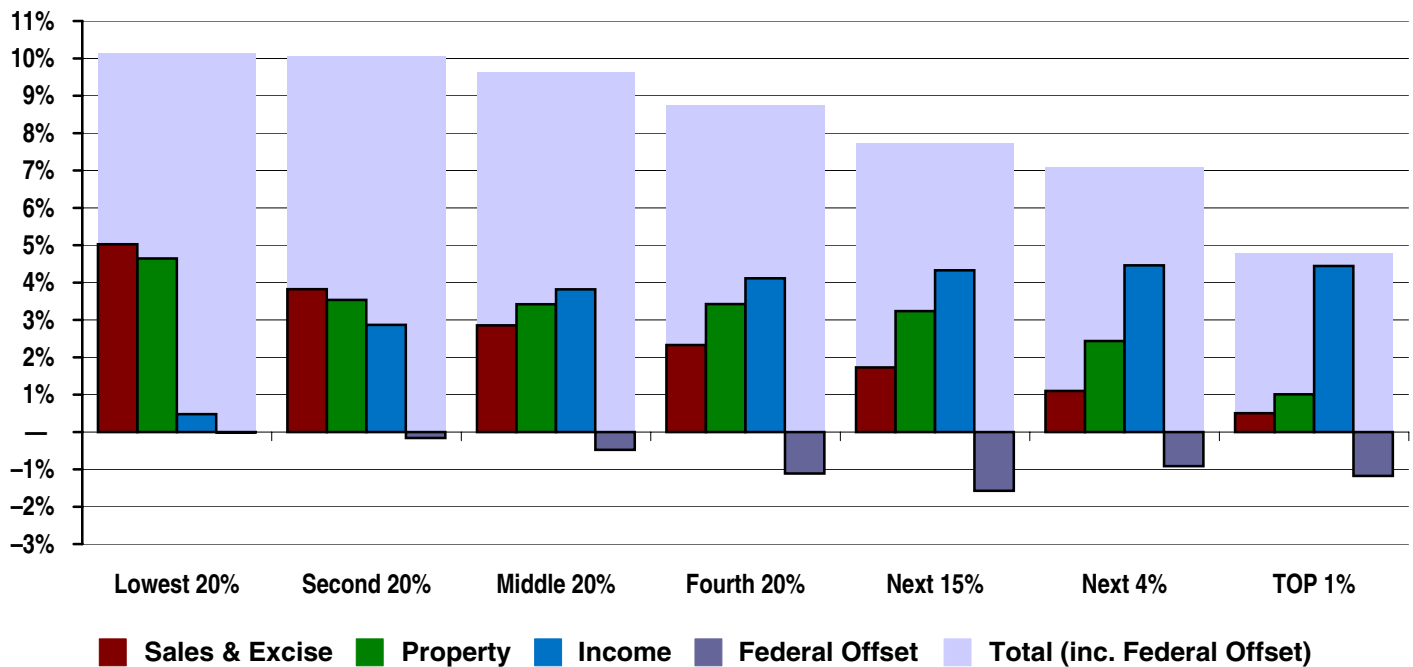


Massachusetts

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 \$20,000	\$20,000 – \$41,000	\$41,000 – \$66,000	\$66,000 – \$111,000	\$111,000 – \$243,000	\$243,000 – \$683,000	\$683,000 or more
Average Income in Group	\$11,200	\$31,100	\$52,900	\$86,600	\$151,900	\$369,400	\$2,628,700
Sales & Excise Taxes	5.0%	3.8%	2.9%	2.3%	1.7%	1.1%	0.5%
General Sales—Individuals	2.0%	1.7%	1.4%	1.2%	0.9%	0.6%	0.3%
Other Sales & Excise—Ind.	1.4%	0.9%	0.6%	0.4%	0.3%	0.1%	0.0%
Sales & Excise on Business	1.6%	1.2%	0.9%	0.7%	0.5%	0.3%	0.2%
Property Taxes	4.6%	3.5%	3.4%	3.4%	3.2%	2.4%	1.0%
Property Taxes on Families	4.6%	3.5%	3.4%	3.4%	3.1%	2.2%	0.6%
Other Property Taxes	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%	0.4%
Income Taxes	0.5%	2.9%	3.8%	4.1%	4.3%	4.5%	4.4%
Personal Income Tax	0.4%	2.9%	3.8%	4.1%	4.3%	4.4%	4.2%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	10.1%	10.2%	10.1%	9.9%	9.3%	8.0%	6.0%
Federal Deduction Offset	-0.0%	-0.2%	-0.5%	-1.1%	-1.6%	-0.9%	-1.2%
TOTAL AFTER OFFSET	10.1%	10.1%	9.6%	8.8%	7.7%	7.1%	4.8%

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

Massachusetts

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Provides a refundable earned income tax credit (EITC)
- ✓ “No-tax” threshold and low-income credit eliminate income tax liability for poorest taxpayers
- ✓ Sales tax base excludes groceries

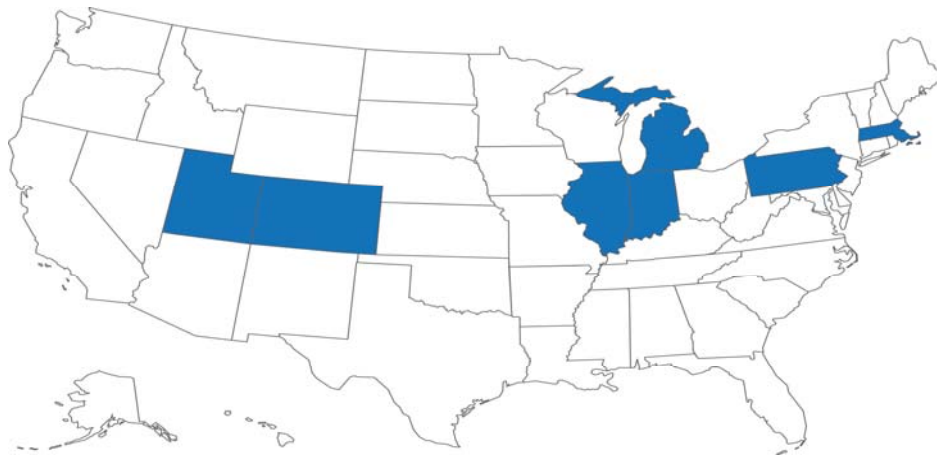
Regressive Features

- ✗ Income tax uses a single rate structure
- ✗ Fails to provide a property tax “circuit breaker” credit to non-elderly taxpayers

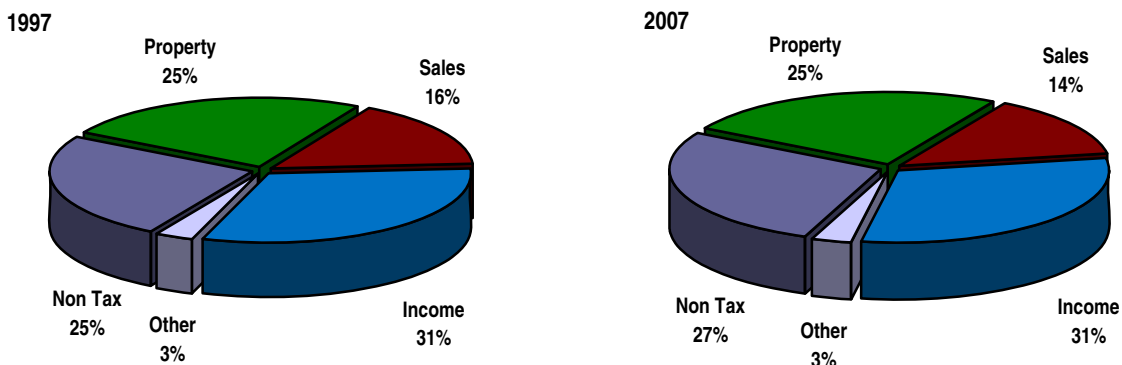
Recent Developments

- ▲ Increased personal exemptions
- ▲ Increased its sales tax rate
- ▲ Mandated the use of combined reporting

States with a Flat Rate Personal Income Tax



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances