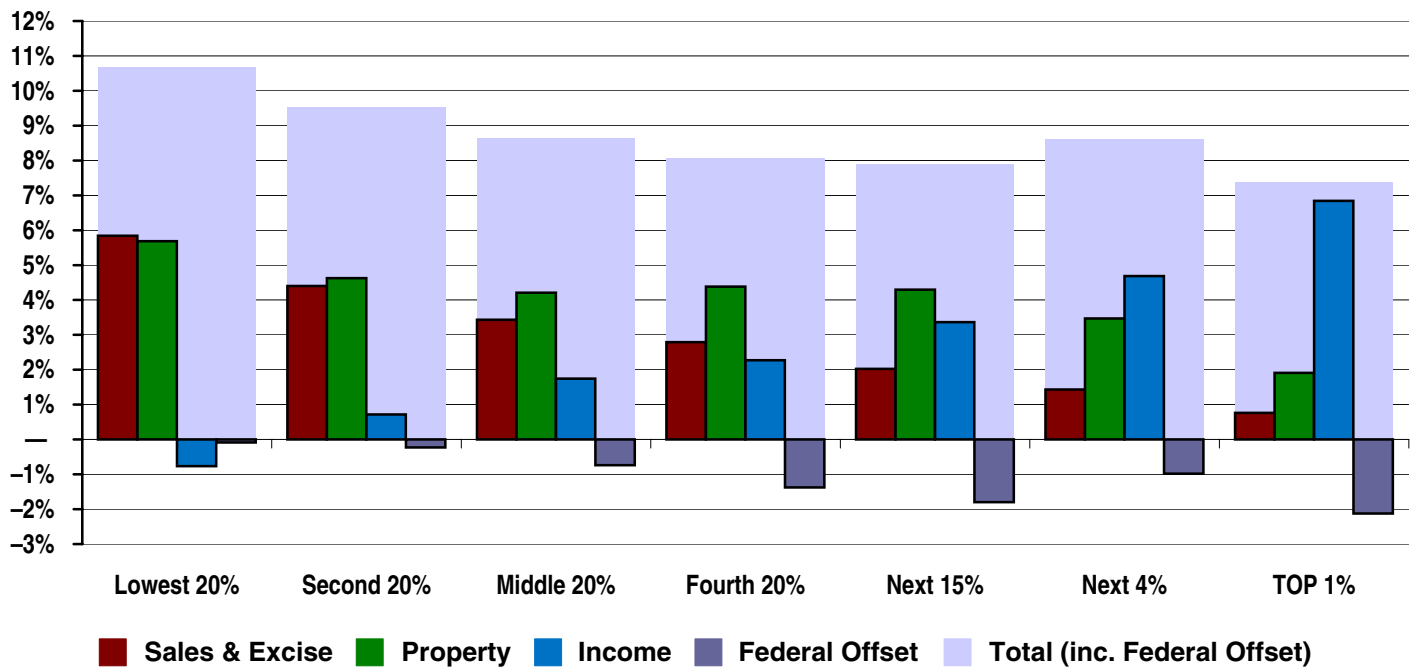


New Jersey

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 \$21,000	\$21,000 – \$41,000	\$41,000 – \$69,000	\$69,000 – \$116,000	\$116,000 – \$261,000	\$261,000 – \$732,000	\$732,000 or more
Average Income in Group	\$12,400	\$30,800	\$54,000	\$90,200	\$161,600	\$382,400	\$2,258,300
Sales & Excise Taxes	5.8%	4.4%	3.4%	2.8%	2.0%	1.4%	0.8%
General Sales—Individuals	2.9%	2.4%	2.0%	1.7%	1.3%	0.9%	0.5%
Other Sales & Excise—Ind.	1.4%	0.8%	0.5%	0.4%	0.2%	0.1%	0.0%
Sales & Excise on Business	1.6%	1.2%	0.9%	0.7%	0.5%	0.4%	0.2%
Property Taxes	5.7%	4.6%	4.2%	4.4%	4.3%	3.5%	1.9%
Property Taxes on Families	5.6%	4.6%	4.1%	4.3%	4.1%	3.0%	0.8%
Other Property Taxes	0.0%	0.1%	0.1%	0.1%	0.2%	0.5%	1.1%
Income Taxes	-0.8%	0.7%	1.7%	2.3%	3.4%	4.7%	6.8%
Personal Income Tax	-0.8%	0.7%	1.7%	2.2%	3.3%	4.5%	6.5%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%
TOTAL TAXES	10.8%	9.7%	9.4%	9.4%	9.7%	9.6%	9.5%
Federal Deduction Offset	-0.1%	-0.2%	-0.7%	-1.4%	-1.8%	-1.0%	-2.1%
TOTAL AFTER OFFSET	10.7%	9.5%	8.6%	8.1%	7.9%	8.6%	7.4%

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

New Jersey

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Provides a refundable earned income tax credit (EITC)

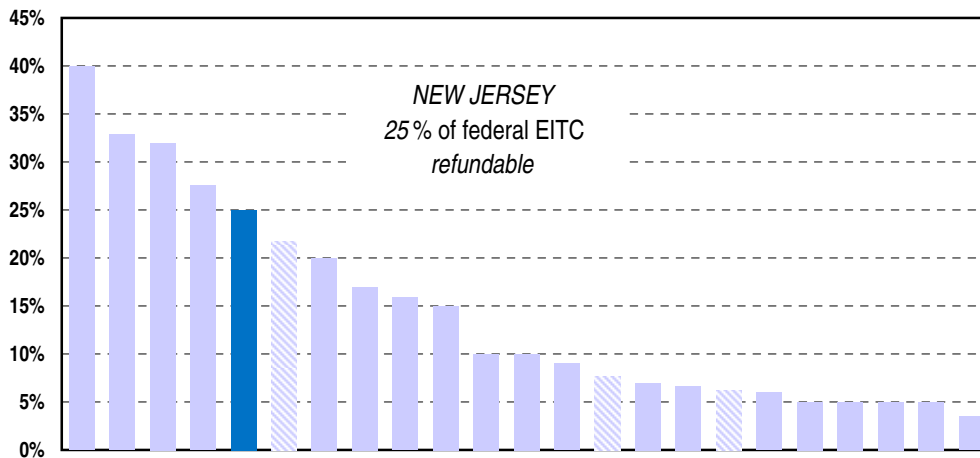
Regressive Features

- ✗ Comparatively high reliance on property taxes
- ✗ Comparatively high cigarette tax rate

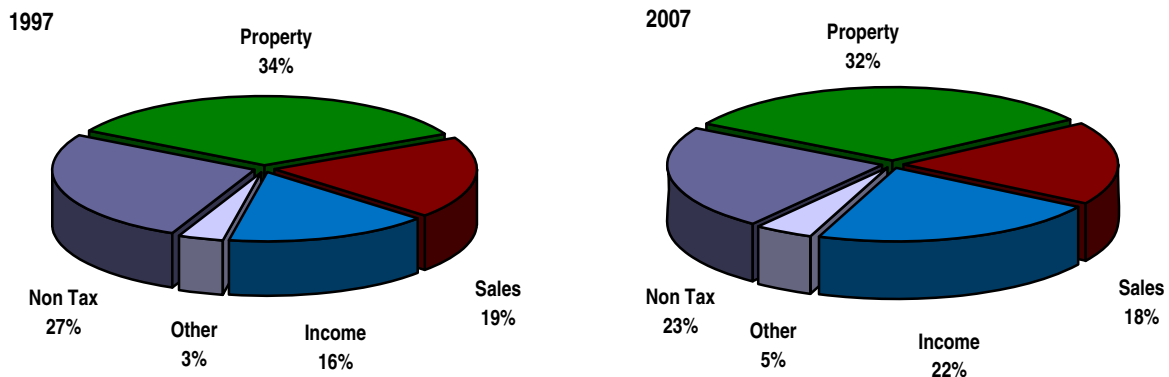
Recent Developments

- ▲ Increased its top income tax rates on a temporary basis
- ▲ Increased value of its EITC to 25 percent of the federal credit and expanded eligibility
- ▲ Increased cigarette taxes

Effective State Earned Income Tax Credit (EITC) Rates



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances