

# Alabamians Perspectives on State Taxes & Revenues

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**Ask-Alabama Poll, Spring 2005**  
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### Significant Findings

1. **Nearly all Alabamians (92%) are somewhat or very concerned about finding a solution to the State's continuing budget shortfalls.**
  - a. 44% are *very concerned* about finding a solution to the budget shortfalls;
  - b. 48% are *concerned*;
  - c. Only 5% are *not at all concerned*.

*During the past year, the public has remained concerned that the State leadership must find a way to work together to resolve the State's recurring fiscal shortfalls. The problem is very intractable. If the legislature and governor do not find a compromise, they will face withering criticism for failure of leadership. If they appear too eager to raise taxes, both groups will face the wrath of the voters. A solution is only possible through bi-partisan cooperation in the State Legislature and with the Governor's Office. Sadly there has not been sufficient active and productive engagement of the business community, employee associations, and other interest groups to help broker the impasse.*

2. **More than half of Alabamians (58%) believes that the state system of taxation is not fair, but only 40% agree that state taxes are too high.**
  - a. 57% of respondents agree that the state taxation structure is *not fair*
  - b. 35% believe that the state taxation structure is *fair*.
  - c. 40% say that taxes in Alabama are *too high*
  - d. 42% say that taxes in Alabama are *about right*
  - e. 15% say that taxes in Alabama are *too low*.

*Most Alabamians acknowledge that Alabama is not a high tax state. This will not translate, however, into action to put the State's revenue structure on a firmer footing. As long as many Alabamians perceive the tax system to be unfair, it will be impossible to create a consensus to correct the revenue problems. The State's political leadership must squarely face the issue of reforming the tax system to make it fairer.*

- 3. By margins of 2 to 1 or more, the public supports increasing sin taxes or adopting a lottery and video gambling. In comparison to our poll in the Fall of 2004, the public's support for these taxes has remained consistently strong.**
- a. 63% of the respondents support higher taxes on tobacco products
  - b. 75% support higher taxes on alcoholic beverages
  - c. 66% support a lottery for education
  - d. 61% support taxation on video gaming.

*While an increase in the so-called "sin taxes" will not solve the state's fiscal crisis alone, increasing taxes on tobacco products and alcoholic beverages would be relatively easy for the electorate to accept. After all, tobacco and alcohol are considered to be products of individual choice, and not necessities. As such, it would be considered reasonable to tax them more heavily.*

*Public support for the lottery and video gaming may be a recognition that it makes no sense for Alabamians to support Mississippi, Georgia, Tennessee, and Florida. Prohibiting such activities in Alabama does not keep Alabamians from gambling, it just changes where they gamble and which state benefits from it.*

- 4. There is strong opposition to changing the sales tax rate, income tax rate, or property tax rates. The level of strong opposition to increases in these taxes remains unchanged from the level recorded in the Fall of 2004.**
- a. 75% oppose an increase in the sales tax rate.
  - b. 64% oppose an increase in the income tax rate.
  - c. 65% oppose an increase in the property tax rate.

*The high level of opposition to increasing any of the big three state tax revenues should not be a surprise. Among other points, this level of opposition indicates how little confidence Alabamians have in the State to manage new sources of revenue and develop a tax structure that would be fair for all. It is up to community leaders to continue to educate the public on the need for change if Alabama is to break out of its low rankings on most social and public indicators..*

## **Poll Facts**

Dates of Survey: April 6-18, 2005  
Sample Size: 603  
Estimated Margin of Error: Less than +/- 4%  
Type of Survey: Random telephone survey of Alabamians 19 or older