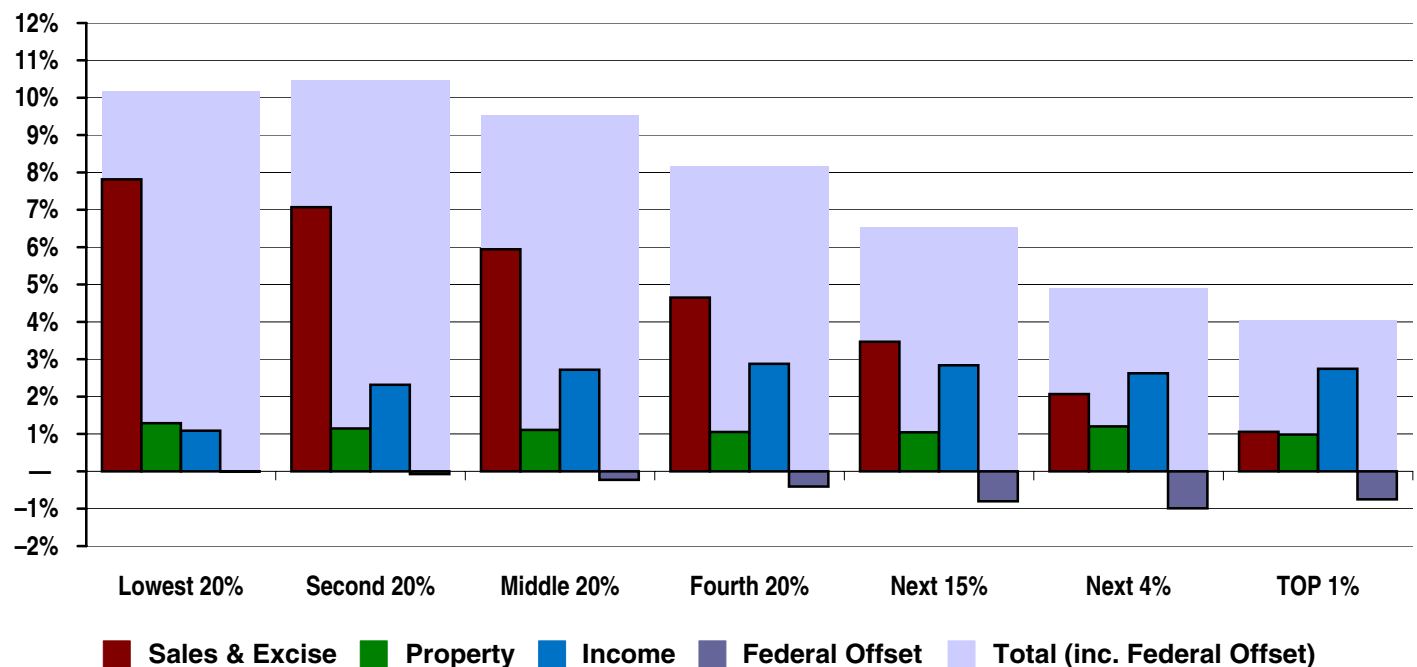


Alabama

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$16,000	\$16,000 – \$26,000	\$26,000 – \$46,000	\$46,000 – \$78,000	\$78,000 – \$153,000	\$153,000 – \$384,000	\$384,000 or more
Average Income in Group	\$10,400	\$21,000	\$34,600	\$59,300	\$103,200	\$211,500	\$1,196,200
Sales & Excise Taxes	7.8%	7.1%	5.9%	4.6%	3.5%	2.1%	1.1%
General Sales—Individuals	4.0%	3.7%	3.3%	2.7%	2.0%	1.2%	0.6%
Other Sales & Excise—Ind.	2.0%	1.7%	1.3%	0.9%	0.7%	0.4%	0.2%
Sales & Excise on Business	1.8%	1.6%	1.4%	1.1%	0.8%	0.5%	0.3%
Property Taxes	1.3%	1.1%	1.1%	1.1%	1.0%	1.2%	1.0%
Property Taxes on Families	1.3%	1.1%	1.0%	1.0%	1.0%	1.0%	0.4%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.5%
Income Taxes	1.1%	2.3%	2.7%	2.9%	2.8%	2.6%	2.7%
Personal Income Tax	1.1%	2.3%	2.7%	2.9%	2.8%	2.6%	2.5%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	10.2%	10.5%	9.8%	8.6%	7.4%	5.9%	4.8%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.4%	-0.8%	-1.0%	-0.7%
TOTAL AFTER OFFSET	10.2%	10.5%	9.5%	8.2%	6.6%	4.9%	4.0%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

Alabama

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Provides one of the largest property tax homestead exemptions in the country

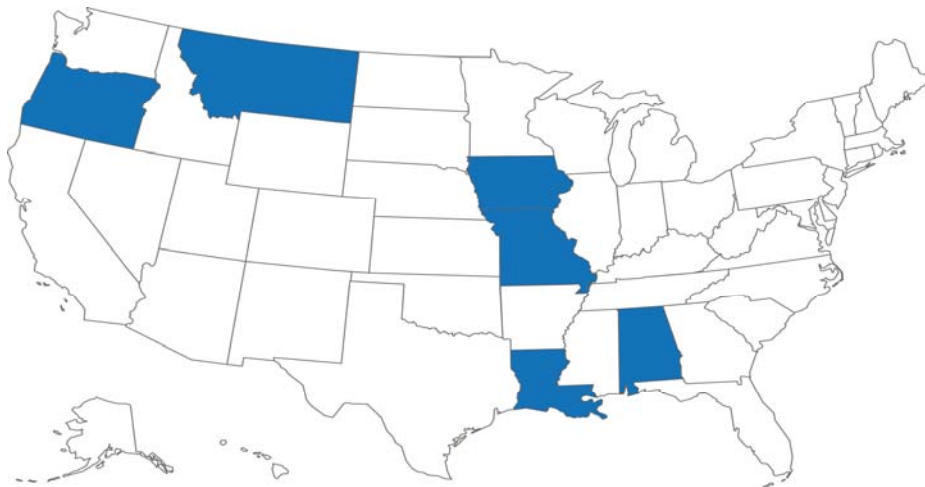
Regressive Features

- ✗ Narrow income tax brackets mean majority of taxpayers pay top income tax rate
- ✗ Offers an income tax deduction for federal income taxes paid
- ✗ Sales tax base includes groceries

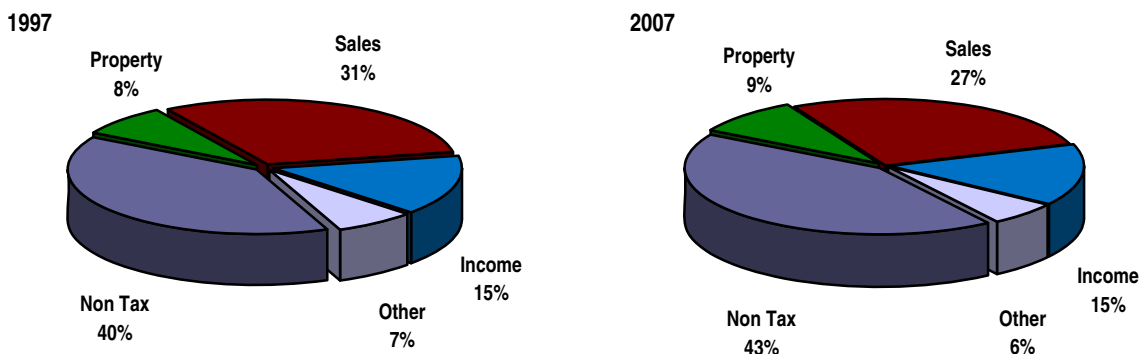
Recent Developments

- ▲ Increased standard deduction for low- and moderate-income taxpayers
- ▲ Increased dependent exemption for low- and moderate-income taxpayers

States Offering a Deduction for Federal Income Taxes Paid



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances