

# The 2009 Tax Fairness Amendment's estimated effects on selected Alabama taxpayers

Tax impact on Alabamians who file state income tax returns at each adjusted gross income (AGI) level, 2011

Filing Status	AGI	Income Tax Change	Sales Tax Change	Total State Change	Federal Tax Change	Total Tax Change
Single	\$75,000	\$0	▼ \$125	▼ \$125	\$0	▼ \$125
Single	\$100,000	▲ \$154	▼ \$125	▲ \$29	▼ \$39	▼ \$10
Single	\$150,000	▲ \$797	▼ \$125	▲ \$672	▼ \$223	▲ \$449
Single	\$200,000	▲ \$1,981	▼ \$125	▲ \$1,856	▼ \$555	▲ \$1,301
MFJ - no children	\$125,000	\$0	▼ \$274	▼ \$274	\$0	▼ \$274
MFJ - no children	\$150,000	▲ \$94	▼ \$274	▼ \$180	▼ \$23	▼ \$203
MFJ - no children	\$200,000	▲ \$438	▼ \$274	▲ \$164	▼ \$110	▲ \$54
MFJ - no children	\$300,000	▲ \$1,960	▼ \$274	▲ \$1,686	▼ \$647	▲ \$1,039
MFJ - 2 children	\$125,000	\$0	▼ \$468	▼ \$468	\$0	▼ \$468
MFJ - 2 children	\$150,000	▲ \$86	▼ \$468	▼ \$382	▼ \$21	▼ \$403
MFJ - 2 children	\$200,000	▲ \$413	▼ \$468	▼ \$55	▼ \$103	▼ \$158
MFJ - 2 children	\$300,000	▲ \$1,894	▼ \$468	▲ \$1,426	▼ \$625	▲ \$801

Source: Legislative Fiscal Office. "Federal tax change" is the projected reduction in federal income taxes due to an increased federal deduction for state income taxes paid.

Quick facts about income and taxes in Alabama	AGI and taxable income: What are they?
<ul style="list-style-type: none"> <li>Alabama's median household income in 2006-07 was \$40,620. That means half of all state households were at or below that income level.</li> <li>Overall, almost 90 percent of all Alabama tax returns will report AGIs of \$100,000 or less in 2011, according to Revenue Department estimates.</li> <li>Alabama and Mississippi are the only states with no tax break on groceries.</li> <li>Alabama is one of three states that offer a full state deduction for federal income taxes paid. Iowa and Louisiana are the others.</li> </ul>	<p><i>Adjusted gross income (AGI)</i> is income after certain deductions. In Alabama, those include Individual Retirement Account (IRA) contributions, alimony paid, self-employed health insurance premiums, certain adoption and moving expenses, and Prepaid Affordable College Tuition (PACT) contributions. <i>Taxable income</i> is calculated by subtracting personal exemptions, dependent exemptions, and standard or itemized deductions from AGI.</p>