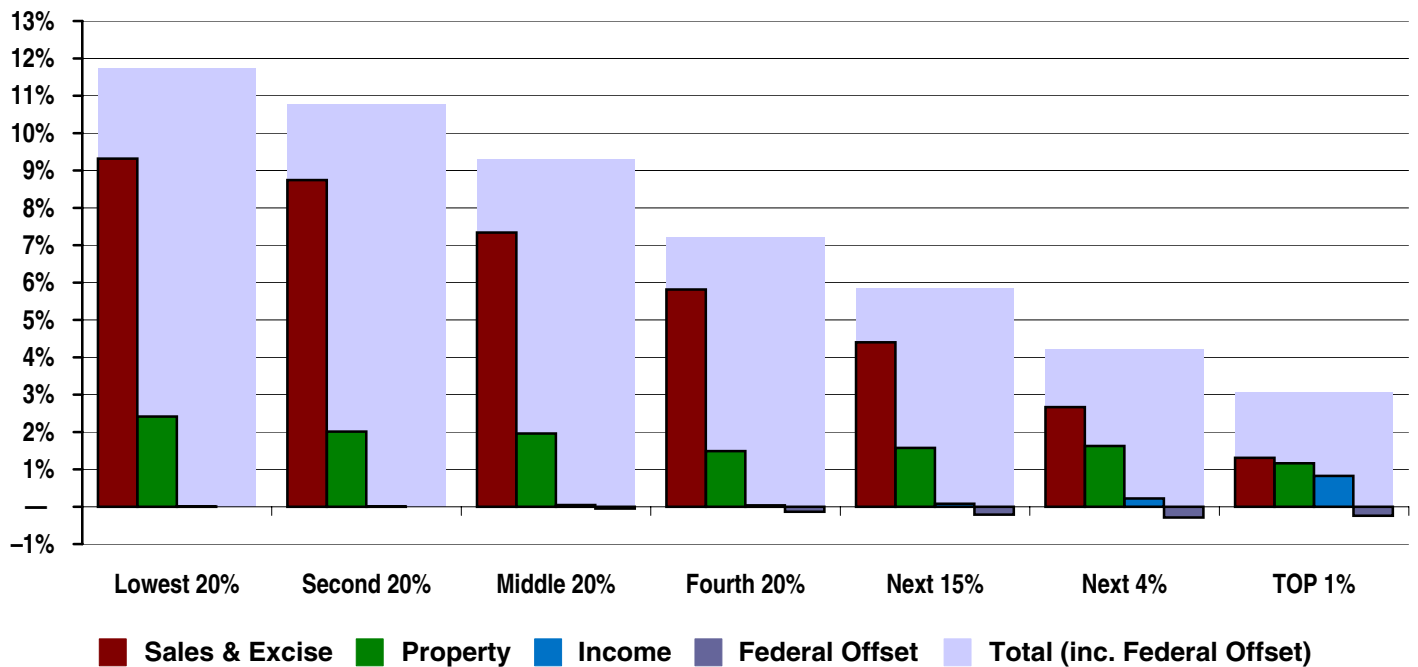


Tennessee

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 \$17,000	\$17,000 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$76,000	\$76,000 – \$155,000	\$155,000 – \$414,000	\$414,000 or more
Average Income in Group	\$10,200	\$23,100	\$38,000	\$59,600	\$103,100	\$228,700	\$1,365,800
Sales & Excise Taxes	9.3%	8.7%	7.3%	5.8%	4.4%	2.7%	1.3%
General Sales—Individuals	5.7%	5.5%	4.7%	3.9%	2.9%	1.8%	0.9%
Other Sales & Excise—Ind.	1.2%	0.9%	0.7%	0.5%	0.3%	0.2%	0.0%
Sales & Excise on Business	2.4%	2.3%	1.9%	1.5%	1.1%	0.7%	0.4%
Property Taxes	2.4%	2.0%	2.0%	1.5%	1.6%	1.6%	1.2%
Property Taxes on Families	2.4%	2.0%	1.9%	1.4%	1.5%	1.4%	0.4%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%	0.7%
Income Taxes	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.8%
Personal Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%
TOTAL TAXES	11.7%	10.8%	9.3%	7.3%	6.1%	4.5%	3.3%
Federal Deduction Offset	-0.0%	-0.0%	-0.1%	-0.1%	-0.2%	-0.3%	-0.2%
TOTAL AFTER OFFSET	11.7%	10.8%	9.3%	7.2%	5.8%	4.2%	3.1%

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

Tennessee

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Taxes interest and dividend income

Regressive Features

- ✗ No broad-based personal income tax
- ✗ Comparatively high reliance on sales taxes
- ✗ Groceries included in sales tax base, but taxed at a lower rate than other items

Recent Developments

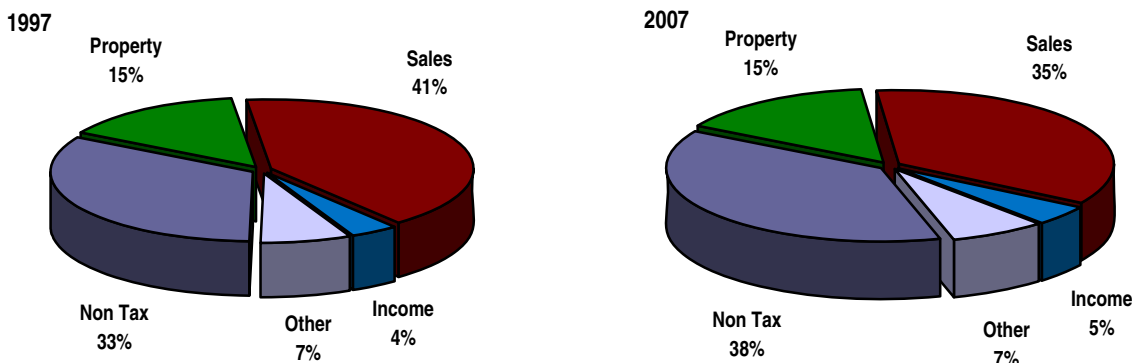
- ▲ Increased cigarette taxes
- ▲ Reduced the sales tax rate for groceries

Select State and Local Taxes Relative to the National Average



Source: Government Finances, US Department of Census

Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances