

# Alabama

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

### Alabama's 2006 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 2006 income tax levied on working-poor and near-poor families

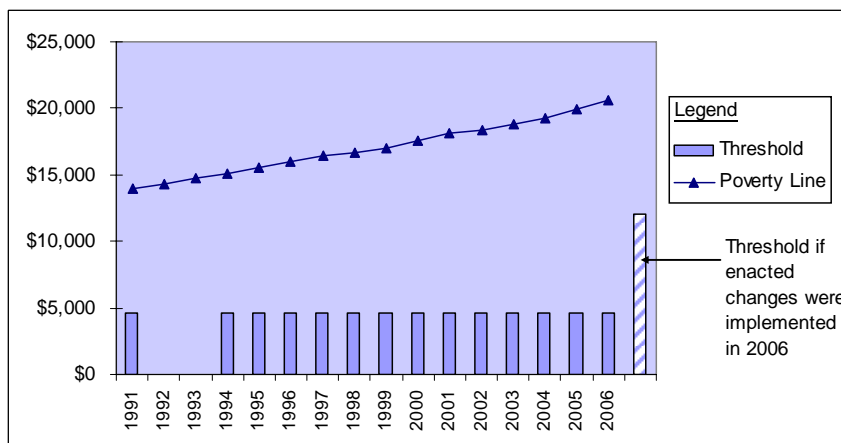
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$16,079): \$483 1
- For families of four with incomes at the poverty line (\$20,615): \$573 1
- For families of three with minimum-wage earnings (\$10,712): \$218 2
- For families of three with incomes at 125% of poverty line (\$20,099): \$683 1
- For families of four with incomes at 125% of poverty line (\$25,769): \$828 4

### Alabama's income tax treatment of poor families will improve substantially beginning in 2007.

- As a result of changes enacted in 2006, Alabama's tax threshold for a family of four next year will rise to about \$12,600, and tax at the poverty line will decline to \$383.
- However, Alabama will continue to be among a small number of states with a tax threshold less than three-fourths of the poverty line.

#### Income Tax Threshold for Family of Four



Year	Threshold
1991	\$4,600
1992	no data
1993	no data
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
2006	\$4,600