



Flawed tax systems keep Alabama last in many state rankings

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By Linda Tilly

Are people in Tennessee smarter? Do Georgians work harder? Are Texans better people? Of course not.

The people of Alabama are just as smart, hardworking and honest as anyone else in America, so why do so many state rankings show Alabama at the bottom of the list? Alabama is among the bottom states in eighth-grade math skills and high school graduation rates, 42nd in college attainment of two-year degrees, 45th for four-year degrees, and dead last when it comes to incomes those degrees command in the state. On the public health front, we rank among the worst in life expectancy, infant mortality and availability of primary care physicians. In child well-being, as documented by Kids Count, we rank 48th.

According to two recently released reports by the Center on Budget and Policy Priorities and the U.S. Census, it's no accident that Alabama continues to rank last. And we'll stay on the bottom until we fix our fundamentally flawed, upside-down tax system.

Across this country, states build public structures and systems to accomplish those things that people can only do together -- like creating public school systems to provide opportunity, highway systems to move people and goods, public health systems to promote healthy living, park systems to provide recreation, a justice system to settle disagreements -- the list goes on. These public structures are a key part of why Americans enjoy such a high quality of life and opportunity.

For these systems and structures to function well -- and to support our economy and quality of life -- they require adequate, stable sources of funding. And that is exactly where Alabama falls short. The fact is, Alabama struggles to achieve because it has an upside down tax system that doesn't raise the necessary funds in a stable way, since it's designed to get the most from the people who have the least, and the least from those who have the most. States higher in the rankings don't approach funding in this upside-down way.

What's upside-down about it? Alabama relies heavily on sales taxes, including taxes on food, which results in average working families paying about 10 percent of their income in state taxes, while the wealthiest families in the state have about 4 percent of their income go toward state taxes. That's right: Wealthy residents pay less than half the overall percentage of average families.

This upside-down system not only keeps struggling families from gaining financial stability, it is also completely impractical. When a recession strikes, those with the least have even less, putting state revenue and state services at risk when they are most needed.

No logical person would design such a system, but bit by bit, it was easier to put more and more reliance on sales taxes, while less popular sources of revenue, like property taxes, went ignored. Over time, the system has become increasingly ineffective.

Alabama will continue to limp along, patching together budgets like we patch potholes on worn highways, until we replace our upside-down tax system with a sound, stable revenue stream to support the public structures and systems on which we all rely. We don't have to do it all at once, but we need to begin to take the steps to turn our tax system right side up, and get to a point where the share paid by families makes a lot more sense.

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