



State has long way to go to make taxes fair

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The debate over sale, income and especially property taxes has gone on for years in Alabama, with proponents of a more progressive system saying a larger burden of the tax load should be shifted to ad valorem taxes, while defenders of the status quo say all we need is across-the-board cuts and everything will be fine.

But here are some sobering facts, released recently by the Center on Budget and Policy Priorities, a nonprofit, nonpartisan research group based in Washington, D.C.:

Low-income families in Alabama owe state income tax at one of the lowest incomes in the country and pay the nation's highest income tax bill on poverty-line earnings.

Alabama's income tax threshold of \$12,600 for a two-parent family of four was the nation's second-lowest in 2008, the study found. Only Montana, where the threshold is \$12,200, taxes families with lower incomes. And because Montana's tax threshold rises along with inflation but Alabama's threshold does not, Alabama likely will have the country's lowest income tax threshold in the near future if nothing changes.

"Having such a low income tax threshold is more than just an image problem for our state," Kimble Forrister, the executive director of the Alabama Arise Citizen Policy Project, said. "It's counterproductive and wrong to require income taxes from people who are barely making ends meet during a severe recession."

Alabama also has the nation's highest income tax for a two-parent family of four at the poverty line, which was \$22,017 in 2008. A family of four at that income owed \$483 in Alabama income tax last year, according to the CBPP report. State income tax for that same family was \$223 in Georgia, \$95 in Arkansas, \$73 in Mississippi and \$53 in Louisiana. Only 16 states required such families to pay any state income tax at all.

To give credit where credit is due, Alabama Gov. Bob Riley was instrumental in getting the minimum income level for taxes raised, and Forrister agreed that the 2006 increase in Alabama's income tax threshold from \$4,600 to \$12,600 for a family of four has provided real help for low- and middle-income Alabamians. But he said the study is a reminder that much work remains to make the state's tax system fairer to everyone and to keep it that way.

"No other state has an income tax that hits low-income people as hard as Alabama's does," Forrister said. "It goes to show that even though our state's taxes may be low overall, they aren't

low for everyone. But if we work together to make our tax system more balanced and sensible, we can help our economy grow and make life better for millions of hard-working Alabamians.”

Alabama Arise Citizens’ Policy Project is a nonprofit statewide citizens’ organization comprising 150 congregations and community groups that promote public policies to improve the lives of low-income Alabamians.

And to bring uncomfortable truths like these to light.

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