

Alabama

Alabama Taxes the Income of Working-Poor Families More Than Any Other State

Alabama's 2005 income tax threshold

Rank among the 42 states with income taxes

(The income level at which families begin paying income tax)

(1 = lowest threshold)

- For single-parent families of three: \$4,600 1
- For two-parent families of four: \$4,600 1

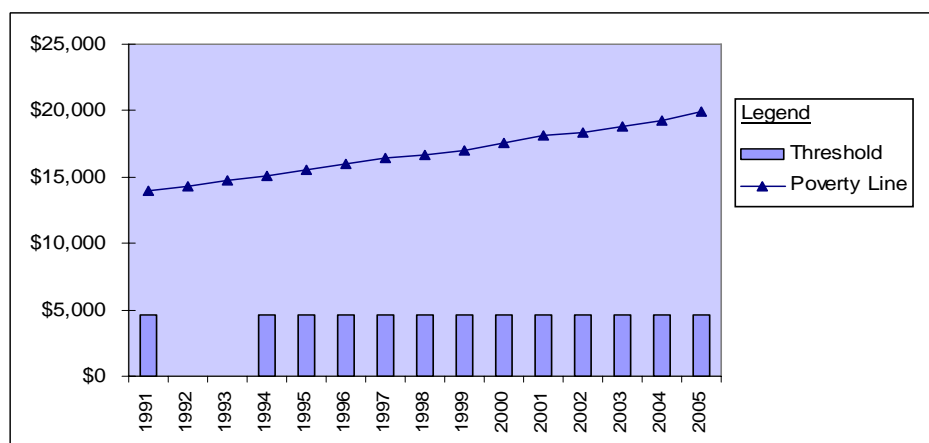
Alabama's 2005 income tax levied on working-poor and near-poor families Rank

- For families of three with incomes at the poverty line (\$15,577): \$458 1
- For families of four with incomes at the poverty line (\$19,961): \$538 1
- For families of three with minimum-wage earnings (\$10,712): \$218 1
- For families of three with incomes at 125% of poverty line (\$19,471): \$653 1
- For families of four with incomes at 125% of poverty line (\$24,951): \$788 4

Alabama has consistently taxed the income of extremely poor families, and it continues to tax families in deeper poverty each year.

- Alabama's tax threshold for families of four has not changed over the last fourteen years, even as the poverty line has climbed. In 1991, a family of four owed tax when its income exceeded 33 percent of the poverty line. By 2005, Alabama's tax threshold had dropped to 23 percent of the poverty line.
- Since 1994, Alabama's income tax on families of four with poverty-level income has increased from \$348 to \$538 — the highest level in the country and an increase of 17 percent after accounting for inflation.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$4,600
1992	\$4,600
1993	\$4,600
1994	\$4,600
1995	\$4,600
1996	\$4,600
1997	\$4,600
1998	\$4,600
1999	\$4,600
2000	\$4,600
2001	\$4,600
2002	\$4,600
2003	\$4,600
2004	\$4,600
2005	\$4,600