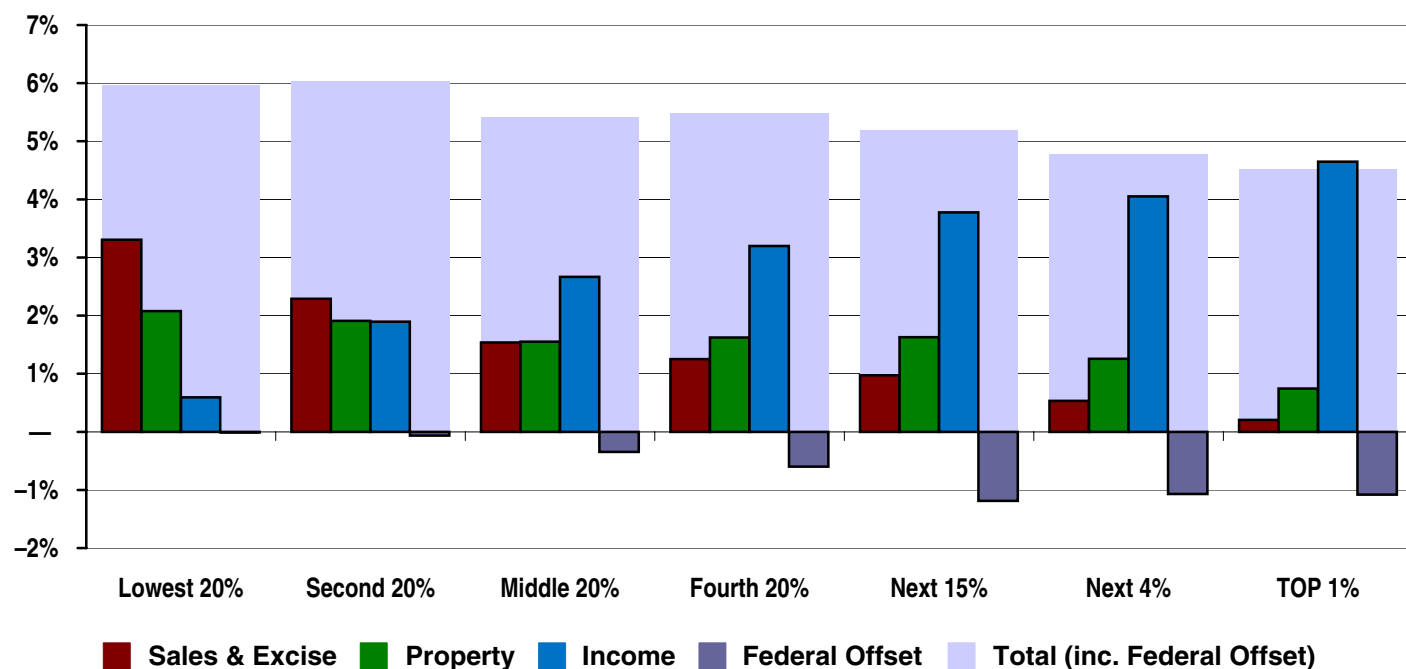


Delaware

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 \$19,000	\$19,000 – \$33,000	\$33,000 – \$56,000	\$56,000 – \$90,000	\$90,000 – \$171,000	\$171,000 – \$422,000	\$422,000 or more
Average Income in Group	\$10,100	\$25,000	\$44,600	\$71,700	\$118,000	\$251,700	\$1,613,700
Sales & Excise Taxes	3.3%	2.3%	1.5%	1.3%	1.0%	0.5%	0.2%
General Sales—Individuals	—	—	—	—	—	—	—
Other Sales & Excise—Ind.	2.5%	1.7%	1.1%	0.9%	0.7%	0.3%	0.1%
Sales & Excise on Business	0.8%	0.6%	0.5%	0.4%	0.3%	0.2%	0.1%
Property Taxes	2.1%	1.9%	1.6%	1.6%	1.6%	1.3%	0.7%
Property Taxes on Families	2.1%	1.9%	1.5%	1.6%	1.6%	1.2%	0.4%
Other Property Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
Income Taxes	0.6%	1.9%	2.7%	3.2%	3.8%	4.1%	4.7%
Personal Income Tax	0.6%	1.9%	2.6%	3.2%	3.7%	4.0%	4.3%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
TOTAL TAXES	6.0%	6.1%	5.8%	6.1%	6.4%	5.8%	5.6%
Federal Deduction Offset	-0.0%	-0.1%	-0.3%	-0.6%	-1.2%	-1.1%	-1.1%
TOTAL AFTER OFFSET	6.0%	6.0%	5.4%	5.5%	5.2%	4.8%	4.5%

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

Delaware

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Provides an exemption credit in place of personal exemption
- ✓ No statewide sales tax

Regressive Features

- ✗ Fails to offer refundable income tax credits to offset the impact of excise and property taxes

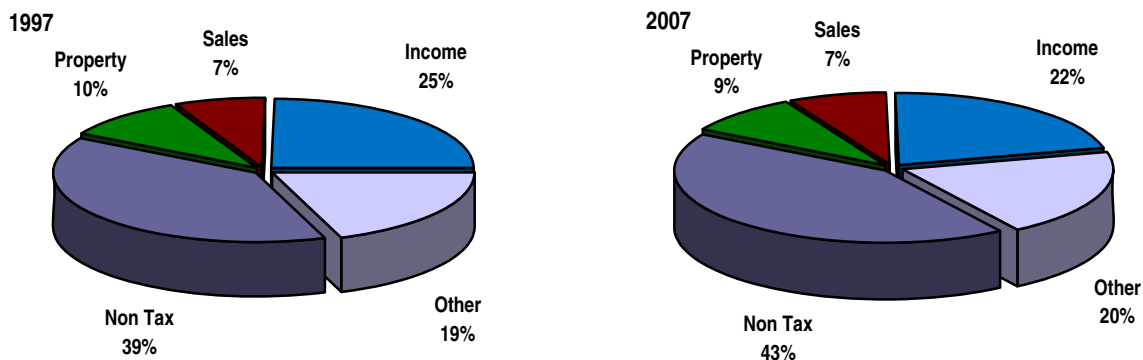
Recent Developments

- ▲ Increased its top income tax rate on a temporary basis
- ▲ Created a non-refundable earned income tax credit (EITC), equal to 20 percent of the federal credit
- ▲ Increased cigarette taxes

States without a Statewide Sales Tax



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances