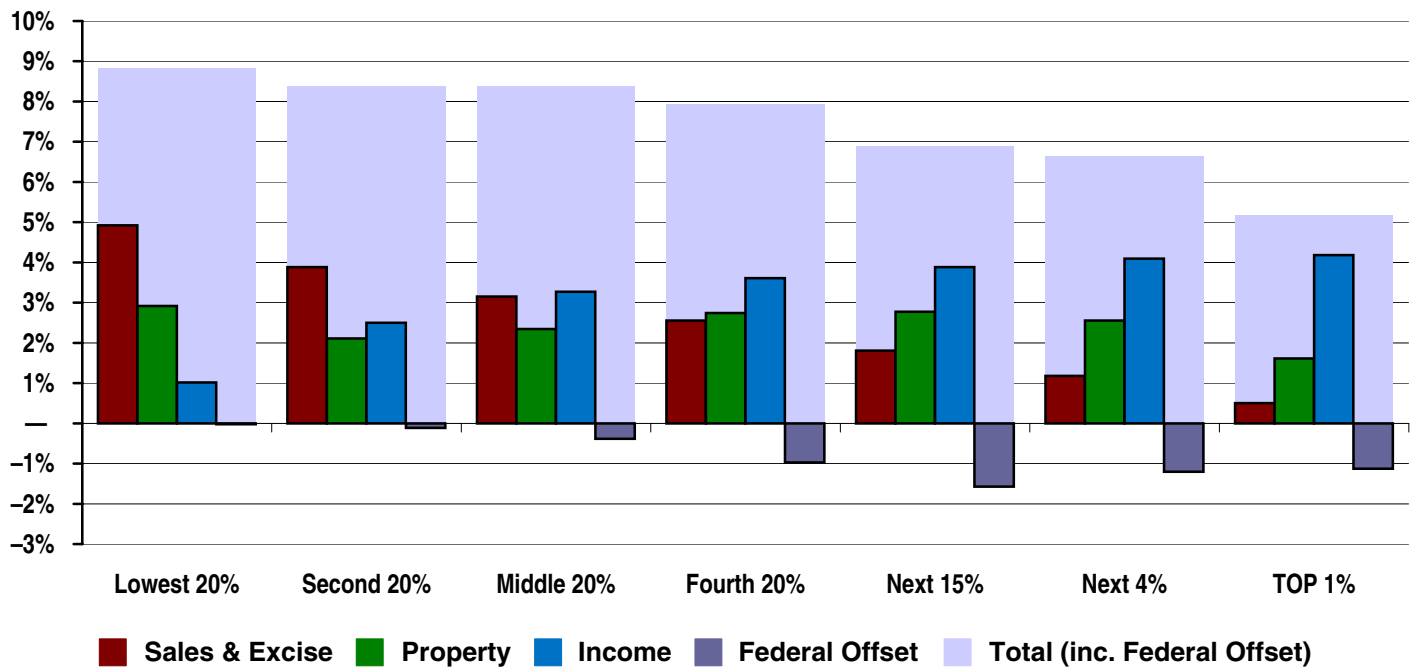


Virginia

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 – \$36,000	\$36,000 – \$59,000	\$59,000 – \$100,000	\$100,000 – \$211,000	\$211,000 – \$529,000	\$529,000 or more
Average Income in Group	\$11,100	\$26,800	\$46,300	\$77,700	\$138,500	\$300,700	\$1,557,700
Sales & Excise Taxes	4.9%	3.9%	3.2%	2.6%	1.8%	1.2%	0.5%
General Sales—Individuals	2.8%	2.3%	2.0%	1.6%	1.2%	0.8%	0.3%
Other Sales & Excise—Ind.	1.0%	0.7%	0.5%	0.4%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.1%	0.9%	0.7%	0.5%	0.4%	0.2%	0.1%
Property Taxes	2.9%	2.1%	2.3%	2.7%	2.8%	2.6%	1.6%
Property Taxes on Families	2.8%	2.0%	2.3%	2.6%	2.7%	2.3%	0.7%
Other Property Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.9%
Income Taxes	1.0%	2.5%	3.3%	3.6%	3.9%	4.1%	4.2%
Personal Income Tax	1.0%	2.5%	3.3%	3.6%	3.9%	4.1%	4.0%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
TOTAL TAXES	8.9%	8.5%	8.8%	8.9%	8.5%	7.8%	6.3%
Federal Deduction Offset	-0.0%	-0.1%	-0.4%	-1.0%	-1.6%	-1.2%	-1.1%
TOTAL AFTER OFFSET	8.8%	8.4%	8.4%	7.9%	6.9%	6.6%	5.2%

