

Alabama's Tax System: Understanding the Current Landscape



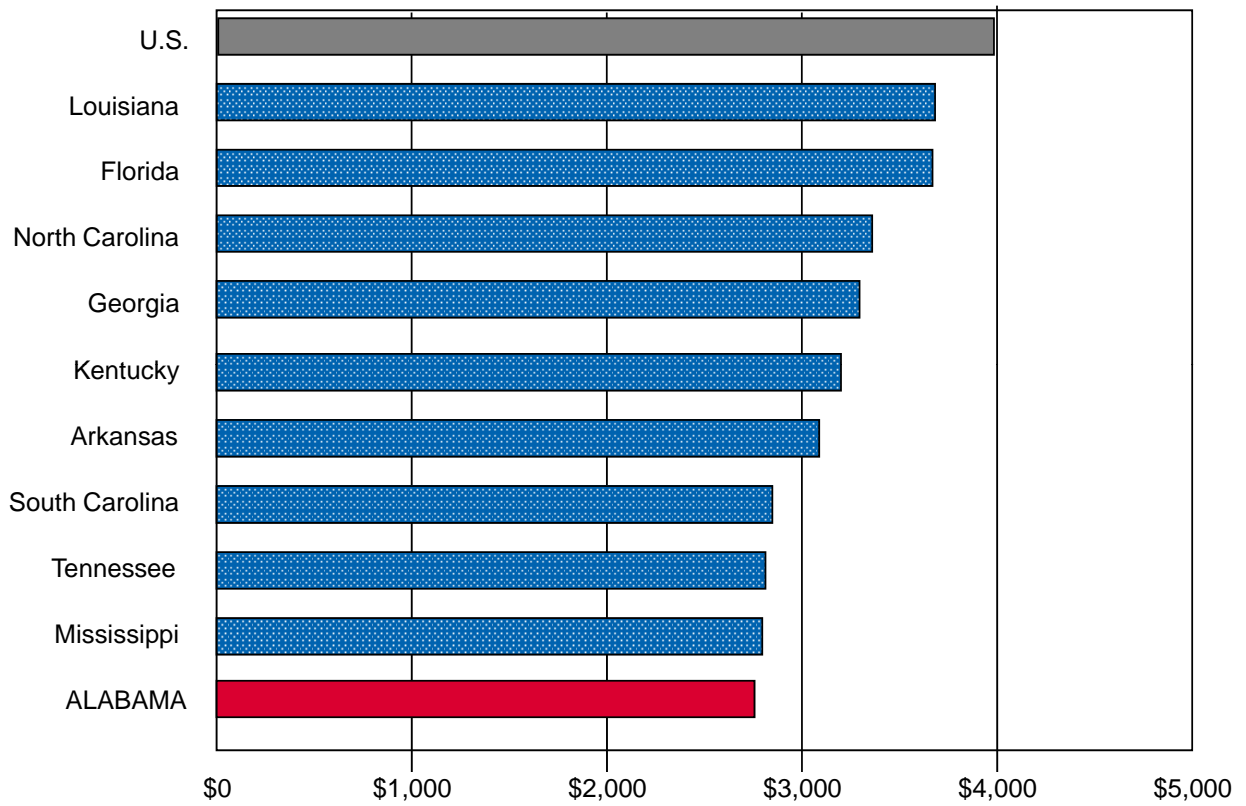
Jim Williams
Executive Director
Public Affairs Research Council
of Alabama

An Investment?

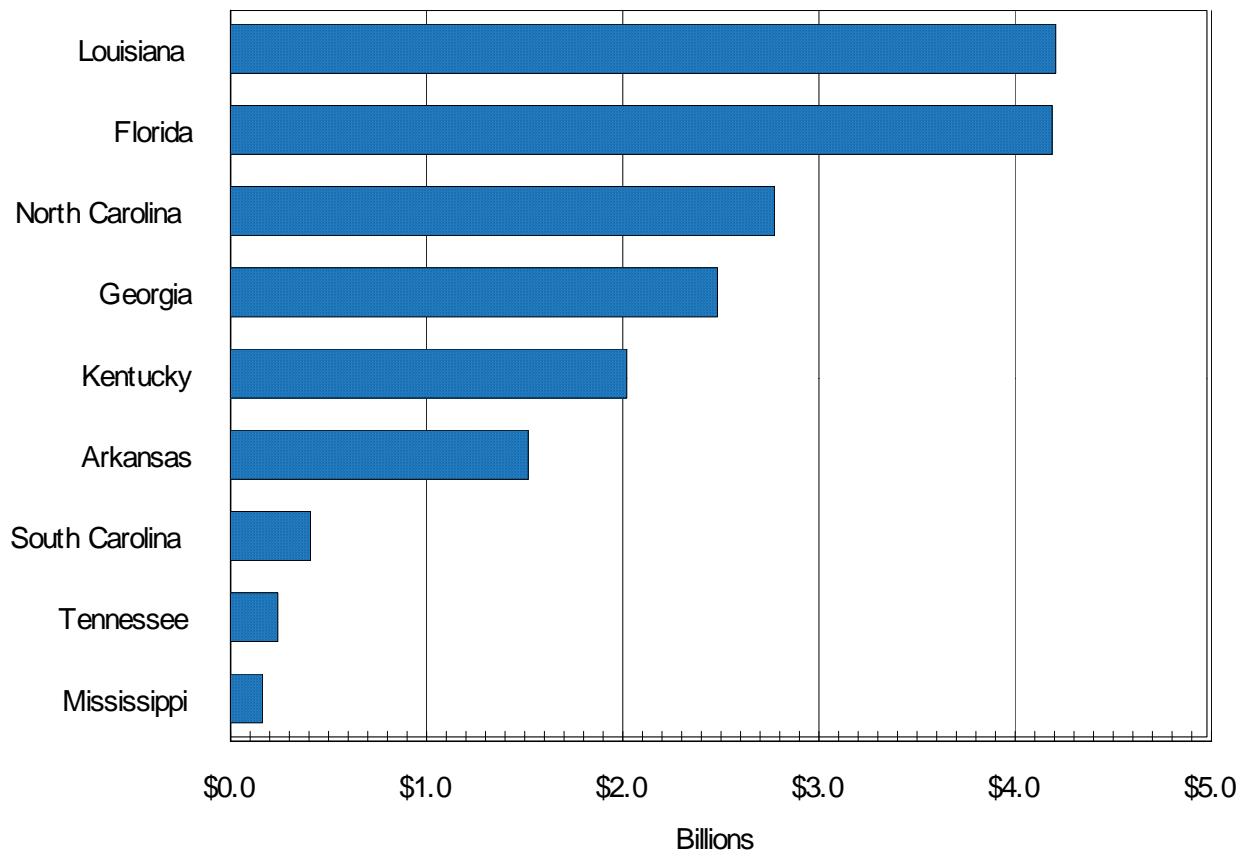
- *Tough sell!*
- Adequate to the task.
- Wisely managed.
- Balanced among sources.
- Fairly apportioned to taxpayers.

Adequate to the task?

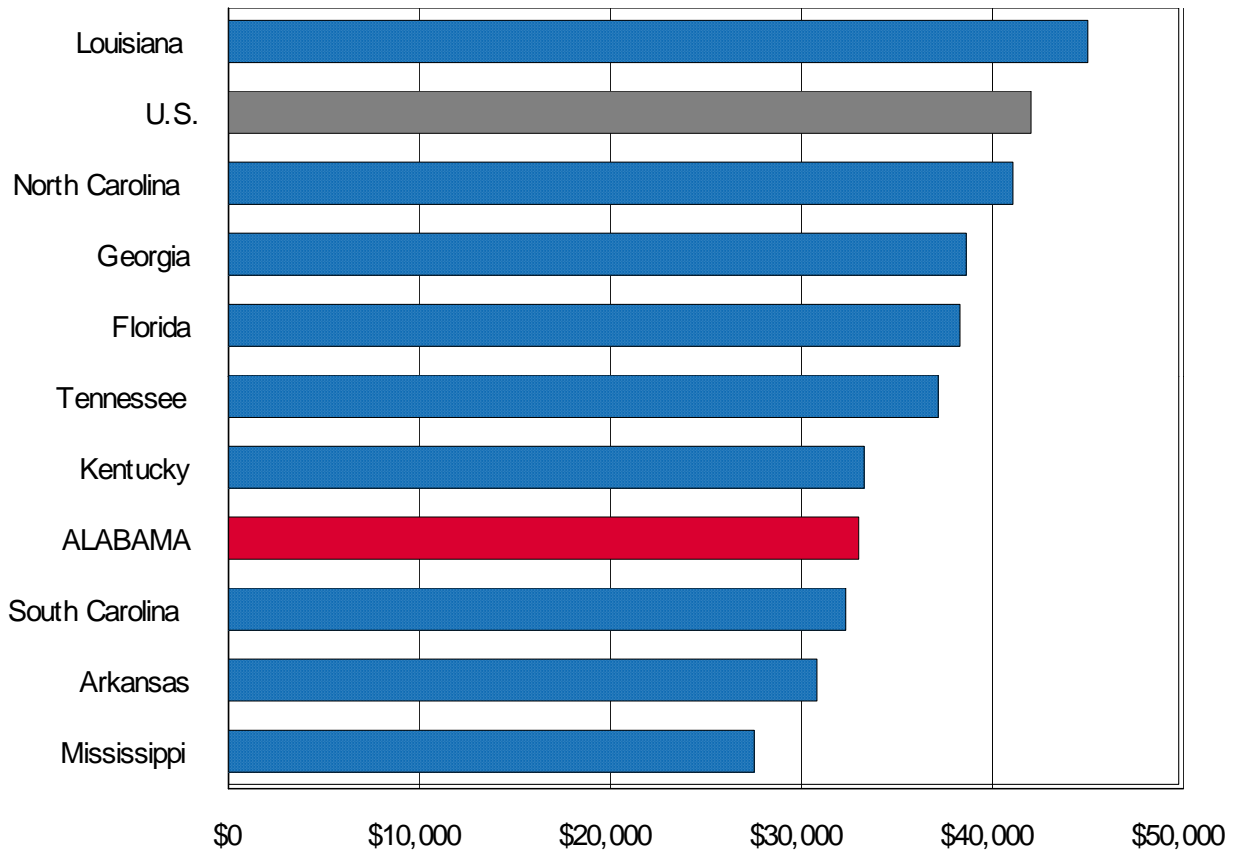
STATE AND LOCAL TAXES PER CAPITA, 2006



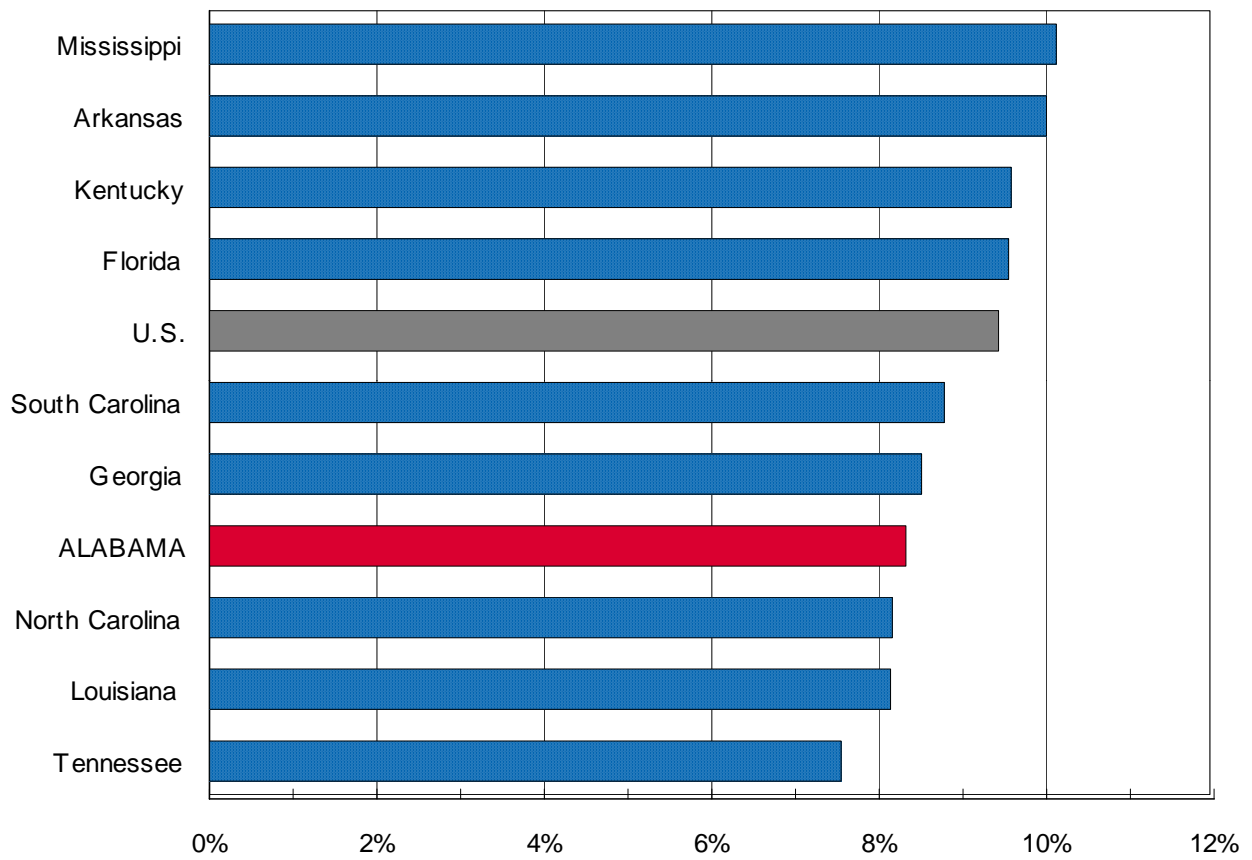
TAX REVENUE ADVANTAGE OVER ALABAMA, 2006



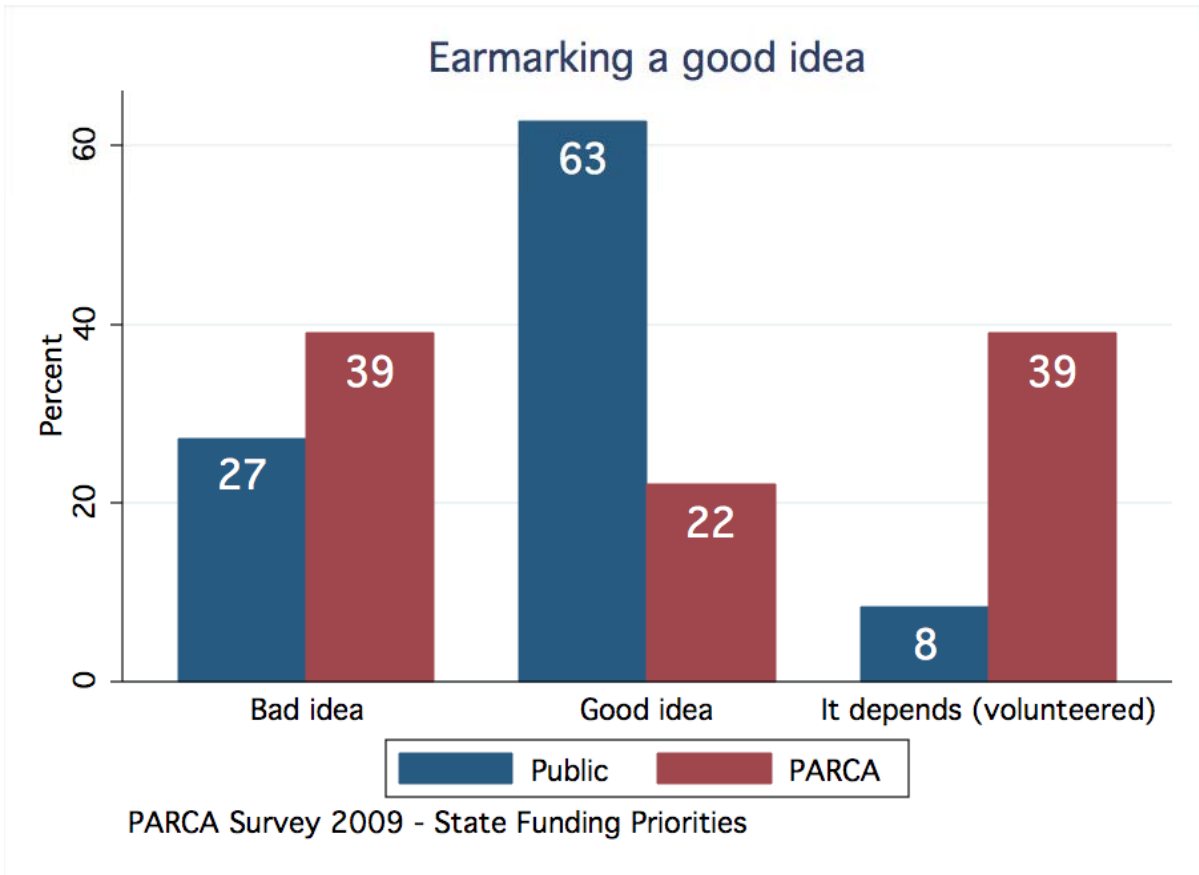
TAXABLE RESOURCES PER CAPITA, 2006



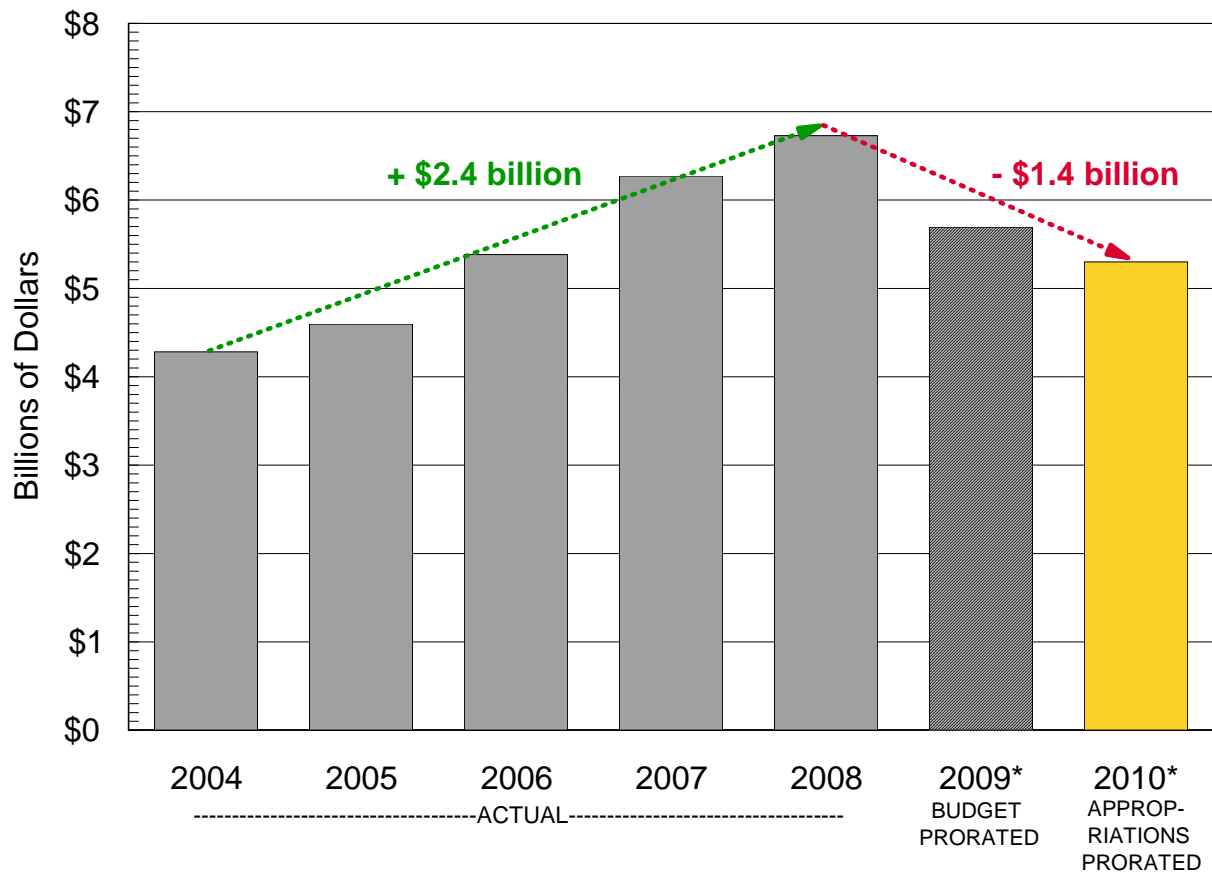
TAX REVENUES AS A PERCENT OF RESOURCES, 2006

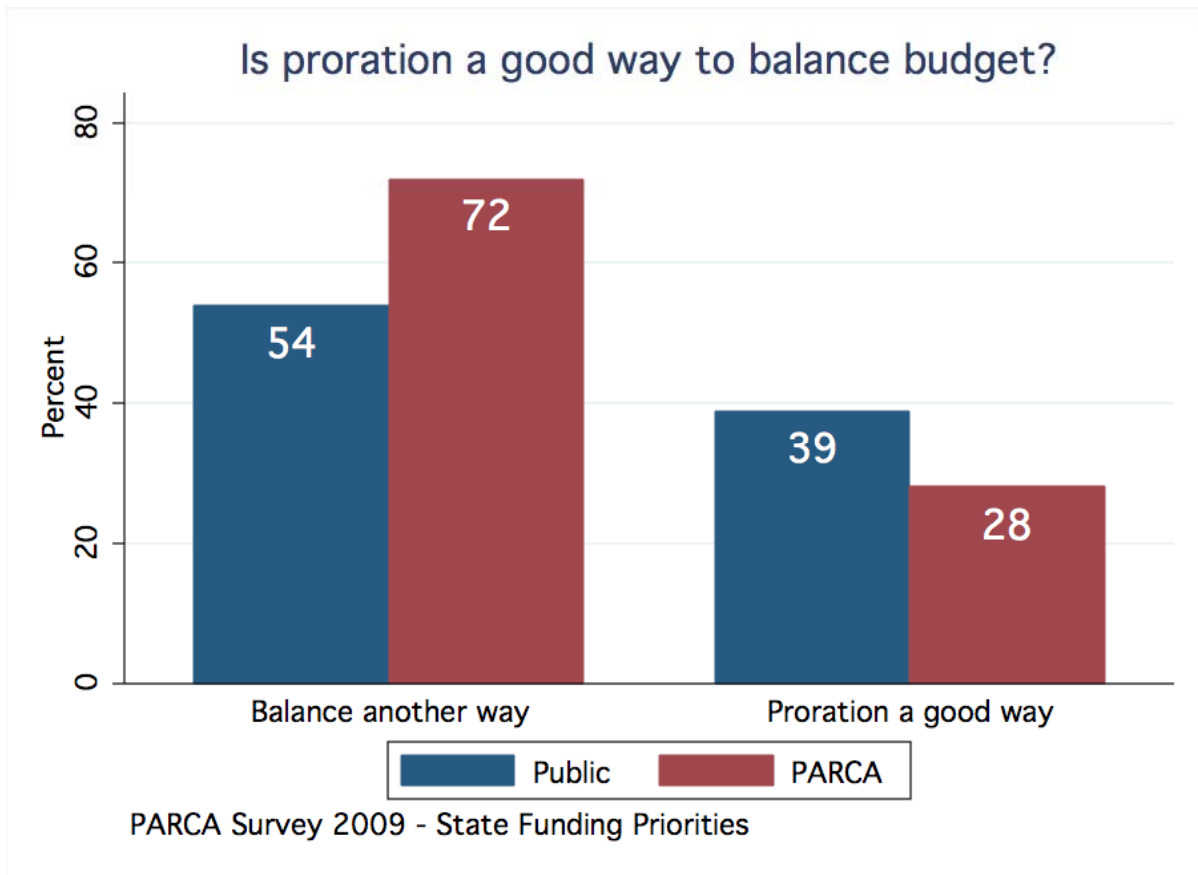


Wisely managed?



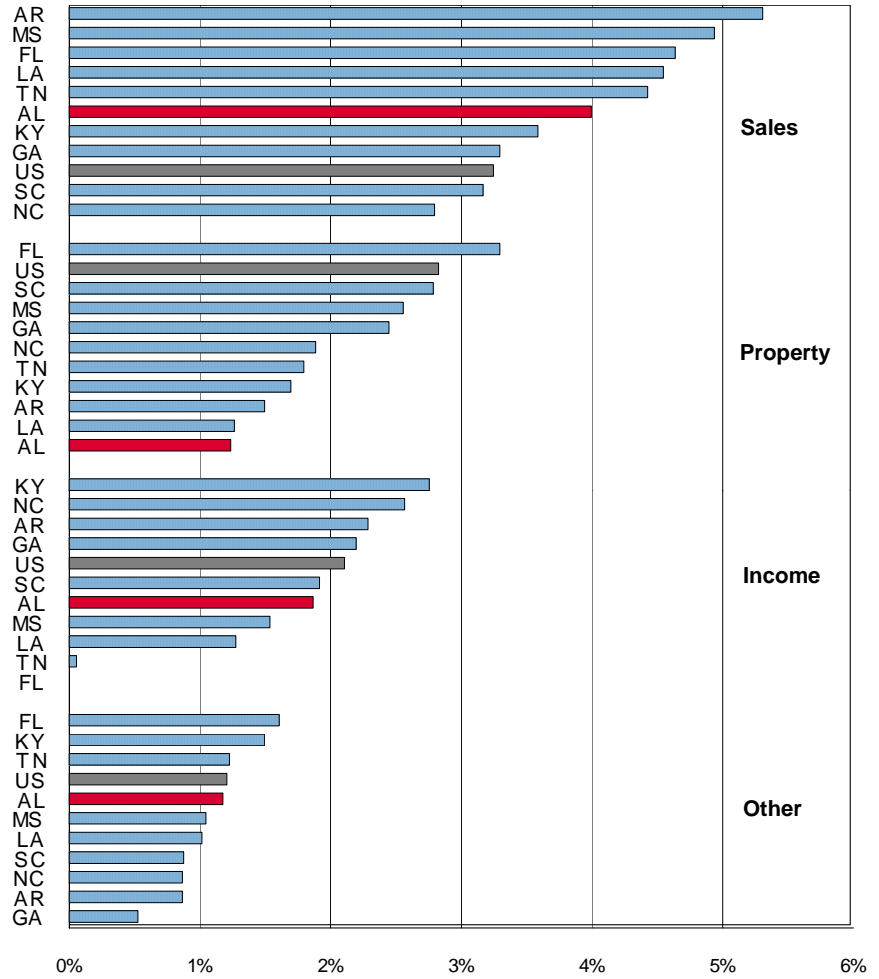
Education Trust Fund Expenditures





Balanced among sources?

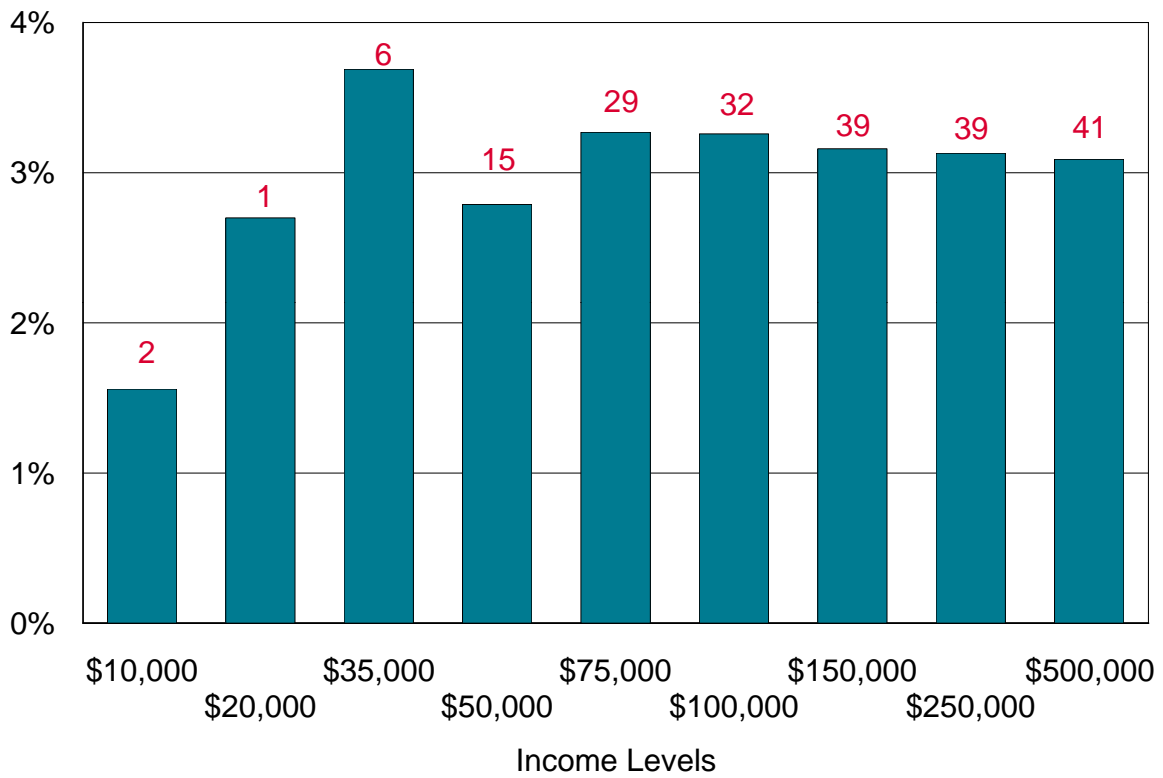
**TAX
BURDENS
BY SOURCE**



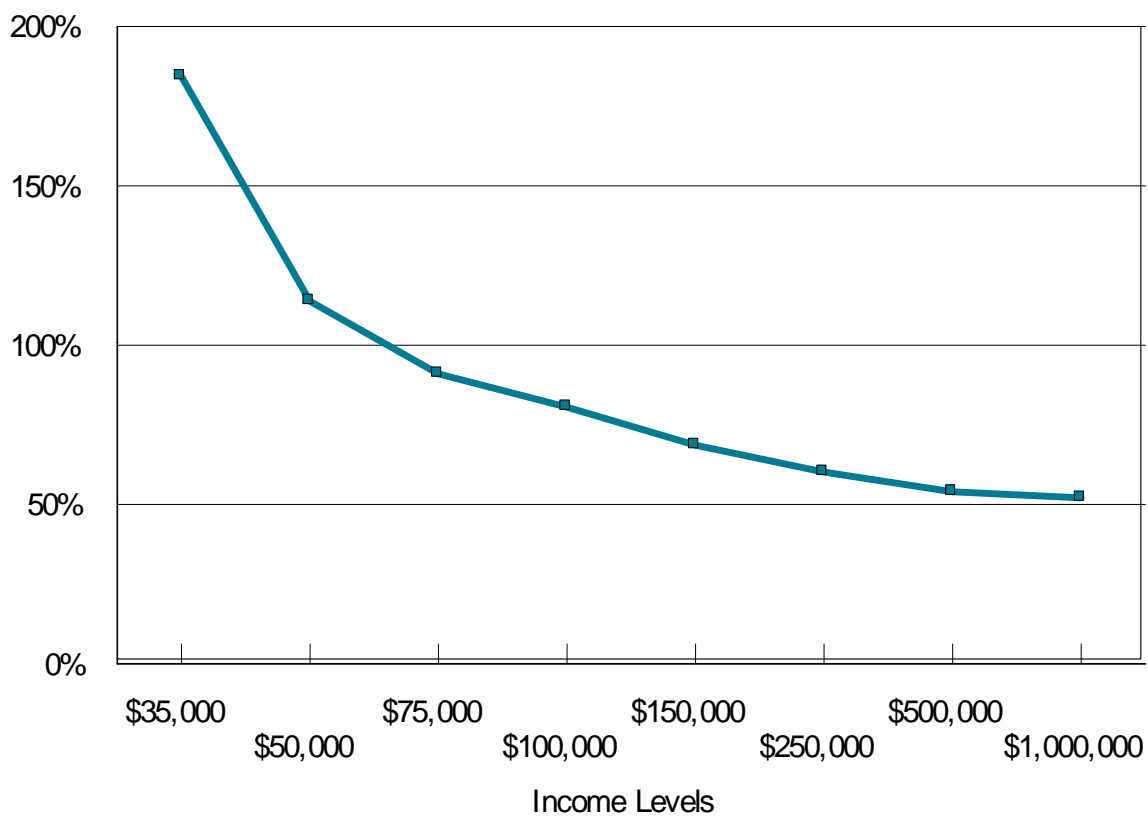
Fairly apportioned among
taxpayers?

SERVICES TAXED BY STATE AND CATEGORY, 2007 (Federation of Tax Administrators)									
		Personal	Business	Computer	Admissions/	Professional	Fabrication,	Other	
	Utilities	Services	Services	Services	Amusements	Services	Repair &	Services	Total
							Installation		
Arkansas	16	7	12	1	12	0	11	13	72
Mississippi	10	5	8	3	11	0	13	22	72
Tennessee	11	10	7	3	12	0	13	11	67
Florida	7	4	9	0	14	0	16	13	63
Louisiana	10	8	5	3	9	0	13	7	55
Alabama	12	2	6	3	10	0	1	3	37
Georgia	10	4	5	2	8	0	1	6	36
South Carolina	4	6	7	4	10	0	1	3	35
North Carolina	10	4	5	0	9	0	1	1	30
Kentucky	11	2	4	0	6	0	4	1	28

Effective Alabama Income Tax Rates, 2006
 Married Joint Filers (NTC)
 Rank Among 42 States Above Each Bar



Alabama Tax as % of U.S. Average, 2006
Married Joint Filers (NTC)



State Income Tax Thresholds for Married Couple with Two Kids, 2007 (Center on Budget & Policy Priorities)		
Rank	State	Threshold
3	Alabama	\$ 12,600
8	Georgia	15,900
11	Louisiana	17,500
14	North Carolina	19,400
15	Mississippi	19,600
17	Kentucky	20,700
17	Arkansas	20,700
	<i>Poverty Line</i>	21,203
33	South Carolina	30,400

Urban Homestead, Taxes Payable in 2004										
Land and Building		\$70,000			\$150,000			\$300,000		
State	City	Rank	Net Tax	Effective Tax Rate	Rank	Net Tax	Effective Tax Rate	Rank	Net Tax	Effective Tax Rate
Tennessee	Memphis	14	1,212	1.731%	18	2,596	1.731%	19	5,193	1.731%
Florida	Miami-Dade	18	1,102	1.574%	11	3,081	2.054%	6	6,791	2.264%
South Carolina	Columbia	24	928	1.325%	24	2,219	1.480%	22	4,931	1.644%
Mississippi	Jackson	28	820	1.172%	27	2,002	1.335%	26	4,304	1.435%
Florida	Jacksonville	29	810	1.157%	22	2,250	1.500%	21	4,951	1.650%
North Carolina	Charlotte	30	794	1.134%	37	1,701	1.134%	38	3,403	1.134%
Kentucky	Louisville	34	763	1.091%	40	1,636	1.091%	41	3,272	1.091%
Arkansas	Little Rock	38	705	1.007%	30	1,853	1.235%	31	4,006	1.335%
Kentucky	Lexington-Fayette	44	613	0.876%	46	1,314	0.876%	46	2,628	0.876%
Georgia	Atlanta	47	497	0.710%	34	1,772	1.181%	28	4,161	1.387%
Alabama	Birmingham *	49	403	0.617%	51	957	0.657%	51	1,995	0.675%
Louisiana	New Orleans	54	73	0.104%	45	1,338	0.892%	32	3,881	1.294%
U.S. Average			928	1.326%		2,156	1.437%		4,494	1.498%

Urban Industrial Property, Taxes Payable in 2004								
Land & Building		\$1,000,000			\$25,000,000			
Machinery & Equipment		\$500,000			\$12,500,000			
Inventories		\$400,000			\$10,000,000			
Fixtures		\$100,000			\$2,500,000			
State	City	Rank	Total Net Tax	Effective Tax Rate	Rank	Total Net Tax	Effective Tax Rate	
South Carolina	Columbia	1	74,560	3.728%	1	1,863,997	3.728%	
Louisiana	New Orleans	8	49,706	2.485%	8	1,242,647	2.485%	
Tennessee	Memphis	14	40,781	2.039%	15	1,019,528	2.039%	
Mississippi	Jackson	15	40,607	2.030%	16	1,015,176	2.030%	
Florida	Jacksonville	17	39,850	1.992%	18	996,240	1.992%	
Georgia	Atlanta	26	33,088	1.654%	26	827,192	1.654%	
Florida	Miami-Dade	30	28,805	1.440%	30	720,131	1.440%	
Arkansas	Little Rock	33	27,669	1.383%	34	690,017	1.380%	
Alabama	Birmingham	41	\$22,184	1.109%	41	\$554,610	1.109%	
North Carolina	Charlotte	47	18,280	0.914%	47	457,009	0.914%	
Kentucky	Lexington-Fayette	50	16,242	0.812%	50	406,056	0.812%	
Kentucky	Louisville	52	13,763	0.688%	52	344,069	0.688%	
U.S. Average			33,795	1.690%		844,723	1.689%	

