

Money Needed  
**\$7.9 billion**



Taxpayer Burden™  
**\$5,000**



Financial Grade



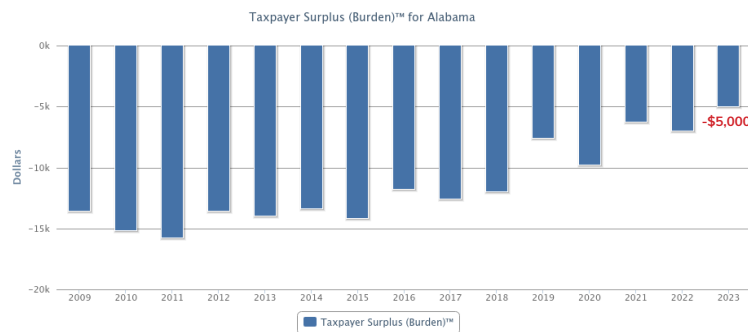
Ranking

**32 out of 50**



Alabama, like most other states, improved its financial condition in 2023. This is a positive development, and Truth in Accounting applauds the state's commitment to improving its fiscal solvency. The state increased its money available to pay bills by \$1.9 billion. However, Alabama still needed \$7.9 billion to pay all its bills.

According to the 2023 Alabama audited financial report, tax revenues decreased by \$1.1 million, less than one percent, mainly because of economic factors. Income taxes fell by \$229 million, a three percent drop because of lower taxpayer income, while sales and use taxes increased by \$127 million, or three percent, driven by higher consumer spending. Federal grants, including those from the CARES Act, fell by \$251 million, contributing to the decline. Unrestricted investment earnings saw a significant rise of \$1.4 billion, thanks to a better-performing stock market. Additionally, certain spending areas remained relatively flat, which helped the state to avoid overspending during the economic recovery period.



However, unfunded pensions and other post-retirement benefits continued to impair Alabama's ability to pay its bills. As outlined in the comprehensive 2024 Financial State of the States report, inflation, market volatility, and other economic factors could further impact the state's financial situation. Based upon the state's latest audited financial report for the fiscal year 2023, Alabama had a Taxpayer Burden™ of \$5,000, earning it a "D" grade from Truth in Accounting.

- Alabama had \$18.9 billion available to pay \$26.8 billion worth of bills.
- The outcome was a \$7.9 billion shortfall, which breaks down to a burden of \$5,000 per taxpayer.
- Alabama reported a slight tax revenue decline, with income taxes dropping because of lower incomes, but offset by higher sales taxes and increased investment earnings.

## The State's Bills Exceeded Its Assets

Total Assets	\$79,471,754,000
Minus: Capital Assets	-\$36,287,552,000
Restricted Assets	-\$24,265,417,000
Assets Available to Pay Bills	\$18,918,785,000
Minus: Total Bills*	\$26,833,643,000
Money needed to pay bills	\$7,914,858,000
Each taxpayer's share of this burden	\$5,000

## \*Breakdown of Total Bills

Bonds	\$10,884,992,000
Other Liabilities	\$9,745,737,000
Minus: Debt Related to Capital Assets	-\$7,477,823,000
Unfunded Pension Benefits	\$10,789,351,000
Unfunded Retiree Health Care Benefits	\$2,891,386,000
Total Bills	\$26,833,643,000

Grade:

**D**

Bottom line: Alabama would need \$5,000 from each of its taxpayers to pay all of its outstanding bills and received a "D" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a "D" grade.