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

Virginia

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

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

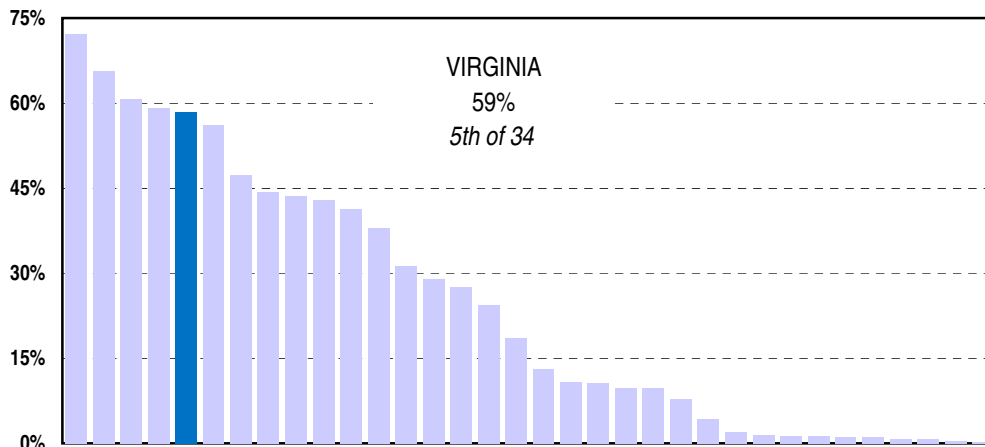
Regressive Features

- ✗ Narrow income tax brackets mean majority of taxpayers pay top income tax rate
- ✗ Fails to provide refundable income tax credits to offset the impact of sales, excise, and property taxes
- ✗ Groceries included in sales tax base, but taxed at a lower rate than other items

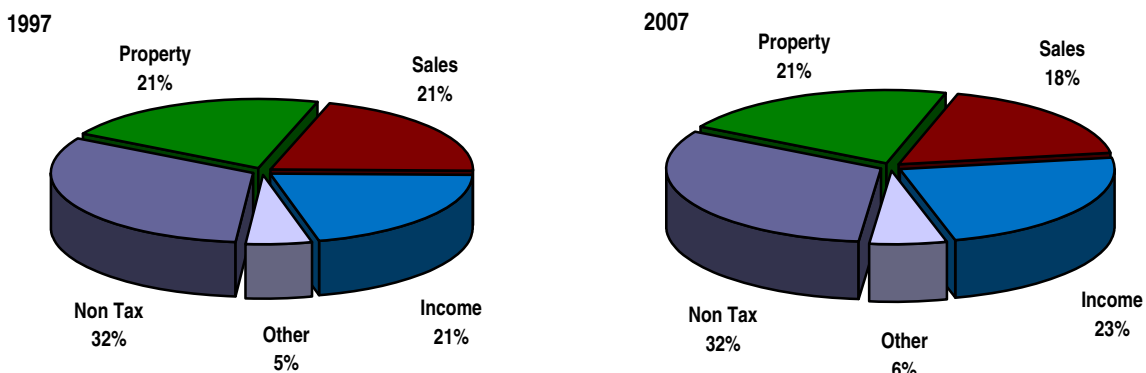
Recent Developments

- ▲ Increased both the personal exemption and the standard deduction
- ▲ Created a non-refundable EITC equal to 20 percent of the federal credit
- ▲ Reduced the sales tax rate for groceries

Percent of Taxpayers Paying Top Personal Income Tax Rate



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances