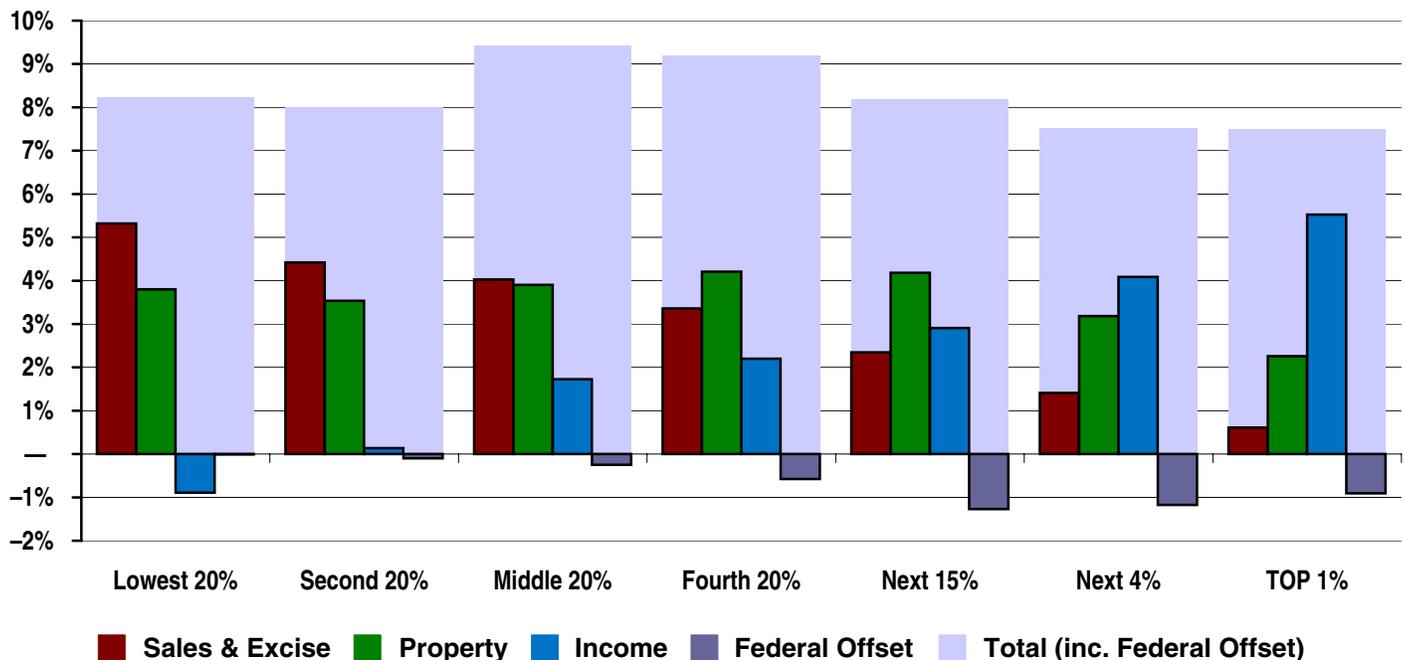


# Vermont

## 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 \$18,000	\$18,000 – \$34,000	\$34,000 – \$54,000	\$54,000 – \$85,000	\$85,000 – \$168,000	\$168,000 – \$412,000	\$412,000 or more
Average Income in Group	\$11,200	\$26,400	\$43,600	\$65,800	\$112,000	\$249,000	\$1,250,000
<b>Sales &amp; Excise Taxes</b>	<b>5.3%</b>	<b>4.4%</b>	<b>4.0%</b>	<b>3.4%</b>	<b>2.3%</b>	<b>1.4%</b>	<b>0.6%</b>
General Sales—Individuals	2.2%	2.2%	2.1%	1.9%	1.4%	0.8%	0.4%
Other Sales & Excise—Ind.	1.8%	1.1%	0.9%	0.7%	0.5%	0.2%	0.1%
Sales & Excise on Business	1.3%	1.1%	1.0%	0.8%	0.5%	0.3%	0.2%
<b>Property Taxes</b>	<b>3.8%</b>	<b>3.5%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>3.2%</b>	<b>2.3%</b>
Property Taxes on Families	3.6%	3.3%	3.7%	3.9%	3.8%	2.6%	0.9%
Other Property Taxes	0.2%	0.2%	0.2%	0.3%	0.4%	0.6%	1.3%
<b>Income Taxes</b>	<b>-0.9%</b>	<b>0.1%</b>	<b>1.7%</b>	<b>2.2%</b>	<b>2.9%</b>	<b>4.1%</b>	<b>5.5%</b>
Personal Income Tax	-0.9%	0.1%	1.7%	2.2%	2.9%	4.0%	5.4%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
<b>TOTAL TAXES</b>	<b>8.2%</b>	<b>8.1%</b>	<b>9.7%</b>	<b>9.8%</b>	<b>9.4%</b>	<b>8.7%</b>	<b>8.4%</b>
Federal Deduction Offset	-0.0%	-0.1%	-0.3%	-0.6%	-1.3%	-1.2%	-0.9%
<b>TOTAL AFTER OFFSET</b>	<b>8.2%</b>	<b>8.0%</b>	<b>9.4%</b>	<b>9.2%</b>	<b>8.2%</b>	<b>7.5%</b>	<b>7.5%</b>

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

# Vermont

## State & Local Taxes

### Features, Developments, and Comparisons

#### Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Provides a large, refundable earned income tax credit (EITC)
- ✓ Offers a refundable property tax “circuit breaker” credit to low-income taxpayers

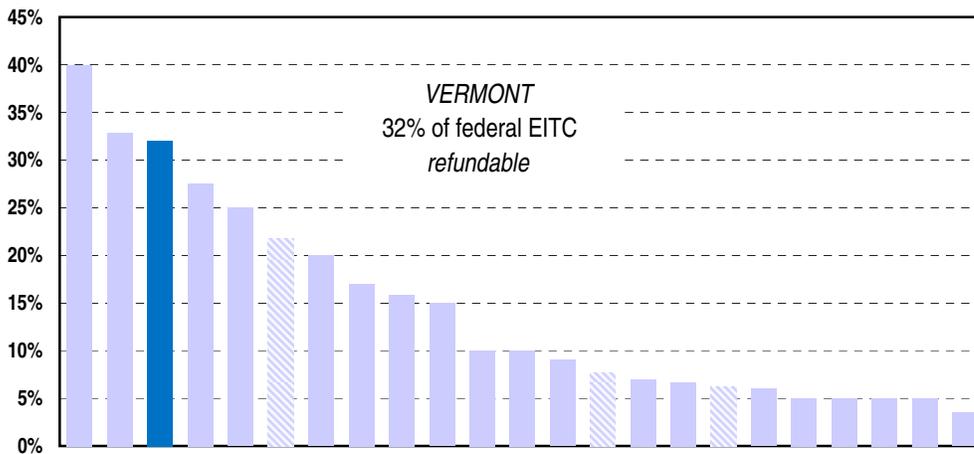
#### Regressive Features

- ✗ Comparatively high cigarette tax rate

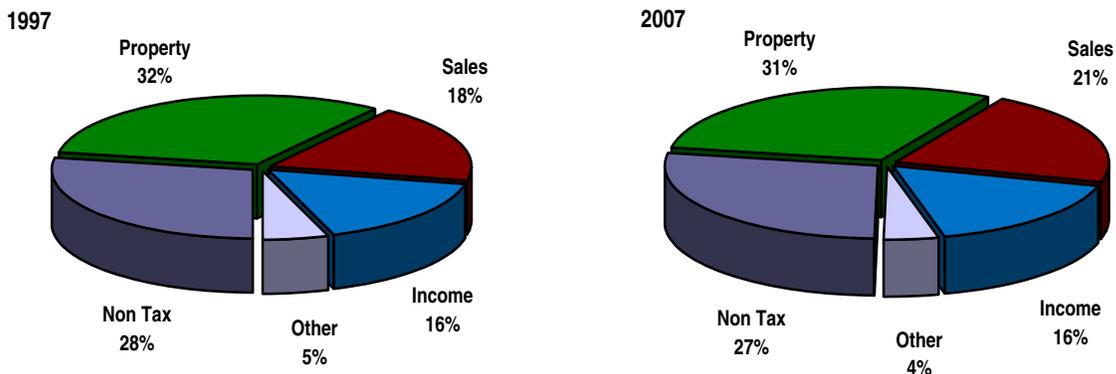
#### Recent Developments

- ▲ Reduced income tax rates
- ▲ Reduced capital gains exclusion from 40 percent of such income to \$5,000
- ▲ Mandated the use of combined reporting

#### Effective State Earned Income Tax Credit (EITC) Rates



#### Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances