line.
- ⇒ Since 1994, the Alabama income tax on a family of four with poverty-level income has risen by \$165, an increase of 16 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
2003	\$4600
2004	\$4600

Source: Center on Budget Policy Priorities, *The Impact of State Income Taxes on Low-Income Families in 2004*,