

Informational Paper 4

Individual Income Tax Provisions in the States

Wisconsin Legislative Fiscal Bureau
January, 2007

Individual Income Tax Provisions in the States

Prepared by

Faith Russell and Lori Hanson

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703

Individual Income Tax Provisions in the States

In 2005, 43 states and the District of Columbia had a state individual income tax. This paper outlines the major provisions of the income tax in those states, including the type of filing system, the base of income subject to taxation, the tax rates and brackets, and the allowable tax exemptions, deductions, and credits. For purposes of describing and tallying these provisions, the District of Columbia is referred to as one of the states.

Most states use federal adjusted gross income (AGI) as a starting point to compute the state tax and also use federal provisions in calculating state itemized deductions. As a result, the comparison of the base of income subject to tax concentrates on major differences from federal law and only exceptions to federal law are noted for state itemized deductions.

Information on other tax provisions such as tax rates and brackets, personal exemption amounts, and state tax credits is presented for each state. In addition, summary tables for several of these tax law features are provided. Finally, an outline of the income tax structure in each state is attached.

Information in this paper was taken directly from the tax forms and instruction booklets for each state for the 2005 tax year. This information shows only the tax provisions in effect for 2005 and does not reflect future changes already enacted by state legislatures. As a cross-check, this data was reviewed by state tax officials, and reference materials compiled by other sources for selected state tax provisions were also consulted.

Although this information was prepared with care, the complexity of the tax structure in some states may have resulted in omissions. Certain items, such as depreciation and loss carryover provisions, varied substantially between states; for many states, differences between state and federal law were not consistently noted in instruction booklets. As a result, these items, along with other minor differences between state and federal law, are not covered in this paper.

States with an Income Tax

The following states imposed a tax on income in tax year 2005:

Alabama	Idaho	Michigan	North Carolina	Vermont
Arizona	Illinois	Minnesota	North Dakota	Virginia
Arkansas	Indiana	Mississippi	Ohio	West Virginia
California	Iowa	Missouri	Oklahoma	Wisconsin
Colorado	Kansas	Montana	Oregon	
Connecticut	Kentucky	Nebraska	Pennsylvania	
Delaware	Louisiana	New Hampshire	Rhode Island	
District of Columbia	Maine	New Jersey	South Carolina	
Georgia	Maryland	New Mexico	Tennessee	
Hawaii	Massachusetts	New York	Utah	

The following seven states do not impose an individual income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming.

The Filing System

Three types of filing systems were used by states in 2005, including joint, combined, or a combination of joint/combined. Under a joint filing system, the incomes of both spouses are added together and taxed as a single amount. This system is also used for federal tax purposes and reflects the concept of taxing families as a single economic unit. Under the combined tax return system, the income of each spouse is taxed separately. For two-income families, this system allows each spouse to benefit from the low tax rates at the beginning of the tax rate schedule. Finally, several states provide an option for married taxpayers to file either a joint or combined return. Instruction booklets in these states generally explain the tax advantage to two-income families under combined filing and encourage taxpayers to compute their taxes each way to determine which is most advantageous to the taxpayer.

The types of filing systems used by states in 2005 are as follows:

Combined Filing--two states (Missouri and Pennsylvania).

Joint/Combined Filing--seven states (Arkansas, Delaware, D.C., Iowa, Kentucky, Mississippi, Montana).

Joint Filing--35 states (all other states).

Income Base Subject to Taxation

Most states with an income tax in 2005 used federal adjusted gross income as a starting point to determine the state tax. New Hampshire and Tennessee taxed only unearned income such as interest and dividends. For the other states, although federal adjusted gross income was often used as the starting point to compute taxable income, major differences in the income subject to tax occurred in several areas. A summary of the major areas is presented below.

Social Security. Under federal law, a two-tiered taxation scheme is established for social security benefits. First, if a taxpayer's provisional income does not exceed a base amount, no social security benefits are subject to tax. The base amounts are \$25,000 for single taxpayers, \$32,000 for married couples filing a joint return, and zero for married couples filing separate returns. Provisional income is one-half of social security plus federal AGI, tax-exempt interest income, and amounts earned in a foreign country, U.S. possession, or Puerto Rico that are excluded from gross income. If provisional income exceeds the base amounts, the taxable portion of social security is the lesser of: (a) 50% of net social security benefits; or (b) 50% of the amount by which provisional income exceeds the base amount.

The second tier was established under the federal Revenue Reconciliation Act of 1993, effective with tax year 1994, for taxpayers with provisional income in excess of a second set of base amounts: \$34,000 for single taxpayers and \$44,000 for married taxpayers filing jointly. For taxpayers with provisional income above these higher thresholds, the taxable portion of social security payments is the lesser of: (a) 85% of net social security benefits; or (b) the amount included under the old law (not to exceed \$4,500 for single taxpayers or \$6,000 for married-joint taxpayers) plus 85% of the excess of provisional income over

the higher income thresholds. Married taxpayers who file separate returns are taxed on the lesser or 85% of social security or 85% of provisional income.

A total of 29 states exempted social security income from taxation. Fifteen states taxed social security benefits in 2005: two (including Wisconsin) taxed up to 50% of benefits as under the old federal law; nine followed current federal practice and taxed up to 85% of benefits; and four states provided their own taxation scheme.

Capital Gains. At the federal level, net capital gains are generally fully taxable regardless of how long the assets were held. However, certain maximum tax rates on net capital gains apply. Currently, and for sales of assets through December 31, 2010, for taxpayers whose top marginal federal tax rate is 25% or higher, gains on assets held for more than one year are subject to a maximum marginal tax rate of 15%. In the case of taxpayers in the 10% and 15% federal tax brackets, the maximum marginal tax rate is 5% for sales through December 31, 2007, and 0% for sales during 2008 through 2010.

After 2010, the maximum marginal tax rates for long-term capital gains will revert to the rates in effect prior to May 6, 2003, which were 20%, generally, and 10% for taxpayers in the 15% tax bracket. Special lower rates of 18% and 8% (for individuals in the 10% or 15% brackets) were specified for certain sales of capital assets held for more than five years.

Under both rate structures, higher maximum tax rates apply to gains from certain types of assets, such as collectibles and qualified small business stock.

Net capital losses are deductible, although the deduction amount is limited to \$3,000 annually (\$1,500 if married and filing separately); unused capital losses can be carried forward to offset income in subsequent years. Special tax rules apply

to gains realized from the sale or exchange of a principal residence.

A total of 16 states followed federal practice and taxed all capital gains and provided a \$3,000 limit on losses. New Hampshire completely exempted capital gains from taxation and Tennessee taxed only the gains from selling mutual funds. Alabama and Pennsylvania taxed capital gains, but specified that all losses were deductible in the year incurred. In addition, Pennsylvania applied a separate state tax benefit rule with respect to unused losses, depreciation, and reduction of basis. Hawaii had a special alternative tax for capital gains. New Jersey did not permit any capital losses to be deducted from ordinary income. The remaining 22 states provided a variety of exclusions and deductions (for example, Wisconsin permitted a 60% exclusion for long-term gains and exempted 100% of gains from the sale of a business to a family member and from the sale of qualifying small business stock). For more information on the treatment of capital gains by individual states, please refer to the attached outline of each state's income tax structure.

Interest/Dividends. All states are required by federal law to exempt from state tax interest income derived from U.S. obligations. The federal government, in turn, exempts from federal tax interest from state and municipal bonds.

Prior to 2003, taxable dividend income was subject to federal tax at the same rates as ordinary income. However, starting with dividends received in 2003, the lower maximum rates that apply to capital gains also apply to qualified dividend income. To qualify for the lower tax rates, certain holding periods apply. Qualified dividends include ordinary dividends received from most domestic corporations and from foreign corporations meeting certain requirements. The following are examples of payments that are not qualified dividends: capital gains distributions; dividends paid on deposits with mutual savings banks, credit unions, and similar financial institutions; and

payments in lieu of dividends.

With the exception of interest from U.S. obligations and from state and municipal bonds (discussed below), most states followed federal practice in 2005 and taxed interest and dividend income. Two states, Michigan and Montana, provided limited deductions for taxpayers aged 65 or over. Kansas exempted certain venture capital dividends. Massachusetts, North Dakota (optional method only), and Oklahoma provided limited exclusions for interest and/or dividends from various financial institutions. New Jersey exempted distributions from a New Jersey Qualified Investment Fund. Finally, the two states with income taxes based solely on unearned income, New Hampshire and Tennessee, specifically excluded interest and dividend income earned from a number of specified sources.

State and Municipal Bond Interest. As described above, all states are required by federal law to exempt interest income derived from U.S. obligations from tax. In 2005, 36 states also provided a tax exemption for interest earned from their own state and municipal bonds. The state of Utah also provided an exemption for interest from non-Utah state and municipal bonds from states that provided a reciprocal exemption of interest from Utah obligations. Illinois, Iowa, Kansas, and Wisconsin exempted only specific state and local obligations. All state and municipal bond interest was exempt in Indiana, North Dakota (for standard-form filers), and the District of Columbia.

Unemployment Compensation. Under federal law, unemployment compensation is taxable. Prior to 1987, a partial exclusion for this type of income was provided to lower-income taxpayers. The amount of unemployment compensation included in income was the lesser of: (a) total unemployment compensation; or (b) one-half of the amount that adjusted gross income plus total unemployment compensation exceeded a base amount. The base amount was \$12,000 for single persons, \$18,000 for married persons filing jointly, and zero for certain

married couples filing separately.

Federal law pre-empts states from taxing unemployment benefits (and retirement benefits) received from the Railroad Retirement Board. In 2005, 33 states conformed to federal law with respect to all other unemployment benefits and taxed such benefits. Nine states exempted all unemployment compensation from taxation. Finally, two states (Indiana and Wisconsin) taxed unemployment compensation based on the provisions of federal law that were in effect for tax year 1986.

Active Duty Military Pay. Under federal law, payments received as a member of a military service generally are taxable as wages, except for retirement pay, which is taxable as a pension. Allowances generally are not taxable. Military pay taxable as wages includes active duty pay, reserve training pay, reenlistment bonuses, and armed services academy pay.

However, federal law provides an exclusion from gross income for certain pay related to a combat zone. A combat zone is any area that the President of the United States designates as such by executive order. In addition, certain qualified hazardous duty areas are treated as if they were combat zones. Enlisted members of the Armed Forces and warrant officers may exclude gross income for all pay received for any month during which they served in a combat zone or were hospitalized as a result of serving in a combat zone. For commissioned officers other than commissioned warrant officers, certain limits to the exclusion apply.

Twenty-four states followed federal practice in 2005, providing the combat zone exclusion (CZE) described above but otherwise taxing active duty military pay. Fourteen other states conformed to the federal CZE while providing additional tax exemptions or credits for active duty military and/or reservists' pay. Five states (Illinois, Michigan, Montana, New Hampshire, and

Tennessee) excluded military pay from taxation, while Pennsylvania provided an exclusion for persons stationed out-of-state. Table 1 summarizes the states' tax treatment of active duty military pay.

Under the Military Family Tax Relief Act of 2003 (MFTRA), the federal government provided additional federal tax breaks related to military personnel. Among the benefits was an increase in the death gratuity for survivors of deceased Armed Forces members from \$6,000 to \$12,000, and a complete tax exemption for the gratuity (rather than a 50% exemption, as under prior federal law). As this and other provisions under the Act relate to benefits other than active duty pay, they are not referenced in Table I or in the description of "Active Duty Military" on the summary page for each state. However, states that provide the federal CZE generally conform to the other exemptions related to military benefits provided under MFTRA as well.

Retirement/Pension Income

In 2005, many states provided state tax exclusions for retirement/pension income. Table 2 summarizes the basic exclusion amounts for the various types of retirement income in each state. The amounts shown in the table are the maximum exclusions per person, and, in some cases, may be reduced by social security and railroad retirement benefits or may be phased out at higher income levels. When two figures are indicated, the exclusion provided is based on a factor such as age or disability level. Additional detail on state provisions may be found in the state-by-state summaries. Federal law prohibits states from taxing railroad retirement benefits.

Health Savings Accounts

Effective with tax year 2004, federal law exempts from taxation certain contributions to, and distributions from, a qualified health savings account (HSA). Under the federal provisions, an employee or another worker covered by a high-

deductible health insurance plan (as defined under federal law) may make pre-tax contributions to an HSA to cover health care costs, subject to certain contribution limits that are indexed annually for inflation. The general limits are increased for individuals who are age 55 or older by the end of the tax year. An individual's employer may also make contributions to an HSA on behalf of an eligible individual; such contributions are excluded from the employee's income for federal tax purposes. HSA distributions are exempt from tax, as long as they are used to pay for qualified medical expenses of the account beneficiary. Earnings on amounts retained in HSAs are also exempt from tax.

In tax year 2005, 35 states conformed with the federal HSA provisions. Wisconsin is among the states that did not conform.

Deductions

Under federal law, the standard deduction varies depending on filing status, age, and whether the taxpayer or spouse is blind. The federal standard deduction for tax year 2005 is summarized in the chart below.

2005 Federal Standard Deduction

Filing Status	Under Age 65	Age 65 or Blind	Age 65 and Blind
Single	\$5,000	\$6,250	\$7,500
Married, filing jointly			
One spouse	10,000	11,000	12,000
Both spouses	10,000	12,000	14,000
Married, filing separately	5,000	6,000	7,000
Head of household	7,300	8,550	9,800

The majority of states (34) provided a standard deduction in 2005. Of these states, eight used the federal standard deduction amounts. Three states used the amounts under federal law in effect prior

to the Jobs and Growth Tax Relief Reconciliation Act of 2003. (The Act accelerated a scheduled increase in the standard deduction for married taxpayers as part of a reduction in the marriage penalty). For these states, the standard deduction matched current federal law for single taxpayers and heads of households, but matched prior federal law for married taxpayers. In general, all states with a standard deduction provided a flat deduction amount or an amount based on a percent of income up to a maximum amount. Three states phased out the standard deduction at higher income levels. Table 3 shows the standard deduction amounts provided in each state by filing status.

Under federal law, itemized deductions may be claimed for certain state and local taxes paid, interest expenses, medical expenses, charitable contributions, casualty and theft losses, and miscellaneous expenses. Certain itemized deductions are reduced if adjusted gross income is greater than a specified threshold. For tax year 2005, the threshold was \$145,950 (\$72,975 for married taxpayers filing separately). Thirty-three states allowed itemized deductions. The major itemized deductions and differences from federal law are shown in Table 4. As shown in Table 4, the primary exception to federal itemized deductions in 2005 was related to state and local taxes; only seven states follow federal provisions that allow either state and local income taxes or state and local sales taxes to be claimed as itemized deductions. However, nine states that do not allow deductions for state and local income taxes do permit deductions for sales taxes that were deducted for federal tax purposes.

Exemptions

A personal exemption of \$3,200 was provided in tax year 2005 under federal law for each taxpayer, spouse, and dependent. This exemption, which reduced the amount of income subject to tax,

was phased out for high-income taxpayers. In 2005, each state except Pennsylvania provided a personal exemption or tax credit to adjust for family size. A tax credit differs from an exemption in that it is subtracted directly from tax liability, rather than used to reduce the amount of income subject to taxation. Personal exemptions and credits for 2005 are shown by state in Table 5. Additional detail is provided in the individual state summaries.

Tax Rates and Brackets

The major features of each state's tax rates and brackets are shown in Table 6. Table 6 shows the lowest and highest marginal tax rates, the number of brackets used, and the bracket amount at which the highest marginal tax rate is effective for taxpayers by marital status.

The highest marginal tax rate used by a state was 12% for certain types of capital gains in Massachusetts (and, although not shown in Table 6, for optional-form filers in North Dakota). Oklahoma's tax for individuals who deduct federal income taxes had the greatest number of tax brackets at 11. Seven states imposed a single (flat) tax rate on all taxable income, while one state (Massachusetts) had two flat tax rates, each of which applied to different types of income.

Tax Credits

The purpose and structure of tax credits varies between state and federal law and among the states. Tax credits are often provided to offer an incentive for certain activities or to adjust for certain costs. Tax credits are subtracted from tax liability and are not dependent on the marginal tax rate of the taxpayer. As a result, all taxpayers who qualify for the tax credit receive the same tax

reduction. A summary of the major types of tax credits in 2005 and the number of states that provided such credits follows.

Credit for taxes paid to other states	42 states
Enterprise/jobs/business-related credits	37 states
Child/dependent care	28 states
Energy/environmental-related credits.....	26 states
Low-income.....	23 states
Property tax/rent/homestead*.....	19 states
Elderly/disabled.....	19 states
Earned income tax credit.....	16 states

*In some cases, states counted in this category provide such credits only for elderly or disabled individuals.

Contribution/Check-off

Most states include check-off or voluntary contribution provisions for a variety of programs. The most common programs offered by the states in 2005 are listed below.

Endangered/nongame wildlife funds.....	36 states
Child/domestic abuse/sexual violence	23 states
Election/campaign fund	21 states
Health-related funds.....	21 states
Military family relief	18 states
Veterans' programs/memorials.....	12 states
Senior services.....	9 states

Other Taxes

Several states impose additional taxes at the time the state income tax return is filed. Major taxes included on the 2005 income tax forms of these states are summarized below.

Use tax	21 states
Minimum tax.....	12 states
Tax on early distributions from tax- advantaged savings programs.....	10 states
Local income tax/surcharge.....	5 states

Table 1: State Taxation of Active Duty Military Pay (Tax Year 2005)

State	Provision
Alabama	Same as federal
Arizona	CZE and 100% exclusion for combat zone pay
Arkansas	CZE and first \$9,000 exempt (\$6,000 for officers)
California	Same as federal
Colorado	Same as federal
Connecticut	Same as federal
Delaware	Same as federal
District of Columbia	Same as federal
Georgia	Same as federal
Hawaii	CZE and exempt up to \$1,750 for Reserve and National Guard members
Idaho	Same as federal
Illinois	Exempt
Indiana	CZE and exempt up to \$2,000 for active duty and active reserves
Iowa	Same as federal
Kansas	Same as federal
Kentucky	CZE and \$20 personal credit for Kentucky National Guard members
Louisiana	Same as federal
Maine	Same as federal
Maryland	CZE and exclude up to \$15,000 for service outside U.S. if total military pay is less than \$30,000
Massachusetts	Same as federal
Michigan	Exempt
Minnesota	Same as federal
Mississippi	CZE and exempt up to \$5,000 for Reserve and National Guard members
Missouri	Same as federal
Montana	Exempt
Nebraska	Same as federal
New Hampshire	Exempt
New Jersey	Same as federal
New Mexico	Same as federal
New York	Same as federal
North Carolina	Same as federal
North Dakota	CZE and exclude \$1,000 plus \$300 per month if stationed abroad (long-form filers)
Ohio	Same as federal
Oklahoma	CZE and exclude first \$1,500
Oregon	CZE and general exclusion for active duty pay earned outside of Oregon. Also exclude first \$3,000 of active duty pay earned in Oregon
Pennsylvania	Exempt if stationed outside of state
Rhode Island	Same as federal
South Carolina	CZE and exempt Reserve and National Guard training pay
Tennessee	Exempt
Utah	Same as federal
Vermont	CZE and general exclusion for active duty pay earned outside Vermont. First \$2,000 of training pay for certain Reserves and National Guard members also exempt
Virginia	CZE. Also exempt 100% of combat zone pay for Operation Joint Endeavor, up to \$15,000 of basic military pay, and up to \$3,000 for National Guard pay
West Virginia	Same as federal
Wisconsin	CZE and exclusions for certain active duty pay of Reserve and National Guard members

Table 2: State Tax Exclusion for Pension/Retirement Income (Tax Year 2005)

State	Private	State & Local	Federal Civilian	Military
Alabama	State Calculation	Most exempt	Exempt	Exempt
Arizona	None	\$2,500	\$2,500	\$2,500
Arkansas	\$6,000	\$6,000	\$6,000	\$6,000
California	None	None	None	None
Colorado	\$20,000/\$24,000	\$20,000/\$24,000	\$20,000/\$24,000	\$20,000/\$24,000
Connecticut	None	None	None	None
Delaware	\$2,000/\$12,500	\$2,000/\$12,500	\$2,000/\$12,500	\$2,000/\$12,500
District of Columbia	None	\$3,000	\$3,000	\$3,000
Georgia	\$15,000	\$15,000	\$15,000	\$15,000
Hawaii	State Calculation	Exempt	Exempt	Exempt
Idaho	None	\$23,268/\$34,902 ^a	\$23,268/\$34,902	\$23,268/\$34,902
Illinois	State Calculation	Exempt	Exempt	Exempt
Indiana	None/\$5,250	None/\$5,250	\$2,000/\$7,250	\$2,000/\$5,250
Iowa	\$6,000	\$6,000	\$6,000	\$6,000
Kansas	None	Some exempt	Exempt	Exempt
Kentucky	\$41,110	State Calculation	State Calculation	State Calculation
Louisiana	\$6,000	\$6,000/Exempt	Exempt	Exempt
Maine	\$6,000	\$6,000	\$6,000	\$6,000
Maryland	\$21,500	\$21,500 ^b	\$21,500	\$21,500
Massachusetts	None	Exempt ^c	Exempt ^c	Exempt
Michigan	\$39,570	Exempt	Exempt	Exempt
Minnesota	None	None	None	None
Mississippi	Exempt	Exempt	Exempt	Exempt
Missouri	\$6,000	\$6,000	\$6,000	\$6,000
Montana	\$3,600	\$3,600	\$3,600	\$3,600
Nebraska	None	None	None	None
New Hampshire	Exempt	Exempt	Exempt	Exempt
New Jersey	\$15,000	\$15,000	\$15,000	Exempt
New Mexico	None	None	None	None
New York	\$20,000	Exempt	Exempt	Exempt
North Carolina	\$2,000	\$4,000/Exempt	\$4,000	\$4,000
North Dakota	None	None/\$5,000	None/\$5,000	None/\$5,000
Ohio	\$200 credit	\$200 credit	\$200 credit	\$200 credit
Oklahoma	\$7,500	\$7,500	\$7,500	\$7,500
Oregon	9% credit	9% credit	9% credit/pre-1991 exempt	9% credit
Pennsylvania	Exempt	Exempt	Exempt	Exempt
Rhode Island	None	None	None	None
South Carolina	\$3,000/\$10,000	\$3,000/\$10,000	\$3,000/\$10,000	\$3,000/\$10,000
Tennessee	Exempt	Exempt	Exempt	Exempt
Utah	\$4,800/\$7,500	\$4,800/\$7,500	\$4,800/\$7,500	\$4,800/\$7,500
Vermont	None	None	None	None
Virginia	None	None	None	Most taxable
West Virginia	None	\$2,000	\$2,000	\$22,000
Wisconsin	None	Pre-1964 Exempt	Pre-1964 Exempt	Exempt

^a Applies only in the case of certain public safety officials.

^b All pension benefits to police and firefighters (or their beneficiaries) as a result of job related injuries (or death) are exempt.

^c Only contributory pension income is exempt.

Table 3: Standard Deduction by State (Tax Year 2005)

State	% of AGI	Single	Married-J	Married-S	Head of Household
Alabama	20%	\$2,000 maximum	\$4,000 maximum	\$2,000 maximum	\$2,000 maximum
Arizona		\$4,125	\$8,250	\$4,125	\$8,250
Arkansas		\$2,000	\$4,000	\$2,000	\$2,000
California		\$3,254	\$6,508	\$3,254	\$6,508
Colorado		Federal	Federal	Federal	Federal
Connecticut		\$12,625 - \$0	\$24,000 - \$0	\$12,000 - \$0	\$19,000 - \$0
Delaware		\$3,250	\$6,500	\$3,250	\$3,250
District of Columbia		\$2,000	\$2,000	\$1,000	\$2,000
Georgia		\$2,300	\$3,000	\$1,500	\$2,300
Hawaii		\$1,500	\$1,900	\$950	\$1,650
Idaho		Federal	Federal	Federal	Federal
Illinois		None	None	None	None
Indiana		None	None	None	None
Iowa		\$1,610	\$3,970	\$1,610	\$3,970
Kansas		\$3,000	\$6,000	\$3,000	\$4,500
Kentucky		\$1,910	\$1,910	\$1,910	\$1,910
Louisiana*		\$4,500	\$9,000	\$4,500	\$9,000
Maine		Federal	\$8,300	\$4,150	Federal
Maryland	15%	\$1,500-\$2,000	\$3,000-\$4,000	\$1,500-\$2,000	\$3,000-\$4,000
Massachusetts		None	None	None	None
Michigan		None	None	None	None
Minnesota		Federal	\$8,700	\$4,350	Federal
Mississippi		\$2,300	\$4,600	\$2,300	\$3,400
Missouri		Federal	Federal	Federal	Federal
Montana	20%	\$1,580 - \$3,560	\$3,160 - \$7,120	\$1,580 - \$3,560	\$3,160 - \$7,120
Nebraska		\$4,980 - \$0	\$8,320 - \$0	\$4,160 - \$0	\$7,330 - \$0
New Hampshire		None	None	None	None
New Jersey		None	None	None	None
New Mexico		Federal	Federal	Federal	Federal
New York		\$7,500	\$14,600	\$6,500	\$10,500
North Carolina		\$3,000	\$6,000	\$3,000	\$4,400
North Dakota		Federal	Federal	Federal	Federal
Ohio		None	None	None	None
Oklahoma	15%	\$1,000 - \$2,000	\$1,000 - \$2,000	\$500 - \$1,000	\$1,000 - \$2,000
Oregon		\$1,770	\$3,545	\$1,770	\$2,855
Pennsylvania		None	None	None	None
Rhode Island		Federal	\$8,300	\$4,150	Federal
South Carolina		Federal	Federal	Federal	Federal
Tennessee		None	None	None	None
Utah		Federal	Federal	Federal	Federal
Vermont		Federal	Federal	Federal	Federal
Virginia		\$3,000	\$6,000	\$3,000	\$3,000
West Virginia		None	None	None	None
Wisconsin		\$8,170 - \$0	\$14,710 - \$0	\$6,990 - \$0	\$10,550 - \$0

*These amounts represent the combined standard deduction and personal exemptions (excluding additional exemptions for dependents, elderly, and blind individuals), which are built into the tax tables.

Table 4: Treatment of Itemized Deductions by Category of Deductions by State (Tax Year 2005)

State	Itemized Deductions	State Income and Sales Taxes	Other Taxes	Interest Expenses	Medical Expenses	Charitable Contributions	Misc. & Other Deductions
Alabama	Yes	None	State	Federal	State	Federal	State
Arizona	Yes	Federal	State	Federal	State	State	State
Arkansas	Yes	None	Federal	Federal	Federal	State	Federal
California	Yes	None	State	Federal	Federal	Federal	State
Colorado	Yes	None	Federal	Federal	Federal	Federal	Federal
Connecticut	No	None	None	None	None	None	None
Delaware	Yes	None	State	Federal	Federal	State	Federal
District of Columbia	Yes	None	Federal	Federal	Federal	Federal	Federal
Georgia	Yes	Federal	Federal	State	Federal	Federal	Federal
Hawaii	Yes	Federal	Federal	Federal	Federal	Federal	State
Idaho	Yes	None	State	Federal	Federal	Federal	Federal
Illinois	No	None	None	None	None	None	None
Indiana	No	None	None	None	None	None	None
Iowa	Yes	State*	State	Federal	Federal	State	State
Kansas	Yes	None	State	Federal	Federal	Federal	Federal
Kentucky	Yes	None	Federal	Federal	State	Federal	Federal
Louisiana	No	None	None	None	None	None	None
Maine	Yes	None	Federal	Federal	Federal	Federal	State
Maryland	Yes	State*	State	Federal	Federal	Federal	Federal
Massachusetts	Yes	None	None	None	State	None	State
Michigan	No	None	None	None	None	None	None
Minnesota	Yes	None	Federal	Federal	Federal	Federal	Federal
Mississippi	Yes	None	Federal	Federal	Federal	Federal	State
Missouri	Yes	State*	State	Federal	Federal	State	Federal
Montana	Yes	State	State	Federal	State	Federal	State
Nebraska	Yes	State*	State	Federal	Federal	Federal	Federal
New Hampshire	No	None	None	None	None	None	None
New Jersey	No	None	None	None	None	None	None
New Mexico	Yes	Federal	Federal	Federal	Federal	Federal	Federal
New York	Yes	State*	State	Federal	State	Federal	State
North Carolina	Yes	None	State	Federal	Federal	Federal	Federal
North Dakota	Yes	State*	Federal	Federal	State	Federal	Federal
Ohio	No	None	None	None	None	None	None
Oklahoma	Yes	Federal	Federal	Federal	Federal	Federal	Federal
Oregon	Yes	None	Federal	Federal	State	Federal	State
Pennsylvania	No	None	None	None	None	None	None
Rhode Island	Yes	Federal	Federal	Federal	Federal	Federal	Federal
South Carolina	Yes	None	State	Federal	Federal	Federal	State
Tennessee	No	None	None	None	None	None	None
Utah	Yes	State*	Federal	Federal	Federal	Federal	Federal
Vermont	Yes	Federal	Federal	Federal	Federal	Federal	Federal
Virginia	Yes	State*	State	Federal	Federal	Federal	Federal
West Virginia	No	None	None	None	None	None	None
Wisconsin	Yes	None	None	State	Federal	Federal	None

*Does not allow itemized deductions for state income taxes but does permit itemized deductions for sales taxes deducted for federal income tax purposes.

Table 5: Personal Exemptions/Credits by State (Tax Year 2005)

State	Exemption/ Credit	Single	Married-J	Married-S	Head of Household	Elderly	Dependent	Handicapped Dependent	Blind--B Deaf--D Disabled--DS
Alabama	Exemption	\$1,500	\$3,000	\$1,500	\$3,000	\$-0-	\$300	\$-0-	\$-0-
Arizona	Exemption	2,100	4,200	2,100	4,200/3,100	2,100	2,300	-0-	B 1,500
Arkansas	Credit	21	42	21	42	21	21	500	B,D 21
California	Credit	87	174	87	87	87	272	-0-	B 87
Colorado	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
Connecticut	Credit	0-75%	0-75%	0-75%	0-75%	-0-	-0-	-0-	-0-
Delaware	Credit	110	220	110	110	110	110	-0-	-0-
Dist. Of Columbia	Exemption	1,370	2,740	1,370	2,740	1,370	1,370	-0-	B 1,370
Georgia	Exemption	2,700	5,400	2,700	2,700	-0-	3,000	-0-	-0-
Hawaii	Exemption	1,040	2,080	1,040	1,040	1,040	1,040	-0-	B,D,DS 7,000
Idaho	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
Illinois	Exemption	2,000	4,000	2,000	2,000	1,000	2,000	-0-	B 1,000
Indiana	Exemption	1,000	2,000	1,000	1,000	1,000	2,500/1,000	-0-	B 1,000
Iowa	Credit	40	80	40	80	20	40	-0-	B 20
Kansas	Exemption	2,250	4,500	2,250	4,500	-0-	2,250	-0-	-0-
Kentucky	Credit	20	40	20	20	40	20	-0-	B 40
Louisiana	Exemption	1,000*	2,000*	1,000*	1,000*	1,000	1,000	-0-	B 1,000
Maine	Exemption	2,850	5,700	2,850	2,850	-0-	2,850	-0-	-0-
Maryland	Exemption	2,400	4,800	2,400	2,400	1,000	2,400	-0-	B 1,000
Massachusetts	Exemption	3,575	7,150	3,575	5,525	700	1,000	-0-	B 2,200
Michigan	Exemption	3,200	6,400	3,200	3,200	2,000	3,800/3,200	-0-	B,D,DS 2,000
Minnesota	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
Mississippi	Exemption	6,000	12,000	6,000	8,000	1,500	1,500	-0-	B 1,500
Missouri	Exemption	2,100	4,200	2,100	3,500	-0-	2,200/1,200	-0-	-0-
Montana	Exemption	1,900	3,800	1,900	1,900	1,900	1,900	1,900	B 1,900
Nebraska	Credit	103	206	103	103	-0-	103	-0-	-0-
New Hampshire	Exemption	2,400	4,800	2,400	2,400	1,200	-0-	-0-	B, DS 1,200
New Jersey	Exemption	1,000	2,000	1,000	1,000	1,000	1,500/1,000	-0-	B, DS 1,000
New Mexico	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
New York	Exemption	-0-	-0-	-0-	-0-	-0-	1,000	-0-	-0-
North Carolina	Exemption	2,500/2,000	5,000/2,000	2,500/2,000	2,500/2,000	-0-	2,500/2,000	-0-	-0-
North Dakota	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
Ohio	Exemption/Cr	1,350/20	2,700/40	1,350/20	1,350/20	-0-	1,350/20	-0-	-0-
Oklahoma	Exemption	1,000	2,000	1,000	1,000	1,000	1,000	-0-	B 1,000
Oregon	Credit	154	308	154	154	-0-	154	154	DS 154
Pennsylvania	None	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Rhode Island	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
South Carolina	Exemption	Federal	Federal	Federal	Federal	3,200/Federal	Federal	Federal	Federal
Tennessee	Exemption	1,250	2,500	1,250	1,250	-0-	-0-	-0-	B, DS Exempt
Utah	Exemption	2,400	4,800	2,400	2,400	-0-	2,400	2,400	DS 2,400
Vermont	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
Virginia	Exemption	900	1,800	900	900	800	900	-0-	B 800
West Virginia	Exemption	2,000	4,000	2,000	2,000	-0-	2,000	-0-	-0-
Wisconsin	Exemption	700	1,400	700	700	250	700	-0-	-0-

*These personal exemption amounts are included in the combined standard deduction/personal exemption figures shown in Table 3.

Table 6: Tax Rates and Brackets by State (Tax Year 2005)

State	Marginal Tax Rates		Number of Brackets	Top Marginal Tax Rate Begins at:			
	Lowest Tax Rate	Top Tax Rate		Single Bracket	Married-J Bracket	Married-S Bracket	Head of HH Bracket
Alabama	2.0%	5.0%	3	\$3,001	\$6,001	\$3,001	\$3,001
Arizona	2.87	5.04	5	150,001	300,001	150,001	300,001
Arkansas ^a	1.0	7.0	6	29,200	29,200	29,200	29,200
California	1.0	9.3	6	41,477	82,953	41,477	56,457
Colorado	4.63	4.63	Flat Rate	---	---	---	---
Connecticut	3.0	5.0	2	10,001	20,001	10,001	16,001
Delaware	0.0	5.95	7	60,001	60,001	60,001	60,001
Dist. of Columbia	5.0	9.0	3	30,001	30,001	30,001	30,001
Georgia	1.0	6.0	6	7,001	10,001	5,001	10,001
Hawaii	1.4	8.25	9	40,001	80,001	40,001	60,001
Idaho	1.6	7.8	8	23,179	46,357	23,179	46,357
Illinois	3.0	3.0	Flat Rate	---	---	---	---
Indiana	3.4	3.4	Flat Rate	---	---	---	---
Iowa	0.36	8.98	9	57,106	57,106	57,106	57,106
Kansas	3.5	6.45	3	30,001	60,001	30,001	30,001
Kentucky	2.0	6.0	6	75,001	75,001	75,001	75,001
Louisiana	2.0	6.0	3	25,001	50,001	25,001	25,001
Maine	2.0	8.5	4	17,700	35,450	17,700	26,600
Maryland	2.0	4.75	4	3,001	3,001	3,001	3,001
Massachusetts ^b	5.3	12.0	Flat Rates	---	---	---	---
Michigan	3.9	3.9	Flat Rate	---	---	---	---
Minnesota	5.35	7.85	3	65,331	115,511	57,761	98,391
Mississippi	3.0	5.0	3	10,001	10,001	10,001	10,001
Missouri	1.5	6.0	10	9,001	9,001	9,001	9,001
Montana	1.0	6.9	7	13,900	13,900	13,900	13,900
Nebraska	2.56	6.84	4	26,501	46,751	23,376	35,001
New Hampshire	5.0	5.0	Flat Rate	---	---	---	---
New Jersey ^c	1.4	8.97	6/7	500,001	500,001	500,001	500,001
New Mexico	1.7	5.7	4	16,001	24,001	12,001	20,001
New York	4.0	7.7	7	500,001	500,001	500,001	500,001
North Carolina	6.0	8.25	4	120,001	200,001	100,001	160,001
North Dakota ^d	2.1	5.54	5	326,451	326,451	163,226	326,451
Ohio	0.712	7.185	9	200,001	200,001	200,001	200,001
Oklahoma ^e	0.5	10.0	11	16,001	24,001	16,001	24,001
Oregon	5.0	9.0	3	6,651	13,301	6,651	13,301
Pennsylvania	3.07	3.07	Flat Rate	---	---	---	---
Rhode Island	3.75	9.9	5	326,451	326,451	163,226	326,451
South Carolina	2.5	7.0	6	12,651	12,651	12,651	12,651
Tennessee	6.0	6.0	Flat Rate	---	---	---	---
Utah	2.3	7.0	6	4,314	8,627	4,314	8,627
Vermont	3.6	9.5	5	326,451	326,451	163,226	326,451
Virginia	2.0	5.75	4	17,001	17,001	17,001	17,001
West Virginia	3.0	6.5	5	60,000	60,000	30,000	60,000
Wisconsin	4.6	6.75	4	132,581	176,771	88,391	132,581

^aSpecial tax table for low-income taxpayers.^bMassachusetts has flat tax rates, each of which is applied to different sources of income.^cSix rates for single and married-separate filers and seven rates for married-joint and head-of-household filers.^dNorth Dakota's standard method. There is also an optional method with separate rates and brackets.^eOklahoma's method for taxpayers who deduct federal income tax. For taxpayers who do not, there is a separate method with its own rates and brackets.

ALABAMA

Filing System: Joint

TAX BASE: STATE ADJUSTED GROSS INCOME		DEDUCTIONS															
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmState schedule for rental income. Capital Gains & LossesSame as federal, except all gains are taxable and all losses deductible in year incurred. Pension/Retirement Income --PrivatePayments from defined benefit plans are exempt. --Public.....Most systems exempt. --U.S. Civil ServiceExempt. --Military.....Exempt. Active Duty MilitarySame as federal. Unemployment Compensation.....Exempt. Social Security BenefitsExempt. State/Municipal Bond Interest.....Taxable except Alabama obligations. Health Savings Accounts.....No provision. Miscellaneous Disability Income.....Same as federal. Lottery WinningsTaxable. Federal Income Taxes.....Deductible. OtherMoving expenses 100% deductible if new job is in Alabama. Certain adoption expenses are deductible. All benefits from Alabama prepaid tuition contracts are exempt. Up to \$25,000 in severance pay is exempt if a result of administrative downsizing.</p>		<p>Standard: 20% of AGI. Maximum: Married-J..... \$4,000 Single/Married-S/HH..... \$2,000</p> <p>Itemized: State itemized deductions.</p> <p>Major Differences from Federal Law: <u>Medical:</u> Limited to amount by which medical costs exceed 4% of AGI, except all long-term care premiums are fully deductible. <u>Taxes:</u> State income taxes and state and local sales taxes not deductible; deduction for FICA, federal self-employment tax, railroad retirement. <u>Casualty and Theft:</u> Loss must be reduced by 10% of AGI and claimed in year occurred.</p>															
TAX RATES AND BRACKETS		EXEMPTIONS															
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Taxable Income Brackets</u></th> <th style="text-align: center;">Marginal</th> </tr> <tr> <th style="text-align: center;"><u>Single/Married-S/HH</u></th> <th style="text-align: center;"><u>Married-Joint</u></th> <th style="text-align: center;"><u>Tax Rates</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 500</td> <td style="text-align: center;">\$0 - 1,000</td> <td style="text-align: center;">2.0%</td> </tr> <tr> <td style="text-align: center;">501 - 3,000</td> <td style="text-align: center;">1,001 - 6,000</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td style="text-align: center;">3,001 and over</td> <td style="text-align: center;">6,001 and over</td> <td style="text-align: center;">5.0</td> </tr> </tbody> </table>		<u>Taxable Income Brackets</u>		Marginal	<u>Single/Married-S/HH</u>	<u>Married-Joint</u>	<u>Tax Rates</u>	\$0 - 500	\$0 - 1,000	2.0%	501 - 3,000	1,001 - 6,000	4.0	3,001 and over	6,001 and over	5.0	<p>Single..... \$1,500 Married-J/HH..... \$3,000 Married-S..... \$1,500 Dependent..... \$300</p>
<u>Taxable Income Brackets</u>		Marginal															
<u>Single/Married-S/HH</u>	<u>Married-Joint</u>	<u>Tax Rates</u>															
\$0 - 500	\$0 - 1,000	2.0%															
501 - 3,000	1,001 - 6,000	4.0															
3,001 and over	6,001 and over	5.0															
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES															
<ul style="list-style-type: none"> • Capital credit • Coal credit • Employer-sponsored basic skills education credit • Enterprise zone • Income taxes paid to other states • Rural physician's tax credit 	<ul style="list-style-type: none"> • Arts development fund • Breast and cervical cancer research program • Child abuse trust fund • Election campaign fund • Foster care trust fund • Indian children's scholarship fund • Mental health • Neighbors helping neighbors fund • Nongame wildlife fund • Public health and disease prevention • Senior services trust fund • Veterans' program • 4-H Club 	<ul style="list-style-type: none"> • Penalty on early withdrawal of savings • Use tax 															

ARIZONA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS																					
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend..... Exempts U.S. government bonds. Business/Rent/Farm Same as federal. Capital Gains & Losses Same as federal. Pension/Retirement Income --Private Same as federal. --Public..... For federal and Arizona state and local pensions, exclusion of up to \$2,500/taxpayer. --U.S. Civil Service Exclusion of up to \$2,500/taxpayer. --Military..... Exclusion of up to \$2,500/taxpayer. Active Duty Military Same as federal, except that all income earned in a combat zone is exempt. Unemployment Compensation..... Same as federal. Social Security Benefits Exempt. State/Municipal Bond Interest..... Taxable except Arizona obligations. Health Savings Accounts..... Same as federal. Miscellaneous Disability Income Same as federal. Lottery Winnings Up to \$5,000 from Arizona lottery excluded. Federal Income Taxes..... Not deductible. Other Deductions for crops contributed to charitable organizations, distributions from a qualified state tuition program included in federal AGI, deposits and employer contributions to MSAs, up to \$3,000 in adoption expenses, up to \$5,000 for an energy efficient residence, and up to \$500 for a qualified wood stove, wood fireplace, or gas-fired fireplace. In addition, deductions for amounts claimed for the following federal credits: work opportunity; empowerment zone employment; Indian employment; and employer-paid social security on cash tips.		<p>Standard: Single/Married-S\$4,125 Married-J/HH\$8,250</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: <u>Medical Expenses:</u> Expenses are not reduced as a percent of AGI.</p> <p><u>Property Taxes:</u> Defense contractors cannot claim same property taxes used for credit.</p> <p><u>Charitable Contributions:</u> Cannot claim same contributions used for credit.</p> <p><u>Gambling Losses:</u> Adjust to reflect lottery exclusion.</p>																					
TAX RATES AND BRACKETS		EXEMPTIONS																					
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Taxable Income Brackets</u></th> <th style="text-align: center;"><u>Marginal</u></th> </tr> <tr> <th style="text-align: center;"><u>Single/Married-S</u></th> <th style="text-align: center;"><u>Married-Joint/HH</u></th> <th style="text-align: center;"><u>Tax Rates</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 10,000</td> <td style="text-align: center;">\$0 - 20,000</td> <td style="text-align: center;">2.87%</td> </tr> <tr> <td style="text-align: center;">10,001 - 25,000</td> <td style="text-align: center;">20,001 - 50,000</td> <td style="text-align: center;">3.20</td> </tr> <tr> <td style="text-align: center;">25,001 - 50,000</td> <td style="text-align: center;">50,001 - 100,000</td> <td style="text-align: center;">3.74</td> </tr> <tr> <td style="text-align: center;">50,001 - 150,000</td> <td style="text-align: center;">100,001 - 300,000</td> <td style="text-align: center;">4.72</td> </tr> <tr> <td style="text-align: center;">150,001 and over</td> <td style="text-align: center;">300,001 and over</td> <td style="text-align: center;">5.04</td> </tr> </tbody> </table>		<u>Taxable Income Brackets</u>		<u>Marginal</u>	<u>Single/Married-S</u>	<u>Married-Joint/HH</u>	<u>Tax Rates</u>	\$0 - 10,000	\$0 - 20,000	2.87%	10,001 - 25,000	20,001 - 50,000	3.20	25,001 - 50,000	50,001 - 100,000	3.74	50,001 - 150,000	100,001 - 300,000	4.72	150,001 and over	300,001 and over	5.04	Single/Married-S\$2,100 Married-J/Single HH\$4,200 M-HH/Married-S with one spouse with at least one dependent..\$3,100 Married-J with at least one dependent\$6,300 Dependent\$2,300 Age 65 and over.....\$2,100 Blind\$1,500 Qualifying parents and ancestors.....\$10,000
<u>Taxable Income Brackets</u>		<u>Marginal</u>																					
<u>Single/Married-S</u>	<u>Married-Joint/HH</u>	<u>Tax Rates</u>																					
\$0 - 10,000	\$0 - 20,000	2.87%																					
10,001 - 25,000	20,001 - 50,000	3.20																					
25,001 - 50,000	50,001 - 100,000	3.74																					
50,001 - 150,000	100,001 - 300,000	4.72																					
150,001 and over	300,001 and over	5.04																					
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/CHECK-OFF																					
<ul style="list-style-type: none"> • Agricultural (preservation district, water conservation system, and pollution control equipment) • Clean election fund tax credit • Contributions to charities that assist the working poor • Contributions to school tuition organizations • Defense contracting • Donation of school site • Employer credit for technology training • Employment of TANF recipients • Enterprise zone • Environmental (technology facility, solar energy, pollution control, and solar hot water heater plumbing stub outs and electronic vehicle recharge outlets) 	<ul style="list-style-type: none"> • Family income tax credit • Fees paid and certain contributions to public schools • Healthy forest enterprises • Income taxes paid to other states/countries • Increased excise taxes • Increased research activities • Military reuse zone • Neighborhood electric vehicle • Property tax/rent • Recycling equipment 	<ul style="list-style-type: none"> • Child abuse prevention • Clean elections fund • Domestic violence shelters • Education fund • Political • Special Olympics • Utility bill assistance and energy conservation • Wildlife 																					
		OTHER TAXES																					
		<ul style="list-style-type: none"> • MSA withdrawal penalty 																					

ARKANSAS

Filing System: Joint/Combined

TAX BASE: STATE ADJUSTED GROSS INCOME		DEDUCTIONS														
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend..... Exempts U.S. government bonds. Business/Rent/Farm Same as federal. Capital Gains & Losses Exclude up to 30% of net long-term capital gains. Pension/Retirement Income* --Private First \$6,000 exempt. --Public First \$6,000 exempt. --U.S. Civil Service First \$6,000 exempt. --Military..... First \$6,000 exempt. Active Duty Military CZE and first \$9,000 exempt (\$6,000 for officers). Unemployment Compensation..... Exempt. Social Security Benefits Exempt. State/Municipal Bond Interest..... Taxable except Arkansas obligations. Health Savings Accounts..... Same as federal. Miscellaneous Disability Income Same as federal. Lottery Winnings Taxable. Federal Income Taxes..... Not deductible. Other Border city exemption. Deductions for support of a permanently disabled dependent, long-term intergenerational trusts, organ donor expenses, and contribution to a deferred tuition savings plan.		<p>Standard: Single/Married-S/HH...\$2,000 Married-J.....\$4,000</p> <p>Itemized: State itemized deductions.</p> <p>Major Differences from Federal Law:</p> <p><u>Contributions:</u> Limited to 50% of AGI with a 5-year carryover.</p> <p><u>Taxes:</u> State income taxes and state and local sales taxes not deductible.</p>														
*The \$6,000 pension exclusion can be applied toward early distributions from an IRA if the participant has reached 59 ½ years of age.																
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDIT)														
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Taxable Income Bracket</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 3,499</td> <td style="text-align: center;">1.0%</td> </tr> <tr> <td style="text-align: center;">3,500 - 6,999</td> <td style="text-align: center;">2.5</td> </tr> <tr> <td style="text-align: center;">7,000 - 10,499</td> <td style="text-align: center;">3.5</td> </tr> <tr> <td style="text-align: center;">10,500 - 17,499</td> <td style="text-align: center;">4.5</td> </tr> <tr> <td style="text-align: center;">17,500 - 29,199</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">29,200 and over</td> <td style="text-align: center;">7.0</td> </tr> </tbody> </table> <p>Special tax table provided for low-income taxpayers.</p>		Taxable Income Bracket	Marginal Tax Rates	\$0 - 3,499	1.0%	3,500 - 6,999	2.5	7,000 - 10,499	3.5	10,500 - 17,499	4.5	17,500 - 29,199	6.0	29,200 and over	7.0	Single/Married-S\$21 Married-J/HH\$42 Dependent\$21 Age 65 or over.....\$21 Developmentally Disabled Child\$500 Blind\$21 Deaf.....\$21 Age 65 special\$21
Taxable Income Bracket	Marginal Tax Rates															
\$0 - 3,499	1.0%															
3,500 - 6,999	2.5															
7,000 - 10,499	3.5															
10,500 - 17,499	4.5															
17,500 - 29,199	6.0															
29,200 and over	7.0															
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/CHECK-OFF														
<ul style="list-style-type: none"> • Adoption expenses • Biotechnology development • Capital development corporation • Child care • County & regional industrial development • Economic development • Employer-provided early childhood program • Enterprise zone • Equipment donation • Family saving initiative • Income taxes paid to other states • Manufacturing investment 	<ul style="list-style-type: none"> • Phenylketonuria disorder • Political contributions • Private wetland/riparian zone • Public roads improvement • Rice straw • Tourism project development • Tuition reimbursement • Venture capital investment • Waste reduction and recycling equipment • Water resource conservation • Workforce training • Youth apprenticeship 	<ul style="list-style-type: none"> • Area Agencies on Aging • Baby Sharon Act • Disaster relief • Military family relief program • Organ donor awareness education • Schools for the blind and deaf • U.S. Olympic fund 														
		OTHER TAXES														
		<ul style="list-style-type: none"> • Early withdrawal penalty from IRA and employer qualified retirement plan 														

CALIFORNIA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS
<u>Major Differences from Federal Law</u>				<p>Standard: Single/Married-S \$3,254 Married-J/HH \$6,508</p> <p>Itemized: State itemized deductions.</p> <p>Medical: Medical benefits paid on behalf of a registered domestic partner are deductible.</p> <p>Major Differences from Federal Law: <u>Taxes:</u> State, local, and foreign income taxes, state and local sales taxes, and state disability insurance are not deductible.</p> <p><u>Miscellaneous:</u> Different treatment of investment interest expense and employee business expense. California lottery losses not deductible.</p> <p><u>Other:</u> Legislators' travel expenses are only deductible if incurred while away from home overnight. Adoption-related expenses and mortgage interest used to claim state credits cannot be claimed.</p>
Interest/Dividend.....	Exempts U.S. government bonds.			
Business/Rent/Farm	California depreciation methods and accelerated write-offs.			
Capital Gains & Losses	Same as federal.			
Pension/Retirement Income				
--Private	Same as federal.			
--Public.....	Same as federal.			
--U.S. Civil Service	Same as federal.			
--Military.....	Same as federal.			
Active Duty Military	Same as federal.			
Unemployment Compensation.....	Exempt.			
Social Security Benefits	Exempt.			
State/Municipal Bond Interest.....	Taxable except California obligations.			
Health Savings Accounts.....	No provision.			
Miscellaneous				
Disability Income	Same as federal.			
Lottery Winnings.....	California lottery winnings exempt.			
Federal Income Taxes.....	Not deductible.			
Other	Exempt government rewards from a crime hotline and beverage container recycling income. Deductions for certain rebates for water and energy conservation. Exclusions for employer-provided accident and health insurance, self-employed health insurance, and medical expense reimbursement apply with respect to registered domestic partners. The following federal exemptions do not apply: educator expenses, tuition and fees, and student loan interest.			
TAX RATES AND BRACKETS				EXEMPTIONS (TAX CREDIT)
<u>Taxable Income Brackets</u>				Single/HH \$87 Married-J \$174 Married-S..... \$87 Dependent..... \$272 Age 65 or older..... \$87 Blind \$87
<u>Single/Married-S</u>	<u>Married-Joint</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>	
\$0 - \$6,319	\$0 - \$12,638	\$0 - \$12,644	1.0%	
6,320 - 14,979	12,639 - 29,958	12,645 - 29,959	2.0	
14,980 - 23,641	29,959 - 47,282	29,960 - 38,619	4.0	
23,642 - 32,819	47,283 - 65,638	38,620 - 47,796	6.0	
32,820 - 41,476	65,639 - 82,952	47,797 - 56,456	8.0	
41,477 and over	82,953 and over	56,457 and over	9.3	
TAX CREDITS	TAX CREDITS (cont.)			CONTRIBUTION/CHECK-OFF
<ul style="list-style-type: none"> • Adoption credit • Child and dependent care • Community development financial institution deposits • Dependent parent • Disabled access for eligible small businesses • Donated agricultural products transportation • Employer child care contribution • Employer child care program • Enhanced oil recovery • Enterprise zone employee credit • Enterprise zone hiring and sales or use tax • Environmental tax • Farm worker housing • Income taxes paid to other states • Joint custody head-of-household • Joint strike fighter wages and property • Local agency military base recovery area • Low-income housing • Manufacturing enhancement area • Natural heritage preservation 	<ul style="list-style-type: none"> • Nonrefundable renters • Prior year alternative minimum tax • Prison inmate labor • Renters' credit • Research • Rice straw • Senior head-of-household • Solar and wind energy system • Targeted area hiring and sales or use tax • Teacher retention 			<ul style="list-style-type: none"> • Alzheimer's disease/related disorders • Breast cancer research • California prostate cancer research • California seniors special fund • Child abuse prevention • Colorectal cancer prevention • Emergency food assistance program • Firefighters' memorial • Military family relief fund • Peace officer memorial • Rare and endangered species preservation • Senior citizens fund • Sexual violence victim services • Veteran's quality of life
	OTHER TAXES			
	<ul style="list-style-type: none"> • Alternative minimum tax • Credit recapture • Mental health services tax • Taxes attributed to IRAs, other qualified retirement plans, annuities, modified endowment contracts, MSAs and education IRAs. • Use tax 			

COLORADO

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME		DEDUCTIONS
<u>Major Differences from Federal Law</u>		
Interest/Dividend.....	Exempts U.S. government bonds.	Standard: Same as federal. Itemized: Same as federal. Major Differences From Federal Law: <u>Taxes:</u> State income taxes and state and local sales taxes not deductible.
Business/Rent/Farm	Same as federal.	
Capital Gains & Losses	Capital gain from certain Colorado sources is exempt if held for specified periods.	
Pension/Retirement Income		
--Private	Exclude \$20,000/person (if 55-64); \$24,000/person (65 and older).	
--Public.....	Exclude \$20,000/person (if 55-64); \$24,000/person (65 and older).	
--U.S. Civil Service	Exclude \$20,000/person (if 55-64); \$24,000/person (65 and older).	
--Military.....	Exclude \$20,000/person (if 55-64); \$24,000/person (65 and older).	
Active Duty Military	Same as federal.	
Unemployment Compensation.....	Same as federal.	
Social Security Benefits	If aged 55-64, up to \$20,000/person of federally taxable benefits excluded; up to \$24,000/person if 65 or older. Maximum amounts are combined limits for pension income and federally taxed social security.	
State/Municipal Bond Interest	Taxable except Colorado obligations.	
Health Savings Accounts.....	Same as federal.	
Miscellaneous		
Disability Income	Same as federal.	
Lottery Winnings.....	Same as federal.	
Federal Income Taxes.....	Not deductible.	
Other	Exclusions for contributions to Colorado qualified state tuition programs and for contributions to, and interest earned on, medical savings accounts.	
TAX RATES AND BRACKETS		EXEMPTIONS
4.63% of Colorado taxable income.		Same as federal.
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Alternative fuel vehicle and refueling facility • Child care • Child care center investment • Child care contribution • Colorado works program • Conservation easement • Contaminated land redevelopment • Employer child care facility investment • Enterprise zone (investment, new business, rural, agriculture, health insurance, and others) • Historic property preservation • Income taxes paid in other states • Long-term care insurance • Low-income housing • Plastic recycling investment • School-to-career investment • Weather related livestock sale 	<ul style="list-style-type: none"> • Alzheimer's Association • Colorado Watershed Protection (CAWA) fund • Domestic abuse • Drop out prevention • Family resource centers fund • Homeless prevention activities • Military family relief fund • Nongame and endangered wildlife • Organ and tissue donation awareness • Pet overpopulation fund • Special Olympics • State fair authority • Veterans cemetery 	<ul style="list-style-type: none"> • Alternative minimum tax

CONNECTICUT

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS																	
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/Farm.....Same as federal. Capital Gains & Losses.....Gains/losses from the sale of Connecticut state and local bonds are subtracted/added back.</p> <p>Pension/Retirement Income --Private.....Same as federal. --Public.....Same as federal. --U.S. Civil Service.....Same as federal. --Military.....Same as federal. Active Duty Military.....Same as federal. Unemployment Compensation.....Same as federal. Social Security Benefits.....Exempt if income is below \$50,000 (\$60,000 MJ/HH); partially taxable if higher income. State/Municipal Bond Interest.....Taxable except Connecticut obligations. Health Savings Accounts.....Same as federal.</p> <p>Miscellaneous Disability Income.....Same as federal. Lottery Winnings.....Same as federal. Federal Income Taxes.....Not deductible. Other.....Exemptions for distributions from Connecticut higher education trust fund and interest on Connecticut individual development accounts. Modifications (add or subtract) for Connecticut fiduciary adjustment.</p>		<p>Standard:</p> <p>Sliding scale standard deduction.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Filing Status</th> <th style="text-align: center;">Standard Deduction</th> <th style="text-align: center;">Income Range for Deduction Phase-Out</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td style="text-align: center;">\$12,625</td> <td style="text-align: center;">\$25,250 - \$37,250</td> </tr> <tr> <td>HH</td> <td style="text-align: center;">19,000</td> <td style="text-align: center;">38,000 - 56,000</td> </tr> <tr> <td>Married-J</td> <td style="text-align: center;">24,000</td> <td style="text-align: center;">48,000 - 71,000</td> </tr> <tr> <td>Married-S</td> <td style="text-align: center;">12,000</td> <td style="text-align: center;">24,000 - 35,000</td> </tr> </tbody> </table> <p>Itemized:</p> <p>None.</p>		Filing Status	Standard Deduction	Income Range for Deduction Phase-Out	Single	\$12,625	\$25,250 - \$37,250	HH	19,000	38,000 - 56,000	Married-J	24,000	48,000 - 71,000	Married-S	12,000	24,000 - 35,000	
Filing Status	Standard Deduction	Income Range for Deduction Phase-Out																	
Single	\$12,625	\$25,250 - \$37,250																	
HH	19,000	38,000 - 56,000																	
Married-J	24,000	48,000 - 71,000																	
Married-S	12,000	24,000 - 35,000																	
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDIT)																	
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> <tr> <th style="text-align: center;">Single/Married-S</th> <th style="text-align: center;">Married-Joint</th> <th style="text-align: center;">Head of Household</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 10,000</td> <td style="text-align: center;">\$0 - 20,000</td> <td style="text-align: center;">\$0 - 16,000</td> <td style="text-align: center;">3.0%</td> </tr> <tr> <td style="text-align: center;">10,001 and over</td> <td style="text-align: center;">20,001 and over</td> <td style="text-align: center;">16,001 and over</td> <td style="text-align: center;">5.0</td> </tr> </tbody> </table>		Taxable Income Brackets			Marginal Tax Rates	Single/Married-S	Married-Joint	Head of Household		\$0 - 10,000	\$0 - 20,000	\$0 - 16,000	3.0%	10,001 and over	20,001 and over	16,001 and over	5.0	<p>Personal tax credits ranging from 0% to 75% of tax, depending on filing status and Connecticut AGI. 75% credit is phased out as follows:</p> <p>Single.....\$12,625 - \$55,000 Head-of-Household.....19,000 - 78,500 Married-J.....24,000 - 100,500 Married-S.....12,000 - 52,500</p>	
Taxable Income Brackets			Marginal Tax Rates																
Single/Married-S	Married-Joint	Head of Household																	
\$0 - 10,000	\$0 - 20,000	\$0 - 16,000	3.0%																
10,001 and over	20,001 and over	16,001 and over	5.0																
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES																	
<ul style="list-style-type: none"> • Income tax paid to other jurisdictions • Property tax on primary residences and motor vehicles 	<ul style="list-style-type: none"> • AIDS research education • Breast cancer research and education • Endangered species, natural area preserves, and watchable wildlife fund • Military family relief fund • Organ transplant • Safety net services 	<ul style="list-style-type: none"> • Alternative minimum tax • Use tax 																	

DELAWARE

Filing System: Joint/Combined

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS															
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income --PrivateExclude \$2,000 (under 60); \$12,500 (60 and over). --Public.....Exclude \$2,000 (under 60); \$12,500 (60 and over). --U.S. Civil ServiceExclude \$2,000 (under 60); \$12,500 (60 and over). --Military.....Exclude \$2,000 (under 60); \$12,500 (60 and over). Active Duty MilitarySame as federal. Unemployment Compensation.....Same as federal. Social Security BenefitsExempt. State/Municipal Bond Interest.....Taxable except Delaware obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability IncomeSee other. Lottery WinningsDelaware winnings exempt. Federal Income Taxes.....Not deductible. OtherExclusion if disabled or age 60 or over if earned income and AGI are below certain thresholds. State tax treatment of oil percentage depletion and fiduciary income from estates and trusts. Exempt income from approved employer-provided transportation programs. Exclude certain distributions from retirement plans used for higher education expenses. Deduct amount claimed for federal work opportunity credit.</p>		<p>Standard: Single/HH \$3,250 Married-J \$6,500 Married-S..... \$3,250</p> <p>Additional standard deduction if: Blind \$2,500 Age 65 or over \$2,500</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: <u>Contributions:</u> Charitable mileage deduction. <u>Taxes:</u> State income tax and local taxes not deductible; federal foreign tax credit deductible.</p>															
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDIT)															
<table style="margin: auto;"> <thead> <tr> <th style="text-align: center;">Taxable Income Bracket</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 2,000</td> <td style="text-align: center;">No tax</td> </tr> <tr> <td style="text-align: center;">2,001 - 5,000</td> <td style="text-align: center;">2.20%</td> </tr> <tr> <td style="text-align: center;">5,001 - 10,000</td> <td style="text-align: center;">3.90</td> </tr> <tr> <td style="text-align: center;">10,001 - 20,000</td> <td style="text-align: center;">4.80</td> </tr> <tr> <td style="text-align: center;">20,001 - 25,000</td> <td style="text-align: center;">5.20</td> </tr> <tr> <td style="text-align: center;">25,001 - 60,000</td> <td style="text-align: center;">5.55</td> </tr> <tr> <td style="text-align: center;">60,001 and over</td> <td style="text-align: center;">5.95</td> </tr> </tbody> </table>	Taxable Income Bracket	Marginal Tax Rates	\$0 - 2,000	No tax	2,001 - 5,000	2.20%	5,001 - 10,000	3.90	10,001 - 20,000	4.80	20,001 - 25,000	5.20	25,001 - 60,000	5.55	60,001 and over	5.95	<p>Each federal exemption \$110 Age 60 or over \$110</p>
Taxable Income Bracket	Marginal Tax Rates																
\$0 - 2,000	No tax																
2,001 - 5,000	2.20%																
5,001 - 10,000	3.90																
10,001 - 20,000	4.80																
20,001 - 25,000	5.20																
25,001 - 60,000	5.55																
60,001 and over	5.95																
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES															
<ul style="list-style-type: none"> • Capital investment and new employment • Child and dependent care • Historic preservation • Income tax paid to another state • Land and historic resource conservation • Rehabilitation of contaminated industrial sites • Volunteer firefighter, fire auxiliary, and rescue squad • Waste reduction and recycling 	<ul style="list-style-type: none"> • Breast cancer coalition • Children's trust fund • Diabetes education • Emergency housing assistance • Juvenile diabetes research foundation international • National Guard and Reserve emergency assistance • Nongame wildlife fund, endangered species, and natural areas preservation • Organ and tissue donation awareness • U.S. Olympics • Veteran's home 	<ul style="list-style-type: none"> • Lump-sum distributions (beneficial tax treatment) 															

DISTRICT OF COLUMBIA

Filing System: Joint/Combined

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income --PrivateSame as federal. --Public.....Exclusion for up to \$3,000 (age 62 or over). --U.S. Civil ServiceExclusion for up to \$3,000 (age 62 or over). --Military.....Exclusion for up to \$3,000 (age 62 or over). Active Duty MilitarySame as federal. Unemployment Compensation.....Same as federal. Social Security BenefitsExempt. State/Municipal Bond Interest.....Exempt. Health Savings Accounts.....Same as federal. Miscellaneous Disability IncomeExempt. Lottery WinningsSame as federal. Federal Income Taxes.....Not deductible. OtherExclude dependent's unearned income included in parent's federal AGI. Deduct DC and federal government survivor benefits, awards received from unlawful employment discrimination, contributions to DC college savings plan, and long-term care insurance premiums paid after April 11, 2005.		<p>Standard: Single/Married-J/HH..... \$2,000 Married-S..... \$1,000</p> <p>Itemized: Same as federal.</p> <p>Major Differences from Federal Law: <u>Taxes:</u> State and local income and sales taxes not deductible.</p>
TAX RATES AND BRACKETS		EXEMPTIONS
<p><u>Taxable Income Bracket</u></p> <p>\$0 - 10,000</p> <p>10,001 - 30,000</p> <p>30,001 and over</p>	<p><u>Marginal Tax Rates</u></p> <p>5.0%</p> <p>7.5</p> <p>9.0</p>	Single..... \$1,370 Married-J/HH..... \$2,740 Married-S..... \$1,370 Dependent..... \$1,370 Age 65 or over \$1,370 Blind \$1,370
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Child and dependent care • D.C. Metropolitan Police Department housing • Earned income tax credit • Income taxes paid to another state • Low-income • Property tax/rent 	<ul style="list-style-type: none"> • Drug prevention and children at risk trust 	None

GEORGIA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS	
<u>Major Differences from Federal Law</u>					
Interest/Dividend.....	Exempts U.S. government bonds.			Standard:	
Business/Rent/Farm	Same as federal.			Single/HH..... \$2,300	
Capital Gains & Losses	Same as federal.			Married-J..... \$3,000	
Pension/Retirement Income				Married-S..... \$1,500	
--Private	\$15,000/person excluded (62 and over or totally disabled).			Age 65 or over or blind..... \$1,300	
--Public.....	\$15,000/person excluded (62 and over or totally disabled).				
--U.S. Civil Service	\$15,000/person excluded (62 and over or totally disabled).			Itemized:	
--Military.....	\$15,000/person excluded (62 and over or totally disabled).			Federal itemized deductions.	
Active Duty Military	Same as federal.			Major Differences from Federal Law:	
Unemployment Compensation.....	Same as federal.			<u>Taxes:</u> State income taxes other than Georgia's not deductible.	
Social Security Benefits	Exempt.				
State/Municipal Bond Interest.....	Taxable except Georgia obligations.				
Health Savings Accounts.....	Same as federal.				
Miscellaneous				<u>Interest:</u> Investment interest for the production of exempt income is not allowed.	
Disability Income	Same as federal.				
Lottery Winnings	Same as federal.				
Federal Income Taxes.....	Not deductible.				
Other	Dependent's unearned income included in parent's federal AGI may be exempt. Deductions for contributions to a Georgia higher education savings plan, expenses related to organ donation, and amounts claimed for federal work opportunity credit.				
TAX RATES AND BRACKETS				EXEMPTIONS	
<u>Taxable Income Brackets</u>			Marginal		
Single	Married-S	Married-J/HH	Tax Rate		
\$0 - 750	\$0 - 500	\$0 - 1,000	1%	Single/Married-S/HH \$2,700	
751 - 2,250	501 - 1,500	1,001 - 3,000	2	Married-J..... \$5,400	
2,251 - 3,750	1,501 - 2,500	3,001 - 5,000	3	Dependent..... \$3,000	
3,751 - 5,250	2,501 - 3,500	5,001 - 7,000	4		
5,251 - 7,000	3,501 - 5,000	7,001 - 10,000	5		
7,001 and over	5,001 and over	10,001 and over	6		
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/CHECK-OFF	
<ul style="list-style-type: none"> • Bank tax • Basic skills education for employees • Business enterprise vehicle • Caregiving expense • Child care for employees and purchase of child care property • Cigarette export • Disabled person home purchase or retrofit • Diesel particulate emission reduction equipment • Disaster assistance • Driver education • Electric vehicle charger • Employee retraining • Employer's new job • Film tax 		<ul style="list-style-type: none"> • Headquarters • Historic rehabilitation • Income taxes paid to another state • Investment • Low- and zero-emission vehicle • Low-income • Low-income housing • Manufacturer's investment and new facilities job and property • National Guard/Air National Guard • Port activity • Qualified transportation for employees • Research • Rural physicians • Small business growth 		<ul style="list-style-type: none"> • Children and elderly fund • Georgia cancer research fund • Georgia National Guard foundation • Greenspace trust • Wildlife conservation 	
				OTHER TAXES	
				None	

HAWAII

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS
<u>Major Differences from Federal Law</u>				
Interest/Dividend.....	Exempts U.S. government bonds.			Standard: Single\$1,500 Married-J.....\$1,900 Married-S.....\$950 Head-of-Household\$1,650 Itemized: Federal itemized deductions. Amounts that are limited based on federal AGI are recalculated to be based on Hawaii AGI. Major Differences from Federal Law: Political Contributions: Deduction for up to \$250 for single and \$500 for Married-J.
Business/Rent/Farm	Same as federal.			
Capital Gains & Losses	Alternative tax on capital gains.			
Pension/Retirement Income				
--Private	Exempt if employer funded.			
--Public.....	Exempt.			
--U.S. Civil Service	Exempt.			
--Military.....	Exempt.			
Active Duty Military	CZE and exempt up to \$1,750 for Reserve and National Guard members.			
Unemployment Compensation.....	Same as federal.			
Social Security Benefits	Exempt.			
State/Municipal Bond Interest.....	Taxable except Hawaii obligations.			
Health Savings Accounts.....	Same as federal.			
Miscellaneous				
Disability Income	Same as federal.			
Lottery Winnings	Same as federal.			
Federal Income Taxes.....	Not deductible.			
Other	Deductions for payments to individual housing accounts and for earnings on individual housing and individual development accounts. Deductions for certain income from high technology business and qualified expenditures for exceptional trees. Peace Corps compensation, income from temporary employment outside of the U.S., and higher education expenses deducted from federal income are taxable. In addition, some student loan interest and employer-provided adoption benefits that are exempt from federal taxes may be taxable in Hawaii.			
TAX RATES AND BRACKETS				EXEMPTIONS
	Taxable Income Brackets			
<u>Single/Married-S</u>	<u>Married-Joint</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>	
\$0 - 2,000	\$0 - 4,000	\$0 - 3,000	1.40%	Single/HH/Married-S\$1,040
2,001 - 4,000	4,001 - 8,000	3,001 - 6,000	3.20	Married-J.....\$2,080
4,001 - 8,000	8,001 - 16,000	6,001 - 12,000	5.50	Age 65 or over\$1,040
8,001 - 12,000	16,001 - 24,000	12,001 - 18,000	6.40	Dependent\$1,040
12,001 - 16,000	24,001 - 32,000	18,001 - 24,000	6.80	Blind, deaf, or totally disabled\$7,000*
16,001 - 20,000	32,001 - 40,000	24,001 - 30,000	7.20	
20,001 - 30,000	40,001 - 60,000	30,001 - 45,000	7.60	
30,001 - 40,000	60,001 - 80,000	45,001 - 60,000	7.90	
40,001 and over	80,001 and over	60,001 and over	8.25	
				*In lieu of regular personal exemptions
TAX CREDITS	TAX CREDITS (cont.)			CONTRIBUTION/CHECK-OFF
<ul style="list-style-type: none"> • Beneficiaries of foreign trusts • Capital goods excise tax • Child and dependent care expenses • Child passenger restraint systems • Commercial fishers fuel tax • Drought mitigating water storage facility • Employment of vocational rehabilitation referrals • Energy conservation (through June 30, 2003) -- credit carryover • Enterprise zone • Ethanol investment • High technology companies • Hotel construction and remodeling (through June 30, 2003) -- credit carryover • Income taxes paid to other states/countries • Individual development account 	<ul style="list-style-type: none"> • Ko Olina resort and marine attractions and educational facilities • Low-income credit • Low-income household renter • Low-income housing • Motion picture and film production • Regulated investment company • Renewable energy technologies (starting July 1, 2003) • Research activities • Residential construction or remodeling • School repair and maintenance • Shareholders of S corporations • Taxes withheld on sale of Hawaii real property interests • Technology infrastructure renovation 			<ul style="list-style-type: none"> • Domestic violence and child abuse/neglect • Election campaign fund • Hawaii public libraries • Hawaii school-level minor repairs and maintenance
				OTHER TAXES
				<ul style="list-style-type: none"> • Alternative tax on capital gains (beneficial tax treatment)

IDAHO

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS	
<u>Major Differences from Federal Law</u>			
Interest/Dividend.....	Exempt U.S. government bonds.	Standard: Same as federal. Itemized: Federal itemized deductions. Major Differences from Federal Law: <u>Taxes:</u> State and local income and sales taxes not deductible.	
Business/Rent/Farm	Same as federal.		
Capital Gains & Losses	60% exclusion for long-term gains from the sale of certain real and tangible Idaho property.		
Pension/Retirement Income			
--Private	Same as federal.		
--Public.....	Certain police and firemen--exclude \$23,268 single; \$34,902 married (65 and over, or disabled and 62 and over) - reduced by amount of social security income.		
--U.S. Civil Service	Exclude \$23,268 single; \$34,902 married (65 and over, or disabled and 62 and over) - reduced by amount of social security income.		
--Military.....	Exclude \$23,268 single; \$34,902 married (65 and over, or disabled and 62 and over) - reduced by amount of social security income.		
Active Duty Military	Same as federal.		
Unemployment Compensation.....	Same as federal.		
Social Security Benefits	Exempt.		
State/Municipal Bond Interest.....	Taxable except Idaho obligations.		
Health Savings Accounts.....	Same as federal.		
Miscellaneous			
Disability Income	Same as federal.		
Lottery Winnings.....	Deduct Idaho lottery prizes of less than \$600.		
Federal Income Taxes.....	Not deductible.		
Other	Deductions for insulation, alternative energy devices, child and dependent care, maintaining home for aged or developmentally disabled, technological equipment donation, contributions to and interest on Idaho MSA, contributions to an Idaho college savings plan, adoption expenses and health, long-term care, and self-employed worker's compensation insurance. No deduction for educator expenses.		
TAX RATES AND BRACKETS			EXEMPTIONS
<u>Taxable Income Brackets</u>			Same as federal.
<u>Single/Married-S</u>	<u>Married-J, HH</u>	<u>Marginal Tax Rates</u>	
\$0 - 1,159	\$0 - 2,318	1.6%	
1,160 - 2,318	2,319 - 4,636	3.6	
2,319 - 3,477	4,637 - 6,954	4.1	
3,478 - 4,636	6,955 - 9,272	5.1	
4,637 - 5,794	9,273 - 11,588	6.1	
5,795 - 8,692	11,589 - 17,384	7.1	
8,693 - 23,178	17,385 - 46,356	7.4	
23,179 and over	46,357 and over	7.8	
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES	
<ul style="list-style-type: none"> • Broadband equipment investment • Business investment • Contributions to educational entities • Contributions to youth and rehabilitation facilities • Gas and fuels tax refunds • Grocery • Idaho research activities • Incentive investment • Income taxes paid to other states • Investment • Maintaining home for family member with a developmental disability or over age 65 • Production equipment using post-consumer waste • Promoter-sponsored event • Qualifying new employees • Small employer and corporate investment, real property improvement, and new jobs 	<ul style="list-style-type: none"> • Children's trust fund/child abuse prevention • Election campaign fund • Idaho Guard and Reserve family support fund • Nongame wildlife conservation fund 	<ul style="list-style-type: none"> • Permanent building fund tax • Penalties on MSAs • Recapture of certain Idaho business income and investment credits • Sales and use tax due • Special fuels tax 	

ILLINOIS

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<u>Major Differences from Federal Law</u>		
Interest/Dividend.....	Exempts U.S. government bonds.	Standard: None Itemized: None
Business/Rent/Farm	Same as federal.	
Capital Gains & Losses	Same as federal.	
Pension/Retirement Income*		
--Private	Exempt if from a qualified employee benefit plan.	
--Public.....	Exempt.	
--U.S. Civil Service	Exempt.	
--Military.....	Exempt.	
Active Duty Military/Reserve.....	Exempt.	
Unemployment Compensation.....	Same as federal.	
Social Security Benefits	Exempt.	
State/Municipal Bond Interest.....	Taxable except certain Illinois obligations.	
Health Savings Accounts.....	Same as federal.	
Miscellaneous		
Disability Income	Same as federal.	
Lottery Winnings	Same as federal. (No deduction for gambling losses.)	
Federal Income Taxes.....	Not deductible.	
Other	Deductions for enterprise zone and high impact business dividends, contributions to certain job training projects, expenses related to certain federal credits and federally tax-exempt income, interest on investments through the Home Ownership Made Easy program, ridesharing money, amounts received as accelerated payments of life, endowment, or annuity benefits as indemnity for terminal illness, and education loan repayments of certain primary care physicians. Certain contributions to, and interest earnings on, the Illinois Bright Star College Savings Pool and the College Illinois Prepaid Tuition Trust Fund are exempt. However, earnings on other Section 529 college savings plans are taxable.	
*Federally taxable IRA and section 457 deferred compensation plans are exempt.		
TAX RATES AND BRACKETS		
3% of taxable net income		Each federal exemption\$2,000 Age 65 or over\$1,000 Blind.....\$1,000 Dependent.....\$2,000
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Affordable housing donations • Dependent care assistance program • Economic development • Earned income tax credit • Enterprise zone investment • Film production services • High impact business investment • Homeowner's property tax • Income taxes paid to other states • Jobs • Qualified education expenses • Research and development • Youth vocational programs 	<ul style="list-style-type: none"> • Alzheimer's disease research • Assistance to the homeless • Autism research • Blindness prevention • Brain tumor research • Breast, cervical, and ovarian cancer research • Child abuse prevention • Colon cancer research • Diabetes research • Epilepsy disease assistance • Lou Gehrig's Disease (ALS) • Military family relief fund • Multiple sclerosis • Pet population control • Sarcoidosis research • Veterans' home • Wildlife preservation 	None

INDIANA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income* --PrivateSame as federal. --Public.....Same as federal. --U.S. Civil ServiceUp to \$2,000 exempt, less social security benefits (62 & over). --Military.....Up to \$2,000 exempt (60 & over). Active Duty/Reserve Military.....CZE and exempt up to \$2,000 for active duty and active reserves. Unemployment Compensation.....Limited exclusion as provided under 1986 federal law. Social Security BenefitsExempt. State/Municipal Bond Interest.....Exempt. Health Savings Accounts.....Same as federal. Miscellaneous Disability IncomeUp to \$5,200 exempt if retired and under 65. Lottery WinningsLimited exemption for Indiana lottery winnings. Federal Income Taxes.....Not deductible. OtherDeductions for rent and property taxes paid on principal residence, insulation, non-Indiana locality earnings, certain income of enterprise/airport development zone employees, income of persons receiving Medicaid in a care facility, law enforcement awards, Indiana Partnership long-term care insurance premiums, and employer contributions to and interest on certain medical savings accounts not excluded for federal purposes. Domestic production activities deducted for federal tax purposes and state taxes based on income are not deductible.		<p>Standard: None</p> <p>Itemized: None</p>
*Exclusion of up to \$5,200 in the case of disability retirement.		
TAX RATES AND BRACKETS		EXEMPTIONS
3.4% of adjusted gross income.		Each federal exemption..... \$1,000 Dependent child \$1,500* Blind or 65 or over..... \$1,000 65 or over and low-income..... \$500 *Total exemption for a dependent child is \$2,500.
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/CHECK-OFF
<ul style="list-style-type: none"> • Blended biodiesel • Capital investment • Coal combustion product • College donation • Community revitalization enhancement district • County credit for the elderly or permanently disabled • Earned income tax credit • Enterprise zone/airport development • Ethanol production • Historic rehabilitation • Hoosier business investment • Income taxes paid to other states and localities • Individual development account • Industrial recovery 	<ul style="list-style-type: none"> • Lake County residential property tax • Maternity home • Military base investment cost and recovery • Neighborhood assistance • Prison investment • Refined lubricated oil facility • Research expense • Riverboat building • Scholarship program • Teacher summer employment • Unified tax credit for elderly • Venture capital investment • Voluntary brownfield and environmental remediation 	<ul style="list-style-type: none"> • Nongame and endangered wildlife fund <hr/> <p style="text-align: center;">OTHER TAXES</p> <ul style="list-style-type: none"> • County income tax • Household employment tax • Use tax on out-of-state purchases

IOWA

Filing System: Joint/Combined

TAX BASE: STATE ADJUSTED GROSS INCOME				DEDUCTIONS
<u>Major Differences from Federal Law</u>				
Interest/Dividend.....	Exempts U.S. government bonds.			Standard: Single/Married-S \$1,610 Married-J/HH \$3,970 Itemized: Same as federal. Major Differences From Federal Law: <u>Medical Expenses:</u> No deduction for health, dental, and long-term care insurance premiums already deducted from IA income. <u>Taxes:</u> Iowa income tax not deductible. Iowa sales and use tax deductible if claimed as an itemized deduction for federal tax purposes. <u>Miscellaneous:</u> Deduction for expense incurred for care of disabled relative. Adoption expenses. <u>Charitable:</u> Mileage deduction if for charitable purposes.
Business/Rent/Farm	Same as federal.			
Capital Gains & Losses	100% exclusion for qualifying capital gains on business assets.			
Pension/Retirement Income				
--Private	Up to \$6,000 (\$12,000 M-J) exempt, if 55 or over or disabled.			
--Public.....	Up to \$6,000 (\$12,000 M-J) exempt, if 55 or over or disabled.			
--U.S. Civil Service	Up to \$6,000 (\$12,000 M-J) exempt, if 55 or over or disabled.			
--Military.....	Up to \$6,000 (\$12,000 M-J) exempt, if 55 or over or disabled.			
Active Duty Military	CZE and deductions for certain student loan repayments of active duty military.			
Unemployment Compensation.....	Same as federal.			
Social Security Benefits	Up to 50% of benefits are taxable.			
State/Municipal Bond Interest.....	Taxable except certain Iowa obligations.			
Health Savings Accounts.....	Same as federal.			
Miscellaneous				
Disability Income	Exclusion of up to \$100/week if totally and permanently disabled and meet certain conditions.			
Lottery Winnings.....	Same as federal.			
Federal Income Taxes.....	Deductible.			
Other	Deductions for gains or losses on distressed sale transactions; wages paid to qualifying new employees; amounts claimed for federal work opportunity and alcohol fuel credits; health, dental, and long-term care insurance premiums; in-home health care expenses; organ donor transplant expenses; and contributions to Iowa Education Savings Plan Trust. Low-income exemption. *No tax or penalty on distributions from retirement plans by National Guard members or reservists called to active duty.			
TAX RATES AND BRACKETS				EXEMPTIONS (TAX CREDIT)
<u>Taxable</u> <u>Income Bracket</u>	<u>Marginal</u> <u>Tax Rates</u>	<u>Taxable</u> <u>Income Bracket</u>	<u>Marginal</u> <u>Tax Rates</u>	Single/Married-S \$40 Married-J/HH \$80 Blind \$20 Age 65 or Over \$20 Dependent..... \$40
\$0 - 1,269	0.36%	\$11,422 - 19,035	6.12%	
1,270 - 2,538	0.72	19,036 - 25,380	6.48	
2,539 - 5,076	2.43	25,381 - 38,070	6.80	
5,077 - 11,421	4.50	38,071 - 57,105	7.92	
		57,106 and over	8.98	
Tax cannot reduce net income below \$9,000 for single taxpayers.				
TAX CREDITS		CONTRIBUTION/CHECK-OFF		OTHER TAXES
<ul style="list-style-type: none"> • Assistive devices • Child and dependent care • Earned income tax credit • Economic development region revolving fund • Endow Iowa endowment gifts • Ethanol/blended gasoline • Enterprise zones • Franchise/S-corporation • Historic preservation and cultural entertainment • Income taxes paid to other states/countries • Investment (Iowa, housing, development) • Minimum tax carry forward • Motor fuel • New jobs and new capitol investment • Research activities • Soy-based cutting tool oil • Tuition and textbook • Venture capital 		<ul style="list-style-type: none"> • Election campaign fund • Firefighters • Fish and wildlife fund • Keep Iowa Beautiful fund • State fairgrounds renovation 		<ul style="list-style-type: none"> • Alternate tax (benefit to low income individuals) • Emergency medical services surtax • Minimum tax • School district surtax

KANSAS

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME			DEDUCTIONS																	
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds and dividends from Kansas Venture Capital, Inc. Business/Rent/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income --PrivateSame as federal. --Public.....Kansas Public Employee Retirement System and certain other Kansas public systems exempt. --U.S. Civil ServiceExempt. --Military.....Exempt. Active Duty MilitaryFederal benefits and also exemptions for certain bonuses and loan assistance. Unemployment Compensation.....Same as federal. Social Security BenefitsSame as federal. State/Municipal Bond Interest.....Taxable except most Kansas obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability IncomeSame as federal. Lottery WinningsSame as federal. Federal Income Taxes.....Not deductible. OtherAddition for employee contributions to Public Employees Retirement System. Deductions for contributions to the Learning Quest Savings program, earnings on individual development accounts established to pay for education, long-term care insurance, Kansas National Guard death benefit, and amount claimed for federal jobs tax credit.			<p>Standard:</p> <p style="text-align: center;">Added Amount if: <u>Age 65</u> <u>Blind</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Single</td> <td style="text-align: right;">\$3,000</td> <td style="text-align: right;">\$850</td> <td style="text-align: right;">\$850</td> </tr> <tr> <td>Married-J</td> <td style="text-align: right;">6,000</td> <td style="text-align: right;">700</td> <td style="text-align: right;">700</td> </tr> <tr> <td>Married-S</td> <td style="text-align: right;">3,000</td> <td style="text-align: right;">700</td> <td style="text-align: right;">700</td> </tr> <tr> <td>Head-of-Household</td> <td style="text-align: right;">4,500</td> <td style="text-align: right;">850</td> <td style="text-align: right;">850</td> </tr> </table> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: Taxes: State and local income and sales taxes not deductible.</p>		Single	\$3,000	\$850	\$850	Married-J	6,000	700	700	Married-S	3,000	700	700	Head-of-Household	4,500	850	850
Single	\$3,000	\$850	\$850																	
Married-J	6,000	700	700																	
Married-S	3,000	700	700																	
Head-of-Household	4,500	850	850																	
TAX RATES AND BRACKETS			EXEMPTIONS																	
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Taxable Income Brackets</th> </tr> <tr> <th style="text-align: center;"><u>Married-Joint</u></th> <th style="text-align: center;"><u>Single/MS/ Head-of-Household</u></th> <th style="text-align: center;"><u>Marginal Tax Rates</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 30,000</td> <td style="text-align: center;">\$0 - 15,000</td> <td style="text-align: center;">3.50%</td> </tr> <tr> <td style="text-align: center;">30,001 - 60,000</td> <td style="text-align: center;">15,001 - 30,000</td> <td style="text-align: center;">6.25</td> </tr> <tr> <td style="text-align: center;">60,001 and over</td> <td style="text-align: center;">30,001 and over</td> <td style="text-align: center;">6.45</td> </tr> </tbody> </table>			Taxable Income Brackets			<u>Married-Joint</u>	<u>Single/MS/ Head-of-Household</u>	<u>Marginal Tax Rates</u>	\$0 - 30,000	\$0 - 15,000	3.50%	30,001 - 60,000	15,001 - 30,000	6.25	60,001 and over	30,001 and over	6.45	Each federal exemption\$2,250 Additional exemption if Head-of-Household\$2,250		
Taxable Income Brackets																				
<u>Married-Joint</u>	<u>Single/MS/ Head-of-Household</u>	<u>Marginal Tax Rates</u>																		
\$0 - 30,000	\$0 - 15,000	3.50%																		
30,001 - 60,000	15,001 - 30,000	6.25																		
60,001 and over	30,001 and over	6.45																		
TAX CREDITS	TAX CREDITS (cont.)		OTHER TAXES																	
<ul style="list-style-type: none"> • Adoption • Agricultural loan interest reduction • Agritourism liability insurance • Alternative fuel vehicle • Angel investor • Assistive technology credit • Business and job development • Business machinery and equipment • Child and dependent care expenses • Child daycare assistance (employers only) • Community services contribution • Disabled access • Earned income tax credit • Food sales tax refund • Habitat management • High performance incentive program • Historic preservation • Income taxes paid to other states • Individual development account 	<ul style="list-style-type: none"> • Mathematics and science teacher • Plugging an abandoned gas or oil well • Regional foundation contribution • Research and development • Single city port authority • Small employer health insurance • Swine facility improvement • Telecommunications property income tax • Temporary assistance to families contribution • Venture and local seed capital 		<ul style="list-style-type: none"> • Use tax 																	
	CONTRIBUTION/CHECK-OFF																			
	<ul style="list-style-type: none"> • Nongame wildlife improvement program • Senior citizens meals-on-wheels 																			

KENTUCKY

Filing System: Joint/Combined

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS														
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds.</p> <p>Business/Rent/FarmAllows federal farm averaging using Kentucky income.</p> <p>Capital Gains & LossesGains on Kentucky Turnpike bonds and property taken by eminent domain are exempt.</p> <p>Pension/Retirement Income</p> <p>--PrivateExclude up to \$41,110.</p> <p>--Public.....Exempt if retired before 1998; partially exempt if after 1997.</p> <p>--U.S. Civil ServiceExempt if retired before 1998; partially exempt if after 1997.</p> <p>--Military.....Exempt if retired before 1998; partially exempt if after 1997.</p> <p>Active Duty MilitaryCZE and \$20 personal credit for Kentucky National Guard members.</p> <p>Unemployment Compensation.....Same as federal.</p> <p>Social Security BenefitsExempt.</p> <p>State/Municipal Bond Interest.....Taxable except Kentucky obligations.</p> <p>Health Savings Accounts.....Same as federal.</p> <p>Miscellaneous</p> <p>Disability IncomeSame as federal.</p> <p>Lottery Winnings.....Same as federal.</p> <p>Federal Income Taxes.....Not deductible.</p> <p>OtherDeductions for long-term care and health insurance premiums, income from training or working at election booths, and artistic contributions not claimed as state itemized deduction. Tobacco settlement income is exempt. Deduction for amount claimed for federal work opportunity credit.</p>		<p>Standard: All \$1,910</p> <p>Itemized: State itemized deductions.</p> <p>Major Differences from Federal Law: <u>Medical:</u> Deduct medical expenses over 7.5% of Kentucky AGI. <u>Taxes:</u> State income taxes and state and local sales taxes not deductible.</p>														
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDIT)														
<table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 3,000</td> <td style="text-align: center;">2.0%</td> </tr> <tr> <td style="text-align: center;">3,001 - 4,000</td> <td style="text-align: center;">3.0</td> </tr> <tr> <td style="text-align: center;">4,001 - 5,000</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td style="text-align: center;">5,001 - 8,000</td> <td style="text-align: center;">5.0</td> </tr> <tr> <td style="text-align: center;">8,001 - 75,000</td> <td style="text-align: center;">5.8</td> </tr> <tr> <td style="text-align: center;">75,001 and over</td> <td style="text-align: center;">6.0</td> </tr> </tbody> </table>	Taxable Income Brackets	Tax Rates	\$0 - 3,000	2.0%	3,001 - 4,000	3.0	4,001 - 5,000	4.0	5,001 - 8,000	5.0	8,001 - 75,000	5.8	75,001 and over	6.0	<p>Single/HH\$20</p> <p>Married-J\$40</p> <p>Married-S.....\$20</p> <p>Dependent.....\$20</p> <p>Age 65 or over\$40</p> <p>Blind.....\$40</p>	
Taxable Income Brackets	Tax Rates															
\$0 - 3,000	2.0%															
3,001 - 4,000	3.0															
4,001 - 5,000	4.0															
5,001 - 8,000	5.0															
8,001 - 75,000	5.8															
75,001 and over	6.0															
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES														
<ul style="list-style-type: none"> • Biodiesel credit • Child and dependent care • Coal incentive • Education tuition • Employer's GED incentive • Employer's unemployment tax credit • Historic preservation restoration • Income taxes paid to other states • Kentucky corporation tax on pass-through entities • Kentucky National Guard members • Kentucky investment fund • Qualified research facility • Recycling and composting equipment • Skills training • Voluntary environmental remediation 	<ul style="list-style-type: none"> • Breast cancer research and education trust fund • Child victim's trust fund • Nature and wildlife fund • Political party fund • Veterans' program trust fund 	<ul style="list-style-type: none"> • Use tax 														

LOUISIANA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS															
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income --Private\$6,000/person exclusion for those 65 and over with retirement income. --Public.....Certain benefits from Louisiana retirement systems are exempt. For others, same exclusions as private pensions. --U.S. Civil ServiceExempt. --Military.....Exempt. Active Duty MilitarySame as federal. Unemployment Compensation.....Same as federal. Social Security BenefitsExempt. State/Municipal Bond Interest.....Taxable except Louisiana obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability Income\$6,000/person exclusion for permanent total disability. Lottery WinningsSame as federal. Federal Income Taxes.....Deductible. OtherDeductions for deposits of up to \$2,400 (\$4,800 for married-joint filers) per account in the Student Tuition Assistance Revenue Trust (START program), for federal disaster relief credits claimed in Hurricane Katrina and Rita Disaster Areas, and for federal casualty losses claimed because of the two hurricanes.</p>		<p>Standard: Single\$4,500 Married-S\$4,500 Married-J/HH\$9,000</p> <p>Combined standard deduction and personal exemption amounts, which are built into tax tables.</p> <p>Itemized: None</p>															
TAX RATES AND BRACKETS		EXEMPTIONS															
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Taxable Income Brackets</u></th> <th style="text-align: center;"><u>Marginal Tax Rates</u></th> </tr> <tr> <th style="text-align: center;"><u>Single/MS/HH</u></th> <th style="text-align: center;"><u>Married-J</u></th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 12,500</td> <td style="text-align: center;">\$0 - 25,000</td> <td style="text-align: center;">2%</td> </tr> <tr> <td style="text-align: center;">12,501 - 25,000</td> <td style="text-align: center;">25,001 - 50,000</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">25,001 and over</td> <td style="text-align: center;">50,001 and over</td> <td style="text-align: center;">6</td> </tr> </tbody> </table>		<u>Taxable Income Brackets</u>		<u>Marginal Tax Rates</u>	<u>Single/MS/HH</u>	<u>Married-J</u>		\$0 - 12,500	\$0 - 25,000	2%	12,501 - 25,000	25,001 - 50,000	4	25,001 and over	50,001 and over	6	<p>Single/HH/Married-S*....\$1,000 Married-J*\$2,000 Dependent\$1,000 Blind\$1,000 Age 65 or over.....\$1,000</p> <p>*These amounts are included in the combined standard deduction/personal exemptions shown above.</p>
<u>Taxable Income Brackets</u>		<u>Marginal Tax Rates</u>															
<u>Single/MS/HH</u>	<u>Married-J</u>																
\$0 - 12,500	\$0 - 25,000	2%															
12,501 - 25,000	25,001 - 50,000	4															
25,001 and over	50,001 and over	6															
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/CHECK-OFF															
<ul style="list-style-type: none"> • Atchafalaya Trace heritage area • Basic skills training • Biomedical research and development park • Bone marrow donor expenses • Brownfields investor • Bulletproof vest purchase for law enforcement • Child care • Contributions to educational institutions • Conversion of vehicles to alternative fuels • Debt issuance costs • Dedicated research investment fund • Digital interactive media • Disabilities • Donations to qualified playgrounds • Employment of first-time drug offenders • Employment of first time nonviolent offenders • Employment related expenses for households with disabled dependents • Enterprise zone • Family responsibility program • Federal credits -- lesser of \$25 or 10% of federal elderly, foreign tax, investment tax, and jobs credits • Fuels tax paid by commercial fishing boats 	<ul style="list-style-type: none"> • Hiring unemployed • Income taxes paid to other states • Insurance premiums tax • Inventory tax • Investment in capital companies, economically distressed areas, and musical recording productions and infrastructure • Law enforcement undergraduate degrees • LA Community Development Financial Institution investment • Manufacturing establishments • Motion picture investment and employment • New markets • Organ donation • Prison industry enhancement program • Property taxes paid by telephone companies, natural gas companies, and on certain vessels • Quality jobs program • Recycling • Rehabilitation of historic structures • Research and development • Small town doctors and dentists • Tax equalization • Technology commercialization 	<ul style="list-style-type: none"> • Community Based Primary Health Care Fund • LA Animal Welfare Commission • LA Housing Trust • Military family assistance fund • Prostate cancer trust fund • Wildlife habitat and national heritage trust 															
		OTHER TAXES															
		<ul style="list-style-type: none"> • Use tax 															

MAINE

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS																								
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/Farm.....Same as federal. Capital Gains & Losses.....Same as federal except earnings from fishing operations contributed to a capital conservation fund and income from the Northern Maine Transmission Corp. are exempt. Pension/Retirement Income.....Exclude: --Private.....Up to \$6,000, less social security and railroad retirement benefits. --Public.....Up to \$6,000, less social security and railroad retirement benefits. --U.S. Civil Service.....Up to \$6,000, less social security and railroad retirement benefits. --Military.....Up to \$6,000. Active Duty Military.....Same as federal. Unemployment Compensation.....Same as federal. Social Security Benefits.....Exempt. State/Municipal Bond Interest.....Taxable except Maine obligations. Health Savings Accounts.....No provision. Miscellaneous Disability Income.....Same as federal. Lottery Winnings.....Same as federal. Federal Income Taxes.....Not deductible. Other.....Deduct premiums for long-term care insurance, withdrawals from Family Development (low-income) Accounts, and amounts equal to federal work opportunity and empowerment zone tax credits. Contributions to state retirement system are taxable. The following federal deductions do not apply: tuition and fees, certain student loan interest, and certain scholarships and financial assistance programs.</p>		<p>Standard: Single..... \$5,000 Married-S..... \$4,150 Married-J..... \$8,300 Head-of-Household..... \$7,300</p> <p>Additional deduction/qualifying condition for age 65 or over or blind: Single/HH..... \$1,250 Married..... \$1,000/person</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: Taxes: State income and sales taxes not deductible. Miscellaneous: Adjustment for expenses incurred in the production of Maine income and Maine exempt income, amounts claimed for the family development account credit, and amounts attributable to income from an ownership interest in a flow-through entity financial institution.</p>																								
TAX RATES AND BRACKETS		EXEMPTIONS																								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> <tr> <th style="text-align: center;">Single/Married-S</th> <th style="text-align: center;">Married-Joint</th> <th style="text-align: center;">Head-of-Household</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 4,449</td> <td style="text-align: center;">\$0 - 8,899</td> <td style="text-align: center;">\$0 - 6,649</td> <td style="text-align: center;">2.0%</td> </tr> <tr> <td style="text-align: center;">4,450 - 8,849</td> <td style="text-align: center;">8,900 - 17,699</td> <td style="text-align: center;">6,650 - 13,249</td> <td style="text-align: center;">4.5</td> </tr> <tr> <td style="text-align: center;">8,850 - 17,699</td> <td style="text-align: center;">17,700 - 35,449</td> <td style="text-align: center;">13,250 - 26,599</td> <td style="text-align: center;">7.0</td> </tr> <tr> <td style="text-align: center;">17,700 and over</td> <td style="text-align: center;">35,450 and over</td> <td style="text-align: center;">26,600 and over</td> <td style="text-align: center;">8.5</td> </tr> </tbody> </table>		Taxable Income Brackets			Marginal Tax Rates	Single/Married-S	Married-Joint	Head-of-Household		\$0 - 4,449	\$0 - 8,899	\$0 - 6,649	2.0%	4,450 - 8,849	8,900 - 17,699	6,650 - 13,249	4.5	8,850 - 17,699	17,700 - 35,449	13,250 - 26,599	7.0	17,700 and over	35,450 and over	26,600 and over	8.5	Each federal exemption \$2,850
Taxable Income Brackets			Marginal Tax Rates																							
Single/Married-S	Married-Joint	Head-of-Household																								
\$0 - 4,449	\$0 - 8,899	\$0 - 6,649	2.0%																							
4,450 - 8,849	8,900 - 17,699	6,650 - 13,249	4.5																							
8,850 - 17,699	17,700 - 35,449	13,250 - 26,599	7.0																							
17,700 and over	35,450 and over	26,600 and over	8.5																							
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES																								
<ul style="list-style-type: none"> • Biofuel production • Child and dependent care • Clean fuel • Earned income tax credit • Elderly • Employer-assisted day care • Employer-provided dependent health benefits • Employer-provided long-term care benefits • Family development account • Forest management planning • Historic rehabilitation • Income tax paid to other jurisdictions • Jobs and investment • Investment, research, and technology credits • Low-income • Maine minimum tax • Pine Tree development zone • Quality childcare investment • Seed capital 	<ul style="list-style-type: none"> • Children's Trust • Clean election fund • Companion animal sterilization • Endangered and nongame wildlife fund • Human Leukocyte Antigen Screening fund • Military family relief • Political party 	<ul style="list-style-type: none"> • Early distribution from retirement plans. • Minimum tax • Use tax 																								

MARYLAND

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS																														
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/Farm.....Same as federal. Capital Gains & Losses.....Same as federal. Pension/Retirement Income* --Private.....Up to \$21,500/person excluded (65 or over or disabled). --Public**.....Up to \$21,500/person excluded (65 or over or disabled). --U.S. Civil Service.....Up to \$21,500/person excluded (65 or over or disabled). --Military.....Up to \$21,500/person excluded (65 or over or disabled). Additional exemption if meet certain requirements. Active Duty Military.....CZE and up to a total of \$15,000 excluded for service outside U.S. if total military pay is less than \$30,000. Unemployment Compensation.....Same as federal. Social Security Benefits.....Exempt. State/Municipal Bond Interest.....Taxable except Maryland obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability Income.....Exempt for job related injuries for police and firefighters. Lottery Winnings.....Same as federal. Federal Income Taxes.....Not deductible. Other.....Employee contributions to a Maryland retirement or pension system are included in state income. Income also includes 50% of taxable tax preference items over \$10,000 (\$20,000 if married). In addition, federal deductions for which Maryland provides a tax credit must be added to income. Deductions for child and dependent care expenses, adoption expenses, contributions to and earnings on prepaid tuition contracts, use of vehicle for charitable purposes, and expenses incurred by the blind for a reader. Exclusion for certain income artists' contributions and certain income of qualifying artists in arts and entertainment districts. Two-income subtraction of up to \$1,200. Exclude \$3,500 for volunteer fire or rescue personal.</p> <p>*Reduced by social security and retirement benefits. **All pension benefits to police and firefighters (or their beneficiaries) as a result of job related injuries (or death) are exempt.</p>		<p>Standard: 15% of Maryland AGI</p> <table> <thead> <tr> <th></th> <th>Minimum</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Married-J/HH</td> <td>\$3,000</td> <td>\$4,000</td> </tr> <tr> <td>All Other</td> <td>\$1,500</td> <td>\$2,000</td> </tr> </tbody> </table> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences From Federal Law: <u>Taxes:</u> State and local income taxes not deductible.</p>		Minimum	Maximum	Married-J/HH	\$3,000	\$4,000	All Other	\$1,500	\$2,000																					
	Minimum	Maximum																														
Married-J/HH	\$3,000	\$4,000																														
All Other	\$1,500	\$2,000																														
TAX RATES AND BRACKETS		EXEMPTIONS																														
<p><u>Taxable Income Brackets</u></p> <table> <tbody> <tr> <td>\$0</td> <td>-</td> <td>\$1,000</td> </tr> <tr> <td>1,001</td> <td>-</td> <td>2,000</td> </tr> <tr> <td>2,001</td> <td>-</td> <td>3,000</td> </tr> <tr> <td>3,001</td> <td>and over</td> <td></td> </tr> </tbody> </table>	\$0	-	\$1,000	1,001	-	2,000	2,001	-	3,000	3,001	and over		<p><u>Marginal Tax Rates</u></p> <table> <tbody> <tr> <td>2%</td> </tr> <tr> <td>3</td> </tr> <tr> <td>4</td> </tr> <tr> <td>4.75</td> </tr> </tbody> </table>	2%	3	4	4.75	<table> <tbody> <tr> <td>Single/HH.....</td> <td>\$2,400</td> </tr> <tr> <td>Married-J.....</td> <td>\$4,800</td> </tr> <tr> <td>Married-S.....</td> <td>\$2,400</td> </tr> <tr> <td>Dependent.....</td> <td>\$2,400</td> </tr> <tr> <td>Age 65 or over.....</td> <td>\$1,000</td> </tr> <tr> <td>Blind.....</td> <td>\$1,000</td> </tr> <tr> <td>Dependent age 65 or over..</td> <td>\$2,400</td> </tr> </tbody> </table>	Single/HH.....	\$2,400	Married-J.....	\$4,800	Married-S.....	\$2,400	Dependent.....	\$2,400	Age 65 or over.....	\$1,000	Blind.....	\$1,000	Dependent age 65 or over..	\$2,400
\$0	-	\$1,000																														
1,001	-	2,000																														
2,001	-	3,000																														
3,001	and over																															
2%																																
3																																
4																																
4.75																																
Single/HH.....	\$2,400																															
Married-J.....	\$4,800																															
Married-S.....	\$2,400																															
Dependent.....	\$2,400																															
Age 65 or over.....	\$1,000																															
Blind.....	\$1,000																															
Dependent age 65 or over..	\$2,400																															
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/CHECK-OFF																														
<ul style="list-style-type: none"> • Aquaculture oyster floats • Business tax credits (biotechnology investment, clean energy, commuter, disability employment, economic development, electric and gas utility property taxes, enterprise zones, green buildings, jobs, long-term employment of ex-felons, mined coal, neighborhood assistance, research and development, targeted employment, telecommunications property, and water quality) • Child and dependent care 	<ul style="list-style-type: none"> • Community investment • Earned income tax credit (state and local) • Heritage area • Income tax paid to other states • Long-term care insurance • Neighborhood stabilization • Poverty level credit (state and local) • Preservation and conservation easements • Quality teacher incentive 	<ul style="list-style-type: none"> • Chesapeake Bay and endangered species fund • Fair campaign financing fund • Maryland cancer fund 																														
		OTHER TAXES																														
		<ul style="list-style-type: none"> • Local (county) income tax 																														

MASSACHUSETTS

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Exclusion for interest from state banks (Single--\$100/Married-J--\$200).</p> <p>Business/Rent/FarmState schedules also provided.</p> <p>Capital Gains & LossesOwn (see "Tax Rates and Brackets" below).</p> <p>Pension/Retirement Income</p> <p>--PrivateSame as federal.</p> <p>--Public.....Contributory pensions exempt.</p> <p>--U.S. Civil ServiceContributory pensions exempt.</p> <p>--Military.....Exempt.</p> <p>Active Duty MilitarySame as federal.</p> <p>Unemployment Compensation...Same as federal.</p> <p>Social Security BenefitsExempt.</p> <p>State/Municipal Bond Interest....Taxable except Massachusetts obligations.</p> <p>Health Savings Accounts.....Same as federal.</p> <p>Miscellaneous</p> <p>Disability IncomeDisability income related to terrorist or military action is exempt.</p> <p>Lottery WinningsTaxable.</p> <p>Federal Income Taxes.....Not deductible.</p> <p>OtherDeductions for either: (a) up to \$4,800 of care expenses [up to \$9,600 for two or more qualifying individuals] for a child under age 13; or disabled dependent/spouse; or (b) \$3,600 for a dependent household member under age 12 or 65 or older [up to \$7,200 for two or more dependents]. In addition, deductions for the following: (a) 50% of rent -- maximum deduction \$3,000 (MS -- \$1,500); (b) amounts paid for social security, Medicare, railroad, federal and state retirement systems up to \$2,000/person; (c) either the federal deduction for tuition and fees or tuition that exceeds 25% of Massachusetts AGI; and (d) up to \$800 of amounts paid for home heating fuel [for November and December, 2005, and subject to income limitations]; (e) certain income from firefighters or police officers; (f) employee business expenses; and (g) moving expenses allowed as federal itemized deductions. No deduction for one-half of self-employment tax or for contributions to self-employed retirement plans.</p>		<p>Standard: None</p> <p>Itemized: State deductions for all taxpayers, as described under "Tax Base."</p>
TAX RATES AND BRACKETS		EXEMPTIONS
<p>The following types of income, minus deductions, are taxed at 5.3%: earned income, interest from MA banks, royalties, trust income, pensions and annuities, alimony, rental income, unemployment compensation, taxable IRA/Keogh distributions, and other income such as winnings and fees. Also taxed at 5.3% is interest income (other than interest from deposits in banks located in MA) and dividend income (if not in excess of \$1,500) less certain excess deductions from a trade or business not used to offset other 5.3% taxable income.</p> <p>Short-term capital gains (net of capital losses) and capital gains from collectibles and pre-'96 installment sales (less certain excess deductions from a trade or business and 50% of long-term capital gains from collectibles and pre-'96 installment sales) are taxed at 12%. Other long-term capital gains are taxed at 5.3%.</p> <p>No income tax is imposed if Massachusetts adjusted gross income is equal to or less than \$8,000 for single, \$14,750 for married-joint or \$13,125 for head-of-household taxpayers (plus \$1,000/dependent). Deductions, other than certain deductions for a trade or business, cannot generally be used to offset income from interest, dividends, or capital gains.</p>		<p>Single/Married-S \$3,575</p> <p>Head-of-Household..... \$5,525</p> <p>Married-J \$7,150</p> <p>Dependent..... \$1,000</p> <p>Age 65 or over \$700</p> <p>Blind \$2,200</p> <p>Exemption for adoption fees and medical expenses claimed on federal Schedule A.</p>
		OTHER TAXES
		<ul style="list-style-type: none"> • Use tax
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/ CHECK-OFF
<ul style="list-style-type: none"> • Brownfields • Earned income tax credit • Economic opportunity area • Full employment • Home energy efficiency • Historic rehabilitation • Income tax paid to another state or jurisdiction 	<ul style="list-style-type: none"> • Lead paint • Limited income • Low-income housing credit (builder/developer credit) • Senior circuit breaker (property tax/rent) • Septic • Solar and wind energy credit 	<ul style="list-style-type: none"> • Election campaign fund • Endangered wildlife conservation • Massachusetts AIDS fund • Military family relief fund • Organ transplant • U.S. Olympic fund

MICHIGAN

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend..... Exempts U.S. government bonds. Persons age 65 or over may deduct up to \$8,828/person in interest, dividends, and capital gains.</p> <p>Business/Rent/Farm Same as federal. Michigan allocation and apportionment provisions.</p> <p>Capital Gains & Losses See "Interest/Dividend" above.</p> <p>Pension/Retirement Income</p> <p>--Private Exempt up to \$39,570 if single; \$79,140 if married-joint.</p> <p>--Public..... Exempt.</p> <p>--U.S. Civil Service Exempt.</p> <p>--Military..... Exempt.</p> <p>Active Duty Military Exempt.</p> <p>Unemployment Compensation..... Same as federal.</p> <p>Social Security Benefits Exempt.</p> <p>State/Municipal Bond Interest..... Taxable except for Michigan obligations.</p> <p>Health Savings Accounts..... Same as federal.</p> <p>Miscellaneous</p> <p>Disability Income Same as federal.</p> <p>Lottery Winnings Regulated Michigan bingo, raffle and charity games winnings exempt. Lottery winnings are taxable.</p> <p>Federal Income Taxes..... Not deductible.</p> <p>Other Deductions for elderly and disabled (based on federal credit), amounts claimed for federal work opportunities, clinical testing, and research credits, income of residents of a Renaissance zone, political contributions, education trust contracts, contributions to a Michigan Education Savings Program, income from Michigan gas and oil interests, IRA distributions used to pay qualified higher education expenses, and taxable pension distributions donated to charity. No deduction for self-employment tax from federal return.</p>		<p>Standard: None</p> <p>Itemized: None</p>
TAX RATES AND BRACKETS		EXEMPTIONS
3.9% of taxable income.		<p>Each federal exemption \$3,200</p> <p>Disabled/Blind/Deaf..... \$2,000</p> <p>Age 65 or over \$2,000</p> <p>Additional dependent exemption:</p> <p> Age 18 and under..... \$600</p> <p> Unemployment Compensation > 50% of AGI..... \$2,000</p>
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • College tuition and fees • Community foundations • Farmland preservation • Historic preservation • Homeless/food bank cash contributions • Income tax paid to another state • Income tax paid to Michigan cities • Property tax and rent • Public contributions • Qualified adoption expenses • Vehicle donation 	<ul style="list-style-type: none"> • Children's trust fund • Military family relief fund • State campaign fund 	<ul style="list-style-type: none"> • Use tax

MINNESOTA

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME					DEDUCTIONS																				
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds.</p> <p>Business/Rent/FarmSale of farm property is exempt if insolvent at time of sale.</p> <p>Capital Gains & LossesSame as federal, except for farm property (see above).</p> <p>Pension/Retirement Income</p> <p>--PrivateSame as federal.</p> <p>--Public.....Same as federal.</p> <p>--U.S. Civil ServiceSame as federal.</p> <p>--Military.....Same as federal.</p> <p>Active Duty MilitarySame as federal.</p> <p>Unemployment Compensation.....Same as federal.</p> <p>Social Security BenefitsSame as federal.</p> <p>State/Municipal Bond Interest.....Taxable except Minnesota obligations.</p> <p>Health Savings Accounts.....Same as federal.</p> <p>Miscellaneous</p> <p>Disability IncomeSame as federal.</p> <p>Lottery WinningsSame as federal.</p> <p>Federal Income Taxes.....Not deductible.</p> <p>OtherDeductions for lower-income elderly or disabled, portion of K-12 school expenses, charitable contributions over \$500, compensation to National Guard members and reservists for active services in Minnesota, federal active duty military pay received for services outside of Minnesota, qualified organ donor expenses, amount claimed for federal small ethanol producer credit, taxes to a sub-national level of a foreign country other than Canada, and certain income from investments or business operations in a Job Opportunity Building zone.</p>					<p>Standard: Same as federal, except as follows: Married-J \$8,700 Married-S..... 4,300</p> <p>Itemized: Same as federal.</p> <p>Major Differences from Federal Law: <u>Taxes:</u> State income taxes and state and local sales taxes not deductible.</p>																				
TAX RATES AND BRACKETS					EXEMPTIONS																				
<p style="text-align: center;"><u>Taxable Income Brackets</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Single</u></th> <th style="text-align: center;"><u>Married-J</u></th> <th style="text-align: center;"><u>Married-S</u></th> <th style="text-align: center;"><u>Head-of-Household</u></th> <th style="text-align: center;"><u>Marginal Tax Rates</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 19,890</td> <td style="text-align: center;">\$0 - 29,070</td> <td style="text-align: center;">\$0 - 14,540</td> <td style="text-align: center;">\$0 - 24,490</td> <td style="text-align: center;">5.35%</td> </tr> <tr> <td style="text-align: center;">19,891 - 65,330</td> <td style="text-align: center;">29,071 - 115,510</td> <td style="text-align: center;">14,541 - 57,760</td> <td style="text-align: center;">24,491 - 98,390</td> <td style="text-align: center;">7.05</td> </tr> <tr> <td style="text-align: center;">65,331 and over</td> <td style="text-align: center;">115,511 and over</td> <td style="text-align: center;">57,761 and over</td> <td style="text-align: center;">98,391 and over</td> <td style="text-align: center;">7.85</td> </tr> </tbody> </table>					<u>Single</u>	<u>Married-J</u>	<u>Married-S</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>	\$0 - 19,890	\$0 - 29,070	\$0 - 14,540	\$0 - 24,490	5.35%	19,891 - 65,330	29,071 - 115,510	14,541 - 57,760	24,491 - 98,390	7.05	65,331 and over	115,511 and over	57,761 and over	98,391 and over	7.85	Same as federal
<u>Single</u>	<u>Married-J</u>	<u>Married-S</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>																					
\$0 - 19,890	\$0 - 29,070	\$0 - 14,540	\$0 - 24,490	5.35%																					
19,891 - 65,330	29,071 - 115,510	14,541 - 57,760	24,491 - 98,390	7.05																					
65,331 and over	115,511 and over	57,761 and over	98,391 and over	7.85																					
TAX CREDITS		CONTRIBUTION/CHECK-OFF			OTHER TAXES																				
<ul style="list-style-type: none"> • Alternative minimum tax credit • Child and dependent care • Employer transit passes • Income taxes paid to another state • Job Opportunity Building Zone (jobs credit) • K-12 education • Long-term care insurance • Marriage credit • Working family (based on federal EITC) 		<ul style="list-style-type: none"> • Nongame wildlife fund • State elections campaign fund 			<ul style="list-style-type: none"> • Alternative minimum tax 																				

MISSISSIPPI

Filing System: Joint/Combined

TAX BASE: STATE ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/Farm.....Same as federal. Capital Gains & Losses.....Same as federal. Pension/Retirement Income* --Private.....Exempt. --Public.....Exempt. --U.S. Civil Service.....Exempt. --Military.....Exempt. Active Duty Military.....CZE and exempt up to \$5,000 in National Guard and Reserve pay. Unemployment Compensation.....Same as federal. Social Security Benefits.....Exempt. State/Municipal Bond Interest.....Taxable except Mississippi obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability Income.....Same as federal. Lottery Winnings.....Mississippi gambling income is exempt. Federal Income Taxes.....Not deductible. Other.....Deduction for prepaid tuition contracts and qualified college savings programs and interest penalties charged for early withdrawal of savings.		<p>Standard: Single/Married-S.....\$2,300 Head-of-Household.....\$3,400 Married-J.....\$4,600</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Difference From Federal Law: <u>Taxes.</u> State income taxes and sales taxes not deductible. <u>Other:</u> Gambling losses are not deductible.</p>
*However, early or excess distributions of pensions, annuities, and deferred compensation plans are taxable.		
TAX RATES AND BRACKETS		EXEMPTIONS
<p><u>Taxable Income Brackets</u></p> \$0 - 5,000 5,001 - 10,000 10,001 and over	<p><u>Marginal Tax Rates</u></p> 3% 4 5	Married-J.....\$12,000 Head-of-Household.....\$8,000 Single.....\$6,000 Married-S.....\$6,000 Dependent.....\$1,500 Blind.....\$1,500 Age 65 or over.....\$1,500
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/ CHECK-OFF
<ul style="list-style-type: none"> • Advanced technology/enterprise zone • Airport cargo charges • Alternative energy producer jobs credit • Basic skills or training • Broadband technology • Brownfields • Business ad valorem inventory tax credit • Business child/dependent care • Debt service for Mississippi Business Finance Corporation industrial revenue bonds • Finance company privilege tax • Financial institution jobs • Gambling license fee 	<ul style="list-style-type: none"> • Guaranty • Import/export port charges • Income tax paid to another state • Job development assessment fee • Jobs • Land donation • Manufacturer's investment tax • Motion picture incentive • National / regional headquarters • Reforestation • Premium retaliatory tax • Research and development skills • Temporary assistance for needy families (employer) 	<ul style="list-style-type: none"> • Commission for volunteer service • Educational trust fund • Firefighters memorial burn center fund • Military family relief fund • Wildlife heritage fund
		OTHER TAXES
		None

MISSOURI

Filing System: Combined

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS	
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmSame as federal. Capital Gains & Losses25% exclusion for certain sales of low-income housing. Pension/Retirement Income --PrivateUp to \$6,000/person excluded if meets certain income limits. --PublicUp to \$6,000/person excluded if meets certain income limits. --U.S. Civil ServiceUp to \$6,000/person excluded if meets certain income limits. --Military.....Up to \$6,000/person excluded if meets certain income limits. Active Duty MilitarySame as federal. Unemployment Compensation.....Same as federal. Social Security BenefitsSame as federal. State/Municipal Bond Interest.....Taxable except Missouri obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability IncomeSame as federal. Lottery WinningsSame as federal. Federal Income Taxes.....Up to \$5,000 is deductible (\$10,000 if combined return) OtherDeductions for contributions to and qualified withdrawals from family development accounts and for long-term care insurance premiums. Exempts contributions to the Missouri Savings for Tuition program, the Missouri Higher Education Deposit program, and certain business income from an enterprise zone.				<p>Standard: Same as federal.</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: Taxes: State and local income taxes are not deductible. State deduction for FICA taxes, railroad retirement taxes, half of self-employment tax, and city earnings tax. Charitable: Deduction for cultural contributions.</p>	
TAX RATES AND BRACKETS				EXEMPTIONS	
Taxable Income <u>Brackets</u>	Marginal <u>Tax Rates</u>	Taxable Income <u>Brackets</u>	Marginal <u>Tax Rates</u>	Single \$2,100 Married-Combined \$4,200 Married-Separate..... \$2,100 Married-Separate, Spouse Not Filing \$4,200 Head-of-Household \$3,500 Dependent under 65..... \$1,200 Dependent age 65 or over \$2,200	
\$0 - 1,000	1.5%	\$5,001 - 6,000	4.0%		
1,001 - 2,000	2.0	6,001 - 7,000	4.5		
2,001 - 3,000	2.5	7,001 - 8,000	5.0		
3,001 - 4,000	3.0	8,001 - 9,000	5.5		
4,001 - 5,000	3.5	9,001 and over	6.0		
TAX CREDITS		TAX CREDITS (cont.)		OTHER TAXES	
<ul style="list-style-type: none"> • Affordable housing assistance • Disabled access • Historic preservation • Income taxes paid to other states • Low-income housing • Maternity home • Neighborhood assistance • Other Missouri business/economic development credits: agricultural product utilization contributor; bank tax; bank franchise tax; bond enhancement; brownfield jobs and investment; business modernization and technology seed capital; business use incentives for large scale development; charcoal producers; community bank investment; demolition; development reserve; development tax; dry fire hydrant; enterprise zone; export finance; family development account; film production; infrastructure development; new enterprise creation; new generation cooperative incentive; new or expanded business facility; qualified research expense; quality jobs; remediation; small business incubator, investment, and guaranty fees; transportation development; and wine and grape production 		<ul style="list-style-type: none"> • Processed wood energy • Property tax • Rebuilding communities and neighborhoods • Shared care for the elderly • Shelter for victims of domestic violence • Special needs adoption • Sponsorship and mentoring program • Youth opportunities 		<ul style="list-style-type: none"> • Recapture tax on low-income housing credit. 	
				CONTRIBUTION/CHECK-OFF	
				<ul style="list-style-type: none"> • American Cancer Society • American Diabetes Association • American Heart Association • American Lung Association • Amyotrophic Lateral Sclerosis fund • Arthritis Foundation • Children's trust fund • Childhood lead testing fund • Elderly home delivered meals trust fund • General revenue • March of Dimes • Military family relief fund • Muscular Dystrophy Association • National Guard trust fund • National Multiple Sclerosis Society • Veterans' trust fund • Workers' memorial 	

MONTANA

Filing System: Joint/Combined

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS													
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds and dividends from certain small business investment companies. Interest exclusion of \$800 per person if 65 or over. For married-joint filers, the maximum exclusion is \$1,600, even if only one spouse is 65 or older.</p> <p>Business/Rent/FarmDeduction for certain land sales to beginning farmers. State net operating loss calculation.</p> <p>Capital Gains & Losses40% exclusion for installment sales entered into before 1987. Gains from certain small business investment companies are exempt. Tax credit for 10% of net capital gains.</p> <p>Pension/Retirement Income</p> <p>--PrivateUp to \$3,600/retiree exempt if income is below \$30,000*.</p> <p>--Public.....Up to \$3,600/retiree exempt if income is below \$30,000*.</p> <p>--U.S. Civil ServiceUp to \$3,600/retiree exempt if income is below \$30,000*.</p> <p>--Military.....Up to \$3,600/retiree exempt if income is below \$30,000*.</p> <p>Active Duty MilitaryExempt.</p> <p>Unemployment Compensation.....Exempt.</p> <p>Social Security BenefitsSeparate state calculation of taxable amount.</p> <p>State/Municipal Bond Interest.....Taxable except Montana obligations.</p> <p>Health Savings Accounts.....Same as federal.</p> <p>Miscellaneous</p> <p>Disability IncomeUp to \$5,200 excluded.</p> <p>Lottery WinningsTaxable.</p> <p>Federal Income Taxes.....Up to \$5,000 (\$10,000 M-J) deductible as itemized deduction.</p> <p>OtherTip income excluded. Certain exemptions for MSA contributions, family education savings accounts, first time homebuyers, and business purchases of recycled materials. Subtractions for health care professional loan payments, contributions to a farm and ranch risk management accounts, and wages used for federal targeted jobs tax credit.</p> <p>*Partial exclusions are phased out between income of \$30,000 and \$31,800 (\$33,600 M-J).</p>				<p>Standard: 20% of Montana AGI.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Minimum</th> <th style="text-align: center;">Maximum</th> </tr> </thead> <tbody> <tr> <td>Single/</td> <td></td> <td></td> </tr> <tr> <td>Married-S</td> <td style="text-align: center;">\$1,580</td> <td style="text-align: center;">\$3,560</td> </tr> <tr> <td>Married-J/HH</td> <td style="text-align: center;">3,160</td> <td style="text-align: center;">7,120</td> </tr> </tbody> </table> <p>Itemized: Same as federal.</p> <p>Major Differences from Federal Law: <u>Medical Expenses:</u> Deduct 100% of insurance premiums, including long-term care insurance. <u>Taxes:</u> State income taxes are not deductible. Motor vehicle taxes and fees are deductible. Either federal income taxes, or state and local sales taxes, are deductible. (Federal income tax deduction is not subject to phase-out for higher-income taxpayers.) <u>Other:</u> Child and dependent care expenses.</p>			Minimum	Maximum	Single/			Married-S	\$1,580	\$3,560	Married-J/HH	3,160	7,120
	Minimum	Maximum															
Single/																	
Married-S	\$1,580	\$3,560															
Married-J/HH	3,160	7,120															
TAX RATES AND BRACKETS				EXEMPTIONS													
Taxable Income Brackets	Marginal Tax Rates	Taxable Income Brackets	Marginal Tax Rates	<p>Single/HH/Married-S.....\$1,900</p> <p>Married-J\$3,800</p> <p>Blind\$1,900</p> <p>Dependent.....\$1,900</p> <p>Handicapped Dependent...\$1,900</p> <p>Age 65 or over\$1,900</p>													
\$0 - 2,299	1%	8,400 - 10,799	5%														
2,300 - 4,099	2	10,800 - 13,899	6														
4,100 - 6,199	3	13,900 and over	6.9														
6,200 - 8,399	4																
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/CHECK-OFF													
<ul style="list-style-type: none"> • Alternative energy production • Alternative energy systems • Alternative fuel vehicle • Biodiesel blending and storage tank • Capital gains • College contribution • Contractor's gross receipts tax • Dependent care assistance • Developmental disability account contributions • Elderly care • Elderly homeowner or renter • Empowerment zone • Endowment gifts 		<ul style="list-style-type: none"> • Energy conservation installations • Film employment production and qualified expenditures • Geothermal systems • Health insurance for uninsured • Historic preservation • Income taxes paid to other states/countries • Infrastructure users fee • Mineral exploration incentive • Oil seed crushing and biodiesel production facility • Recycling • Research • Rural physicians 		<ul style="list-style-type: none"> • Agriculture in Montana schools • Child abuse and neglect prevention • Nongame wildlife program 													
				OTHER TAXES													
				<p>Recapture tax or penalty on early or non-qualified withdrawals from family education savings account, MSAs, first-time homebuyers' accounts, returned gifts previously used to claim endowment credit, and certain amounts based on lack of compliance with previously claimed rural physicians credits.</p>													

NEBRASKA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME					DEDUCTIONS																															
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government obligations. Business/Rent/Farm.....Same as federal. Capital Gains & Losses.....Special one-time deduction for sale of stock in qualified corporation by certain taxpayers. Pension/Retirement Income --Private.....Same as federal. --Public.....Same as federal. --U.S. Civil Service.....Same as federal. --Military.....Same as federal. Active Duty Military.....Same as federal. Unemployment Compensation.....Same as federal. Social Security Benefits.....Same as federal. State/Municipal Bond Interest.....Taxable except Nebraska or its subdivisions' obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability Income.....Same as federal. Lottery Winnings.....Same as federal. Federal Income Taxes.....Not deductible. Other.....Deduction for donations to the Nebraska educational savings plan trust fund and qualified contributions to the Nebraska College Savings Plan.					<p>Standard:</p> Single..... \$4,980 Married-J..... \$8,320 Married-S..... \$4,160 Head-of-Household..... \$7,330																															
					Additional deduction(s) for age 65 or over and for the blind: Single/HH..... \$1,210 All others..... \$1,000																															
					The standard deduction is phased out starting at federal AGI of more than \$145,950 (\$72,975 if Married-S).																															
					<p>Itemized:</p> Same as federal. However, in the phase-out range, allowable deductions are the lower of 10% (versus 3% for federal purposes) of federal AGI above the threshold amount or 80% of non-protected deductions. Charitable contributions are not limited.																															
					<p>Major Differences from Federal Law:</p> Taxes: State and local income taxes not deductible.																															
TAX RATES AND BRACKETS					EXEMPTIONS (TAX CREDIT)																															
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal*</th> </tr> <tr> <th style="text-align: center;">Single</th> <th style="text-align: center;">Married-J</th> <th style="text-align: center;">Married-S</th> <th style="text-align: center;">Head-of-Household</th> <th style="text-align: center;">Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 2,400</td> <td style="text-align: center;">\$0 - 4,000</td> <td style="text-align: center;">\$0 - 2,000</td> <td style="text-align: center;">\$0 - 3,800</td> <td style="text-align: center;">2.56%</td> </tr> <tr> <td style="text-align: center;">2,401 - 17,000</td> <td style="text-align: center;">4,001 - 30,000</td> <td style="text-align: center;">2,001 - 15,000</td> <td style="text-align: center;">3,801 - 24,000</td> <td style="text-align: center;">3.57</td> </tr> <tr> <td style="text-align: center;">17,001 - 26,500</td> <td style="text-align: center;">30,001 - 46,750</td> <td style="text-align: center;">15,001 - 23,375</td> <td style="text-align: center;">24,001 - 35,000</td> <td style="text-align: center;">5.12</td> </tr> <tr> <td style="text-align: center;">26,501 and over</td> <td style="text-align: center;">46,751 and over</td> <td style="text-align: center;">23,376 and over</td> <td style="text-align: center;">35,001 and over</td> <td style="text-align: center;">6.84</td> </tr> </tbody> </table>					Taxable Income Brackets				Marginal*	Single	Married-J	Married-S	Head-of-Household	Tax Rates	\$0 - 2,400	\$0 - 4,000	\$0 - 2,000	\$0 - 3,800	2.56%	2,401 - 17,000	4,001 - 30,000	2,001 - 15,000	3,801 - 24,000	3.57	17,001 - 26,500	30,001 - 46,750	15,001 - 23,375	24,001 - 35,000	5.12	26,501 and over	46,751 and over	23,376 and over	35,001 and over	6.84	Each federal exemption\$103 Phased out over following AGI ranges: Single \$73,000 - \$173,000 Married-J 122,000 - 222,000 Married-S 61,000 - 111,000 HH 101,000 - 201,000	
Taxable Income Brackets				Marginal*																																
Single	Married-J	Married-S	Head-of-Household	Tax Rates																																
\$0 - 2,400	\$0 - 4,000	\$0 - 2,000	\$0 - 3,800	2.56%																																
2,401 - 17,000	4,001 - 30,000	2,001 - 15,000	3,801 - 24,000	3.57																																
17,001 - 26,500	30,001 - 46,750	15,001 - 23,375	24,001 - 35,000	5.12																																
26,501 and over	46,751 and over	23,376 and over	35,001 and over	6.84																																
*If federal AGI is more than \$145,950 (\$72,975 if Married-S), an additional tax rate schedule applies that partially offsets the lower marginal tax rates.																																				
TAX CREDITS		CONTRIBUTION/CHECK-OFF			OTHER TAXES																															
<ul style="list-style-type: none"> • Beginning farmer • Child and dependent care expenses • Community development assistance • Elderly or disabled • Employment and investment • Income taxes paid to other states • Quality jobs (employer) 		<ul style="list-style-type: none"> • Campaign finance contribution • Nongame and endangered species fund • State Fair improvement fund 			<ul style="list-style-type: none"> • Minimum tax • Early distributions from retirement 																															

NEW HAMPSHIRE

Filing System: Joint

TAX BASE: INTEREST AND DIVIDENDS		DEDUCTIONS
Interest/Dividend.....	<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest and dividends from the following sources are taxable: annuities, financial institutions, bonds, notes, private mortgages and loans, corporation, mutual funds (unless invested solely in New Hampshire tax-exempt instruments), and cash or property distributions from a taxable partnership, association, trust, or S-corporation. U.S. government bonds are exempt. Earnings on college tuition savings programs and on IRAs, Keogh plans, and other federally-exempt retirement plans and tax-deferred investments are exempt.	Standard: None Itemized: None
Business/Rent/Farm Capital Gains & Losses Pension/Retirement Income --Private --Public..... --U.S. Civil Service --Military..... Active Duty Military Unemployment Compensation..... Social Security Benefits State/Municipal Bond Interest..... Health Savings Accounts..... Miscellaneous Disability Income Lottery Winnings..... Federal Income Taxes.....	Separate business profits and business enterprise taxes. Exempt. Exempt. Exempt. Exempt. Exempt. Exempt. Exempt. Taxable except New Hampshire obligations. No provision. Exempt. Exempt. Exempt.	
TAX RATES AND BRACKETS		EXEMPTIONS
5% of taxable interest and dividends.		Single/HH/Married-S..... \$2,400 Married-J \$4,800 65 or over or disabled..... \$1,200 Blind \$1,200
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
None	None	<ul style="list-style-type: none"> • Business profits and business enterprise taxes (includes income reported on federal schedules C, E, and F, as well as sales of business assets)

NEW JERSEY

Filing System: Joint

TAX BASE: STATE GROSS INCOME

<u>Major Differences from Federal Law</u>	
Interest/Dividend.....	Exempts U.S. government bonds and certain distributions from a New Jersey Qualified Investment Fund.
Business/Rent/Farm	Same as federal (with certain adjustments).
Capital Gains & Losses	Same as federal except capital gains from New Jersey obligations are exempt and capital losses may not be deducted from ordinary income.
Pension/Retirement Income*	
--Private	Exclude \$15,000 (\$20,000 M-J/\$10,000 M-S).
--Public.....	Exclude \$15,000 (\$20,000 M-J/\$10,000 M-S).
--U.S. Civil Service	Exclude \$15,000 (\$20,000 M-J/\$10,000 M-S).
--Military.....	Exempt.
Active Duty Military	Same as federal.
Unemployment Compensation.....	Exempt.
Social Security Benefits	Exempt.
State/Municipal Bond Interest.....	Taxable except New Jersey obligations.
Health Savings Accounts.....	No provision.
Miscellaneous	
Disability Income	Exempt.
Lottery Winnings.....	Net gambling winnings are taxable. New Jersey lottery winnings exempt.
Federal Income Taxes.....	Not deductible.
Other	Exemptions for property taxes/rent paid (unless refundable property tax/rent credit is claimed), FAIR rebates, medical expenses that exceed 2% of New Jersey gross income, withdrawals from qualified state tuition program accounts, alternative means of commuting, and qualified receipts from medical and dental services provided in a Health Enterprise Zone. The following are exempt if reported in an employee's W-2 wages: (a) compensation for injuries or sickness; (b) meals and lodging furnished by the employer; (c) reimbursements for employee business expenses; and (d) moving expenses. Additional retirement income exclusion may also apply for taxpayers who do not use maximum general retirement exclusion and/or who are not eligible for social security or railroad retirement benefits. Distributed earnings on Coverdell education savings accounts and employee contributions to retirement plans (other than 401(k) plans) are taxable.

*Applies if gross income is \$100,000 or less.

TAX RATES AND BRACKETS				DEDUCTIONS
<u>Single/Married-S</u>		<u>Married-J/Head-of-Household</u>		Standard: None Itemized: None EXEMPTIONS Single/HH.....\$1,000 Married-J.....\$2,000 Married-S.....\$1,000 Domestic Partner.....\$1,000 Age 65 or Over.....\$1,000 Blind or Disabled.....\$1,000 Dependent.....\$1,500 Dependent in College.....\$1,000
Taxable Income Brackets	Marginal Tax Rates	Taxable Income Brackets	Marginal Tax Rates	
\$0 - \$20,000	1.40%	\$0 - \$20,000	1.40%	
20,001 - 35,000	1.75	20,001 - 50,000	1.75	
35,001 - 40,000	3.50	50,001 - 70,000	2.45	
40,001 - 75,000	5.525	70,001 - 80,000	3.50	
75,001 - 500,000	6.37	80,001 - 150,000	5.525	
500,001 and over	8.97	150,001 - 500,000	6.37	
		500,001 and over	8.97	
TAX CREDITS		CONTRIBUTION/CHECK-OFF		OTHER TAXES
<ul style="list-style-type: none"> • Earned income • Excess disability insurance contributions • Excess unemployment/health care subsidy fund/workforce development partnership fund contributions • FAIR rebate for homeowners and renters • Income taxes paid to other jurisdictions • Property tax/rent 		<ul style="list-style-type: none"> • Breast cancer research • Children's trust fund • Drug abuse education • Endangered wildlife • Gubernatorial elections • Korean veterans memorial • Literacy Volunteers of America • NJ AIDS services • NJ prostate cancer research • Organ and tissue donor awareness education • USS NJ Educational Museum Fund • Vietnam veteran's memorial 		<ul style="list-style-type: none"> • Use tax

NEW MEXICO

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME					DEDUCTIONS
<u>Major Differences from Federal Law</u>					Standard: Same as federal. Itemized: Same as federal.
Interest/Dividend.....Exempts U.S. government bonds.					
Business/Rent/Farm.....Same as federal.					
Capital Gains & Losses.....Deduct the greater of 30% or \$1,000 of federally taxable gains.					
Pension/Retirement Income					
--Private.....Same as federal.					
--Public.....Same as federal.					
--U.S. Civil Service.....Same as federal.					
--Military.....Same as federal.					
Active Duty Military.....Same as federal.					
Unemployment Compensation.....Same as federal.					
Social Security Benefits.....Same as federal.					
State/Municipal Bond Interest.....Taxable except New Mexico obligations.					
Health Savings Accounts.....Same as federal.					
Miscellaneous					
Disability Income.....Same as federal.					
Lottery Winnings.....Same as federal.					
Federal Income Taxes.....Not deductible.					
Other.....Deduction of up to \$8,000 if age 65 or over or blind if meet certain income limits and for income of a person aged 100 or more if not claimed as a dependent. Deductions for special needs adoptions, contributions to a New Mexico Education Trust Board account, contributions to a New Mexico medical care savings account, portion of unreimbursed medical care expenses, additional deduction for medical care expenses for persons aged 65 or older, organ donation related expenses, and 2005 New Mexico energy rebate amounts included in federal AGI.					
TAX RATES AND BRACKETS					EXEMPTIONS
<u>Taxable Income Brackets</u>					Same as federal.
<u>Married-J</u>	<u>Married-S</u>	<u>Single</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rate</u>	
\$0 - 8,000	\$0 - 4,000	\$0 - 5,500	\$0 - 7,000	1.7%	
8,001 - 16,000	4,001 - 8,000	5,501 - 11,000	7,001 - 14,000	3.2	
16,001 - 24,000	8,001 - 12,000	11,001 - 16,000	14,001 - 20,000	4.7	
24,001 and over	12,001 and over	16,001 and over	20,001 and over	5.7	
TAX CREDITS		TAX CREDITS (cont.)			CONTRIBUTION/ CHECK-OFF
<ul style="list-style-type: none"> • Approved New Mexico filmmaker • Child day care • Electronic identification card reader • Energy rebate • Film production • Income tax paid to other states • Job mentorship • Land conservation incentives • Licensed residential care facility • Low-income comprehensive tax rebate • Low-income property tax rebate (Los Alamos County residents) 		<ul style="list-style-type: none"> • Medical care credit for persons 65 or older • Preservation of cultural properties • Produced water • Property tax rebate (age 65 and over) • Qualified business facility rehabilitation • Rural jobs • Technology jobs • Welfare-to-work 			<ul style="list-style-type: none"> • Amyotrophic Lateral Sclerosis research • Forest relief program • Kids in parks education • National Guard member and family assistance • Political parties contribution • Substance abuse education fund • Veterans national cemetery fund • Wildlife protection fund
OTHER TAXES					
None					

NEW YORK

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS																																			
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income --PrivateUp to \$20,000 exempt if age 59½ or over. --Public.....Exempt. --U.S. Civil ServiceExempt. --Military.....Exempt. Active Duty MilitarySame as federal. Unemployment Compensation.....Same as federal. Social Security BenefitsExempt. State/Municipal Bond Interest.....Taxable except New York obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability IncomeUp to \$5,200 excluded. Lottery Winnings.....Same as federal. Federal Income Taxes.....Not deductible. OtherContributions to certain public employee retirement systems and amounts deducted from salaries and wages (for federal tax purposes) under certain New York City public employer flexible benefits programs and retirement systems are included in New York AGI. Deductions for contributions to New York college savings program accounts, qualified emerging technology investments, certain fees for long-term residential care, income as a member of the New York organized militia called for emergency state duty, and accelerated payments of life insurance death benefits. Certain amounts eligible for New York credits are added back to AGI.</p>				<p>Standard: Single.....\$7,500 Married-S.....\$6,500 Married-J\$14,600 Head-of-Household.....\$10,500</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: Taxes: State, local, and foreign income taxes not deductible.</p> <p>Medical Expenditures: Amounts claimed for long-term care insurance credit cannot be claimed as an itemized deduction.</p> <p>College Tuition: Deduction unless claiming college tuition credit.</p>																																			
TAX RATES AND BRACKETS				EXEMPTIONS																																			
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Taxable Income Brackets</th> <th rowspan="2" style="text-align: center;">Marginal Tax Rates</th> </tr> <tr> <th style="text-align: center;">Married-J</th> <th style="text-align: center;">Single/Married-S</th> <th style="text-align: center;">Head-of-Household</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 16,000</td> <td style="text-align: center;">\$0 - 8,000</td> <td style="text-align: center;">\$0 - 11,000</td> <td style="text-align: center;">4.00%</td> </tr> <tr> <td style="text-align: center;">16,001 - 22,000</td> <td style="text-align: center;">8,001 - 11,000</td> <td style="text-align: center;">11,001 - 15,000</td> <td style="text-align: center;">4.50</td> </tr> <tr> <td style="text-align: center;">22,001 - 26,000</td> <td style="text-align: center;">11,001 - 13,000</td> <td style="text-align: center;">15,001 - 17,000</td> <td style="text-align: center;">5.25</td> </tr> <tr> <td style="text-align: center;">26,001 - 40,000</td> <td style="text-align: center;">13,001 - 20,000</td> <td style="text-align: center;">17,001 - 30,000</td> <td style="text-align: center;">5.90</td> </tr> <tr> <td style="text-align: center;">40,001 - 150,000</td> <td style="text-align: center;">20,001 - 100,000</td> <td style="text-align: center;">30,001 - 125,000</td> <td style="text-align: center;">6.85</td> </tr> <tr> <td style="text-align: center;">150,001 - 500,000</td> <td style="text-align: center;">100,001 - 500,000</td> <td style="text-align: center;">125,001 - 500,000</td> <td style="text-align: center;">7.25</td> </tr> <tr> <td style="text-align: center;">500,001 and over</td> <td style="text-align: center;">500,001 and over</td> <td style="text-align: center;">500,001 and over</td> <td style="text-align: center;">7.70</td> </tr> </tbody> </table> <p>Benefits of the lower marginal tax rates are phased out for higher-income taxpayers.</p>				Taxable Income Brackets			Marginal Tax Rates	Married-J	Single/Married-S	Head-of-Household	\$0 - 16,000	\$0 - 8,000	\$0 - 11,000	4.00%	16,001 - 22,000	8,001 - 11,000	11,001 - 15,000	4.50	22,001 - 26,000	11,001 - 13,000	15,001 - 17,000	5.25	26,001 - 40,000	13,001 - 20,000	17,001 - 30,000	5.90	40,001 - 150,000	20,001 - 100,000	30,001 - 125,000	6.85	150,001 - 500,000	100,001 - 500,000	125,001 - 500,000	7.25	500,001 and over	500,001 and over	500,001 and over	7.70	<p>Dependent.....\$1,000</p> <p style="text-align: center;">OTHER TAXES</p> <ul style="list-style-type: none"> • City of New York resident income tax • City of Yonkers nonresident earnings tax • City of Yonkers resident income tax surcharge • Minimum income tax • Use tax
Taxable Income Brackets			Marginal Tax Rates																																				
Married-J	Single/Married-S	Head-of-Household																																					
\$0 - 16,000	\$0 - 8,000	\$0 - 11,000	4.00%																																				
16,001 - 22,000	8,001 - 11,000	11,001 - 15,000	4.50																																				
22,001 - 26,000	11,001 - 13,000	15,001 - 17,000	5.25																																				
26,001 - 40,000	13,001 - 20,000	17,001 - 30,000	5.90																																				
40,001 - 150,000	20,001 - 100,000	30,001 - 125,000	6.85																																				
150,001 - 500,000	100,001 - 500,000	125,001 - 500,000	7.25																																				
500,001 and over	500,001 and over	500,001 and over	7.70																																				
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/ CHECK-OFF																																			
<ul style="list-style-type: none"> • Accumulation distribution • Brownfield • Child and dependent care • College tuition • Defibrillators • Earned income tax credit • Empire state film production • Empire zone and qualified empire zone enterprises • Employment of disabled persons • Farmers' school tax • Financial services and other employment incentives • Fuel oil storage • Green building 		<ul style="list-style-type: none"> • Historic barn restoration • Household • Income taxes paid to other states (resident credit) or Canada • Industrial or manufacturing business • Long-term care insurance • Low-income housing • New York City school tax • Nursing home assessment • Property tax/rent • Qualified emerging technology company • Solar and fuel cell electric generating equipment • Special additional mortgage recording tax 		<ul style="list-style-type: none"> • Aid for missing/exploited children • Alzheimer's fund • Breast cancer research and education fund • Lake Placid Olympic Training Center • Prostate cancer research fund • Return a gift for wildlife • WTC memorial fund 																																			

NORTH CAROLINA

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME					DEDUCTIONS			
<u>Major Differences from Federal Law</u>								
Interest/Dividend.....	Exempts U.S. government bonds.				Standard:			
Business/Rent/Farm	Same as federal.							
Capital Gains & Losses	Same as federal plus exemption for gains from certain North Carolina obligations issued before July 1, 1995.				<u>Added Amount if:</u>			
					<u>Age 65</u> <u>Blind</u>			
Pension/Retirement Income					Single	\$3,000	\$750	\$750
--Private	First \$2,000 per person excluded.				Married-J	6,000	600	600
--Public.....	First \$4,000 per person excluded.*				Married-S	3,000	600	600
--U.S. Civil Service	First \$4,000 per person excluded.				HH	4,400	750	750
--Military.....	First \$4,000 per person excluded.							
Active Duty Military	Same as federal.				Itemized:			
Unemployment Compensation.....	Same as federal.				Same as federal.			
Social Security Benefits	Exempt.				Major Differences from Federal Law:			
State/Municipal Bond Interest	Taxable except North Carolina obligations.				Taxes: State and local income and sales taxes not deductible.			
Health Savings Accounts.....	Same as federal.							
Miscellaneous								
Disability Income	Same as federal.							
Lottery Winnings	Same as federal.							
Federal Income Taxes.....	Not deductible.							
Other	Up to \$35,000 in severance pay is deductible if received as a result of permanent involuntary termination of employment through no-fault of the employee. Deduction for federal Hope or Lifetime Learning credits claimed in lieu of higher education expense deduction.							
*In addition, certain retirement benefits from public defined benefit plans are exempt.								
TAX RATES AND BRACKETS					EXEMPTIONS			
Taxable Income Brackets					Each federal exemption* \$2,500/\$2,000 *The higher exemption amount applies if federal AGI is below: Single\$60,000 Head-of-Household\$80,000 Married-J\$100,000 Married-S\$50,000 Federal phase-out ranges apply.			
<u>Single</u>	<u>Head-of-Household</u>	<u>Married-J</u>	<u>Married-S</u>	<u>Marginal Tax Rate</u>				
\$0 - 12,750	\$0 - 17,000	\$0 - 21,250	\$0 - 10,625	6.00%				
12,751 - 60,000	17,001 - 80,000	21,251 - 100,000	10,626 - 50,000	7.00				
60,001 - 120,000	80,001 - 160,000	100,001 - 200,000	50,001 - 100,000	7.75				
120,001 and over	160,001 and over	200,001 and over	100,001 and over	8.25				
TAX CREDITS		TAX CREDITS (cont.)			CONTRIBUTION/CHECK-OFF			
<ul style="list-style-type: none"> • Business incentives: development zones; jobs; investments in central office or aircraft facility property; low-income housing; machinery and equipment; nonhazardous dry-cleaning equipment; qualified business investments; renewable energy property; research and development expenses; technology commercialization; use of NC ports; and worker training • Charitable contributions • Child and dependent care expenses • Children 		<ul style="list-style-type: none"> • Construction of dwelling units for handicapped • Conservation tillage equipment • Disabled taxpayer or dependent • Donating real property for certain public and conservation purposes • Gleaned crops • Historic rehabilitation • Income tax paid to another state or country • Poultry composting • Property taxes on farm machinery 			<ul style="list-style-type: none"> • Candidates financing fund • Nongame and endangered wildlife fund • Political parties financing 			
					<ul style="list-style-type: none"> • Use tax 			

NORTH DAKOTA

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME		DEDUCTIONS																																														
<p><u>Major Differences from Federal Law</u></p> <p>Standard Method: Over 95% of N.D. taxpayers use the standard method for computing individual income taxes. For these taxpayers, deductions from federal taxable income are allowed for income that states are prohibited from taxing and the following: pass-through income from financial institutions; federal active duty pay for National Guard/Reserve member; new or expanding business income; renaissance zone income; 30% of net long-term capital gains, and qualified organ donation expenses.</p> <p>Optional Method:</p> <p>Interest/Dividend Exempts U.S. government bonds; deduction of up to \$300 per person for interest from North Dakota financial institutions.</p> <p>Business/Rent/Farm Deductions for certain rental income, interest, and gains of beginning farms and entrepreneurs.</p> <p>Capital Gains & Losses Exempt gains realized on sale of property under eminent domain and corporate stock that relocated to N.D.</p> <p>Pension/Retirement Income</p> <p>--Private Same as federal.</p> <p>--Public Up to \$5,000 (less social security benefits) excluded (for limited plans).</p> <p>--U.S. Civil Service Up to \$5,000 (less social security benefits) excluded.</p> <p>--Military Up to \$5,000 (less social security benefits) excluded (age 50 or older).</p> <p>Active Duty Military CZE and exclusion of up to \$1,000 of military pay (including training time for National Guard and Reservists) plus up to \$300/month if stationed abroad but not in a combat zone.</p> <p>Unemployment Compensation Same as federal.</p> <p>Social Security Benefits Same as federal.</p> <p>State/Municipal Bond Interest Taxable except North Dakota obligations.</p> <p>Health Savings Accounts Same as federal.</p> <p>Miscellaneous</p> <p>Disability Income Same as federal.</p> <p>Lottery Winnings Same as federal.</p> <p>Federal Income Taxes Deductible.</p> <p>Other Deductions for certain venture capital investments, adoption expenses, organ donation expenses, and income from renaissance zones, qualifying new and expanding businesses, and federal active duty for National Guard/Reserve members.</p>		<p>Standard: Same as federal.</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law (Optional method only): Taxes: State income taxes not deductible. Medical: Medical expense deduction not subject to 7.5% AGI limitation.</p>																																														
TAX RATES AND BRACKETS		EXEMPTIONS																																														
<p>Standard Method:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Taxable Income Brackets*</th> <th style="text-align: center;">Marginal Tax Rate</th> </tr> <tr> <th style="text-align: center;">Single</th> <th style="text-align: center;">Head-of-Household</th> <th style="text-align: center;">Married-J</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 29,700</td> <td style="text-align: center;">\$0 - 39,800</td> <td style="text-align: center;">\$0 - 49,600</td> <td style="text-align: center;">2.10%</td> </tr> <tr> <td style="text-align: center;">29,701 - 71,950</td> <td style="text-align: center;">39,801 - 102,800</td> <td style="text-align: center;">49,601 - 119,950</td> <td style="text-align: center;">3.92</td> </tr> <tr> <td style="text-align: center;">71,951 - 150,150</td> <td style="text-align: center;">102,801 - 166,450</td> <td style="text-align: center;">119,951 - 182,800</td> <td style="text-align: center;">4.34</td> </tr> <tr> <td style="text-align: center;">150,151 - 326,450</td> <td style="text-align: center;">166,451 - 326,450</td> <td style="text-align: center;">182,801 - 326,450</td> <td style="text-align: center;">5.04</td> </tr> <tr> <td style="text-align: center;">326,451 and over</td> <td style="text-align: center;">326,451 and over</td> <td style="text-align: center;">326,451 and over</td> <td style="text-align: center;">5.54</td> </tr> </tbody> </table> <p>*Tax brackets for married-separate are one-half of those for married-joint.</p>		Taxable Income Brackets*			Marginal Tax Rate	Single	Head-of-Household	Married-J		\$0 - 29,700	\$0 - 39,800	\$0 - 49,600	2.10%	29,701 - 71,950	39,801 - 102,800	49,601 - 119,950	3.92	71,951 - 150,150	102,801 - 166,450	119,951 - 182,800	4.34	150,151 - 326,450	166,451 - 326,450	182,801 - 326,450	5.04	326,451 and over	326,451 and over	326,451 and over	5.54	<p>Optional Method:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0 - \$3,000</td> <td style="text-align: center;">2.67%</td> </tr> <tr> <td style="text-align: center;">3,001 - 5,000</td> <td style="text-align: center;">4.00</td> </tr> <tr> <td style="text-align: center;">5,001 - 8,000</td> <td style="text-align: center;">5.33</td> </tr> <tr> <td style="text-align: center;">8,001 - 15,000</td> <td style="text-align: center;">6.67</td> </tr> <tr> <td style="text-align: center;">15,001 - 25,000</td> <td style="text-align: center;">8.00</td> </tr> <tr> <td style="text-align: center;">25,001 - 35,000</td> <td style="text-align: center;">9.33</td> </tr> <tr> <td style="text-align: center;">35,001 - 50,000</td> <td style="text-align: center;">10.67</td> </tr> <tr> <td style="text-align: center;">50,001 and over</td> <td style="text-align: center;">12.00</td> </tr> </tbody> </table> <p style="text-align: center;">Same as federal.</p>	Taxable Income Brackets	Marginal Tax Rates	0 - \$3,000	2.67%	3,001 - 5,000	4.00	5,001 - 8,000	5.33	8,001 - 15,000	6.67	15,001 - 25,000	8.00	25,001 - 35,000	9.33	35,001 - 50,000	10.67	50,001 and over	12.00
Taxable Income Brackets*			Marginal Tax Rate																																													
Single	Head-of-Household	Married-J																																														
\$0 - 29,700	\$0 - 39,800	\$0 - 49,600	2.10%																																													
29,701 - 71,950	39,801 - 102,800	49,601 - 119,950	3.92																																													
71,951 - 150,150	102,801 - 166,450	119,951 - 182,800	4.34																																													
150,151 - 326,450	166,451 - 326,450	182,801 - 326,450	5.04																																													
326,451 and over	326,451 and over	326,451 and over	5.54																																													
Taxable Income Brackets	Marginal Tax Rates																																															
0 - \$3,000	2.67%																																															
3,001 - 5,000	4.00																																															
5,001 - 8,000	5.33																																															
8,001 - 15,000	6.67																																															
15,001 - 25,000	8.00																																															
25,001 - 35,000	9.33																																															
35,001 - 50,000	10.67																																															
50,001 and over	12.00																																															
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/ CHECK-OFF																																														
<p>For Standard and Optional Methods:</p> <ul style="list-style-type: none"> • Agricultural commodity facility investment • Biodiesel fuel • Family member care • Income taxes paid to another state • Planned gifts • Qualified business seed capital investment • Renaissance zones 	<p>Additional Credits for Optional Method Only:</p> <ul style="list-style-type: none"> • Contributions to nonprofit high schools or private colleges • Geothermal, solar, or wind energy device • Investment in ND small business corporations • Investment in nonprofit development corporation • Long-term care insurance • Venture capital corporation investment • Wages paid to disabled or mentally ill employee 	<ul style="list-style-type: none"> • Trees for ND trust fund • Watchable wildlife fund 																																														
		OTHER TAXES																																														
		None																																														

OHIO

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend..... Exempts U.S. government bonds.</p> <p>Business/Rent/Farm Same as federal.</p> <p>Capital Gains & Losses Same as federal except: losses from the disposition of Ohio public obligations and income from an Electing Small Business Trust (ESBT) are added back; gains from Ohio public obligations and losses from an ESBT are deducted.</p> <p>Pension/Retirement Income</p> <p>--Private Credit up to \$200.</p> <p>--Public..... Credit up to \$200.</p> <p>--U.S. Civil Service Credit up to \$200.</p> <p>--Military..... Credit up to \$200.</p> <p>Active Duty Military Same as federal.</p> <p>Unemployment Compensation..... Same as federal.</p> <p>Social Security Benefits Exempt.</p> <p>State/Municipal Bond Interest..... Taxable except Ohio obligations.</p> <p>Health Savings Accounts..... Same as federal.</p> <p>Miscellaneous</p> <p>Disability Income Exempt (except for payments made on a temporary basis).</p> <p>Lottery Winnings Same as federal.</p> <p>Federal Income Taxes..... Not deductible.</p> <p>Other Federal target jobs and work opportunity tax credit adjustments. Deductions for certain Ohio MSA contributions, individual development accounts, medical expenses exceeding 7.5% of federal AGI, medical insurance, long-term care insurance, certain disability and survivor benefits, contributions to and qualified distributions from the Ohio College Advantage Savings plan, and tuition expenses paid to a qualified Ohio educational institution.</p>		<p>Standard: None</p> <p>Itemized: None</p>
TAX RATES AND BRACKETS		EXEMPTIONS
<p><u>Taxable Income Brackets</u></p> <p>\$0 - 5,000</p> <p>5,001 - 10,000</p> <p>10,001 - 15,000</p> <p>15,001 - 20,000</p> <p>20,001 - 40,000</p> <p>40,001 - 80,000</p> <p>80,001 - 100,000</p> <p>100,001 - 200,000</p> <p>200,001 and over</p>	<p><u>Marginal Tax Rates</u></p> <p>0.712%</p> <p>1.424</p> <p>2.847</p> <p>3.559</p> <p>4.270</p> <p>4.983</p> <p>5.693</p> <p>6.610</p> <p>7.185</p>	<p>Each federal exemption:</p> <p>State Exemption \$1,350</p> <p>State Credit..... \$20</p>
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Adoption expenses • Business jobs and other business credits • Child and dependent care • Exemption credits • Income taxed by another state (resident credit) • Job training • Joint filing (two income) • Low income (for AGI up to \$10,000) • Lump sum distributions • Lump sum retirement • Political contributions • Retirement income • Senior citizen 	<ul style="list-style-type: none"> • Military Injury Relief Fund • Nature preserves, scenic rivers, and endangered species protection • Political party fund • Wildlife species and endangered wildlife conservation 	<ul style="list-style-type: none"> • Use tax

OKLAHOMA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS	
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend..... Exempts U.S. government bonds; exclusion of \$100 per person for interest from Oklahoma bank, credit union, or savings and loan.</p> <p>Business/Rent/Farm Certain accelerated depreciation. Deductions for oil and gas depletion.</p> <p>Capital Gains & Losses Deduction for gains from certain Oklahoma property and stock. 50% exclusion for sales of historic battle site property to the state.</p> <p>Pension/Retirement Income</p> <p>--Private First \$7,500 per person exempt if 65 or over and low AGI.</p> <p>--Public First \$7,500 per person exempt.</p> <p>--U.S. Civil Service First \$7,500 per person exempt.</p> <p>--Military..... First \$7,500 per person exempt.</p> <p>Active Duty Military CZE and first \$1,500 per person exempt.</p> <p>Unemployment Compensation.... Same as federal.</p> <p>Social Security Benefits Exempt.</p> <p>State/Municipal Bond Interest Taxable except Oklahoma obligations.</p> <p>Health Savings Accounts..... Same as federal.</p> <p>Miscellaneous</p> <p>Disability Income Same as federal.</p> <p>Lottery Winnings Same as federal.</p> <p>Federal Income Taxes..... Deductible.</p> <p>Other Deductions for expenses related to the disabled, adoption expenses, contributions to an Oklahoma college savings plan account, contributions to and earnings from an Oklahoma medical savings account, additional federal exemption amounts related to Hurricane Katrina, and political contributions (\$100/person). Exclusions for manufacturers, small business incubators, investments in agricultural commodity processing facilities, inventor royalty income, wages reported for the federal Indian employment credit, and Oklahoma police corps scholarships or stipends.</p>				<p>Standard: Single/Married-J/HH: Larger of \$1,000 or 15% of AGI, not to exceed \$2,000.</p> <p>Married-S: Larger of \$500 or 15% of AGI, not to exceed \$1,000.</p> <p>Itemized: Federal itemized deductions.</p>	
TAX RATES AND BRACKETS				EXEMPTIONS	
<u>Method I--Federal Income Taxes Not Deducted</u>		<u>Method II--Federal Income Taxes Deducted</u>		Single/HH \$1,000 Married-J \$2,000 Married-S \$1,000 Dependent..... \$1,000 Blind..... \$1,000 Age 65 or over and low AGI.. \$1,000	
Taxable Income Brackets		Taxable Income Brackets			
Single/Married-S	Married-J/HH	Single/Married-S	Married-J/HH		
\$0 - 1,000	\$0 - 2,000	\$0 - 1,000	\$0 - 2,000		
1,001 - 2,500	2,001 - 5,000	1,001 - 2,500	2,001 - 5,000		
2,501 - 3,750	5,001 - 7,500	2,501 - 3,750	5,001 - 7,500		
3,751 - 4,900	7,501 - 9,800	3,751 - 4,900	7,501 - 8,900		
4,901 - 6,200	9,801 - 12,200	4,901 - 6,100	8,901 - 10,400		
6,201 - 7,700	12,201 - 15,000	6,101 - 7,500	10,401 - 12,000		
7,701 - 10,000	15,001 - 21,000	7,501 - 9,000	12,001 - 13,250		
10,001 and over	21,001 and over	9,001 - 10,500	13,251 - 15,000		
		10,501 - 12,500	15,001 - 18,000		
		12,501 - 16,000	18,001 - 24,000		
		16,001 and over	24,001 and over		
				0.5%	
				1.0	
				2.0	
				3.0	
				4.0	
				5.0	
				6.0	
				7.0	
				8.0	
				9.0	
				10.0	
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/ CHECK-OFF	
<ul style="list-style-type: none"> • Child care expenses • Child care service provider • Clean burning fuel vehicles • Earned income tax credit • Employer provided child care • Energy assistance fund contribution • Financial institutions making rural economic development loans • Food service establishments providing Hepatitis A vaccines to employees • Hazardous waste control • Historic building rehabilitation • Incentives for the following industries: agricultural producers; biodiesel facilities; coal; commercial space industry; ethanol facilities; film or music projects; manufacturers of small wind turbines; nonstop air service from Oklahoma to the Coast; poultry litter; space transportation vehicle provider; and zero emission electric facilities 		<ul style="list-style-type: none"> • Income tax paid to another state • Investment/new jobs • Local development and enterprise zones • Property tax relief (low AGI and over 65 or disabled) • Recycling facility • Sales tax relief for low-income • Small business guaranty fee • Tornado tax credit • Tourism development • Venture, small business and rural small business capital 		<ul style="list-style-type: none"> • Breast/cervical cancer program • Common schools • County fair enhancement fund • Court appointed special advocates volunteers • Junior livestock auction scholarship fund • Low-income health care program • Medicaid program • National guard • Oklahoma City bombing memorial • Oklahoma Schools for Blind/Deaf • Organ donor education • Pet overpopulation fund • Retirement of capitol dome debt • Roadway and highway maintenance • Silver Haired Legislature Program • Tulsa Reconciliation Education and Scholarship Trust Fund • Veterans affairs capital improvement • Wildlife diversity program 	
		OTHER TAXES			
		Use tax			

OREGON

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS	
<u>Major Differences from Federal Law</u>			
Interest/Dividend.....	Exempts U.S. government bonds.	Standard:	
Business/Rent/Farm	Same as federal. Oregon depreciation schedule.	Single..... \$1,770	
Capital Gains & Losses	Same as federal.	Married-J/Widow \$3,545	
Pension/Retirement Income		Married-S \$1,770	
--Private	9% credit if low-income and 62 or over.	Head-of-Household \$2,855	
--Public.....	9% credit if low-income and 62 or over.		
--U.S. Civil Service*.....	9% credit if low-income and 62 or over.	Additional deduction for age 65 or over or blind:	
--Military*	9% credit if low-income and 62 or over.	Single/HH \$1,200	
Active Duty Military	CZE and general exemption for income earned outside Oregon. Exclude \$3,000 if earned in Oregon.	All Others..... \$1,000	
Unemployment Compensation.....	Same as federal.		
Social Security Benefits	Exempt.	Itemized:	
State/Municipal Bond Interest.....	Taxable except Oregon obligations.	Federal itemized deductions.	
Health Savings Accounts.....	Same as federal.		
Miscellaneous		Major Differences From Federal Law:	
Disability Income	Same as federal.	Taxes: State income and state and local sales taxes not deductible.	
Lottery Winnings	Oregon lottery winnings of \$600 or less exempt.	Medical Expenses: Medical expenses up to 7.5% of AGI are deductible if age 62 or over.	
Federal Income Taxes.....	Deductible up to \$4,500.	Gambling Losses: Limited to gambling winnings taxed by Oregon.	
Other	Deductions for logger's and construction worker's commuting costs, artists who make charitable art donations, Oregon Individual Development Account deposits and earnings, contributions to an Oregon College Savings Plan, employer-provided benefits for a same-sex domestic partner, housing expense scholarships, public safety memorial fund benefits, and amounts excluded from federal AGI to take federal mortgage, Hope, and Lifetime Learning credits. Add back federal deductions for unused business credits and federal deductions for which Oregon provides tax credits.		
*Income attributable to service prior to October, 1991, is exempt.			
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDITS)	
<u>Taxable Income Brackets</u>			
<u>Single/Married-S</u>	<u>Married-J/HH</u>	<u>Marginal Tax Rates</u>	
\$0 - 2,650	\$0 - 5,300	5%	
2,651 - 6,650	5,301 - 13,300	7	
6,651 and over	13,301 and over	9	
		Single/HH \$154	
		Married-J \$308	
		Married-S \$154	
		Severely disabled..... \$154	
		Dependent..... \$154	
		Handicapped children..... \$154	
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/CHECK-OFF	
<ul style="list-style-type: none"> • Adoption expenses • Advanced telecommunications facilities • Bone marrow donation • Business energy • Child and dependent care • Child Care Fund contribution • Claim of right credit • Dependent care assistance • Diesel engine replacement • Donated crops • Earned income tax credit • Elderly or disabled • Electronic commerce zone investment • Employer scholarship • Farm worker housing • Film production development contributions • First Break program • Fish screening devices • Income tax paid to another state • Individual development account 	<ul style="list-style-type: none"> • Long-term care insurance • Loss of use of limbs • Low-income caregiver credit • On-farm processing machinery and equipment • Oregon cultural trust • Political contributions • Pollution control facilities • Reforestation of underproductive forest land • Reservation enterprise zone • Residential energy • Retirement income • Riparian land • Rural medical practitioners • Tax on gain taxed by other jurisdictions • Working family child care 	<ul style="list-style-type: none"> • AIDS/HIV education and services • Alzheimer's disease research • American Diabetes Association • Child abuse prevention • Doernbecher Children's Hospital Foundation • Habitat for Humanity • Nongame wildlife • Oregon Coast Aquarium • Oregon Head Start • Oregon Humane Society • Oregon Lions Sight and Hearing Foundation • Oregon Veterans' Home • Planned Parenthood of Oregon • Salvation Army • St. Vincent de Paul Society of Oregon • Shriners Hospitals for Children • SMART (early literacy program) • SOLV (clean water ways and neighborhoods) • Special Olympics • STOP Domestic and Sexual Violence • Susan G. Komen Breast Cancer Foundation • The Nature Conservancy 	
	OTHER TAXES		
	None		

PENNSYLVANIA

Filing System: Combined*

TAX BASE: STATE TAXABLE INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend..... Exempts U.S. government bonds.</p> <p>Business/Rent/Farm State schedules.</p> <p>Capital Gains & Losses Generally same as federal, except all gains are taxable and all losses deductible in year incurred, with certain limitations if married and filing jointly. In addition, a separate state tax benefit rule applies with respect to unused losses, depreciation, and reduction of basis.</p> <p>Pension/Retirement Income</p> <p>--Private Exempt.</p> <p>--Public..... Exempt.</p> <p>--U.S. Civil Service Exempt.</p> <p>--Military..... Exempt.</p> <p>Active Duty Military Exempt if stationed outside of state.</p> <p>Unemployment Compensation..... Exempt.</p> <p>Social Security Benefits Exempt.</p> <p>State/Municipal Bond Interest..... Taxable except Pennsylvania obligations.</p> <p>Health Savings Accounts..... No deduction for contributions. Earnings and distributions are tax free when used for qualified medical expenses.</p> <p>Miscellaneous</p> <p>Disability Income..... Generally exempt.</p> <p>Lottery Winnings..... Pennsylvania state lottery winnings exempt.</p> <p>Federal Income Taxes..... Not deductible.</p> <p>Other State treatment of moving expenses, employee business expenses, and depreciation. Exclude qualified distributions from a PA Tuition Account. Also exclude personal use of employer-owned property or services provided at reduced or no cost and wage deductions for health and welfare benefits under a cafeteria plan. Deductions for qualified MSA contributions and distributions for taxpayers who are self-employed or work for small employers. No deductions for IRA contributions, employee contributions to employer-sponsored retirement or deferred compensation programs, or self-employed health insurance premiums.</p>		<p>Standard: None</p> <p>Itemized: None</p>
TAX RATES AND BRACKETS		EXEMPTIONS
<p>Tax is 3.07% of total positive income from eight income classes. Taxpayers may not reduce income in one class by a loss in another class, and spouses may not reduce each other's income between income classes or within the same income class.</p>		None
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Employment incentive payment • Film production • Income taxes paid to other states/countries (resident credit) • Jobs creation • Research and development • Tax forgiveness credit for lower income taxpayers 	<ul style="list-style-type: none"> • Breast and cervical cancer research fund • Juvenile (Type 1) diabetes cure research fund • Military family relief assistance • Organ donor awareness trust fund • Wild resource conservation fund 	None

* The filing system treats each spouse's income separately, but the tax form shows the joint positive income of the two spouses for convenience.

RHODE ISLAND

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME					DEDUCTIONS
<u>Major Differences from Federal Law</u>					Standard: Single \$5,000 Married-J \$8,300 Married-S \$4,150 Head-of-Household \$7,300 Itemized: Same as federal.
Interest/Dividend.....	Exempts U.S. government bonds.				
Business/Rent/Farm	Same as federal.				
Capital Gains & Losses	Same as federal.				
Pension/Retirement Income					
--Private	Same as federal.				
--Public.....	Same as federal.				
--U.S. Civil Service	Same as federal.				
--Military.....	Same as federal.				
Active Duty Military	Same as federal.				
Unemployment Compensation.....	Same as federal.				
Social Security Benefits	Same as federal.				
State/Municipal Bond Interest.....	Taxable except Rhode Island obligations.				
Health Savings Accounts.....	Same as federal.				
Miscellaneous					
Disability Income	Same as federal.				
Lottery Winnings.....	Same as federal.				
Federal Income Taxes.....	Not deductible.				
Other	Deductions for new research and development facilities, investment in a certified venture capital partnership, certain performance-based compensation under Rhode Island Jobs Growth Act, contributions to and distributions from Rhode Island tuition savings program, and for writers, composers, and artists in certain economic development zones. No carry-back of net operating losses.				
TAX RATES AND BRACKETS					EXEMPTIONS
<u>Taxable Income Brackets</u>					Same as federal.
<u>Single</u>	<u>Married-J/Widow(er)</u>	<u>Married-S</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rate</u>	
\$0 - 29,700	\$0 - 49,650	\$0 - 24,825	\$0 - 39,800	3.75%	
29,701 - 71,950	49,651 - 119,950	24,826 - 59,975	39,801 - 102,800	7.00	
71,951 - 150,150	119,951 - 182,800	59,976 - 91,400	102,801 - 166,450	7.75	
150,151 - 326,450	182,801 - 326,450	91,401 - 163,225	166,451 - 326,450	9.00	
326,451 and over	326,451 and over	163,226 and over	326,451 and over	9.90	
Plus tax for children under age 14 who have investment income, 25% of federal.					
Also, certain reduced, maximum marginal tax rates apply to capital gain income.					
TAX CREDITS		TAX CREDITS (cont.)			CONTRIBUTION/CHECK-OFF
<ul style="list-style-type: none"> • Alcohol used as fuel • Certain contributions to community development corporations • Certain employer payroll taxes • Child and dependent care expenses • Child day care assistance and development • Disabled access • Earned income • Elderly and disabled • Employer's worksite adult education • Empowerment zone and renewal community employment • Enhanced oil recovery • Federal tax paid on fuels • Foreign tax • Historic commercial building • Historic residence 		<ul style="list-style-type: none"> • Income taxes paid to other states • Investment • Increasing research activities • Indian employment • Jobs training expenses • Low-income housing • Mortgage interest • Motion picture production • Prior year alternative minimum tax • Property tax relief • Qualified electric vehicle • Qualifying widow(er) • Renewable electricity production • Research and development expense • Research and development property • Residential lead abatement • Residential renewable energy system • Rhode Island income tax 			<ul style="list-style-type: none"> • Childhood disease victims' fund • Council on the Arts • Drug program account • Electoral system contribution • Military family relief fund • Nongame wildlife fund • Olympic committee • Organ transplant fund
					OTHER TAXES
					<ul style="list-style-type: none"> • Alternative minimum tax • Use tax • 25% of federal tax on children's investment income

SOUTH CAROLINA

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME		DEDUCTIONS														
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmOut-of-state losses/gains are not deductible/taxable. Capital Gains & Losses44% exclusion for long-term (more than 1 year) gains. Pension/Retirement Income --Private\$3,000/person exclusion (under 65); \$10,000/person (65+). --Public.....\$3,000/person exclusion (under 65); \$10,000/person (65+). --U.S. Civil Service\$3,000/person exclusion (under 65); \$10,000/person (65+). --Military.....\$3,000/person exclusion (under 65); \$10,000/person (65+). Portion attributable to reserve or National Guard service is exempt. Active Duty MilitaryCZE and exemption for Reserve and National Guard training pay. Unemployment Compensation.....Same as federal. Social Security BenefitsExempt. State/Municipal Bond Interest.....Taxable except South Carolina obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability IncomeExempt. Lottery WinningsSame as federal. Federal Income Taxes.....Not deductible. OtherDeductions of \$2,000 for adopted children with special needs; contributions to the Tuition Prepayment Program; \$6.67 per workday subsistence allowance for law enforcement officers, full-time firefighters, and EMS personnel; \$3,000 deduction for volunteer firefighters and Haz-Mat response team members, rescue squad members, reserve police officers, and Natural Resource deputy enforcement officers; and \$15,000 for persons over 65 (offset by any retirement deduction). In addition, deductions for purchases of economic impact zone stock, federal job credit wage reductions, and federal mortgage tax credits claimed by taxpayers who itemize.		<p>Standard: Same as federal.</p> <p>Itemized: Same as federal.</p> <p>Major Differences from Federal Law: <u>Taxes:</u> State and local income and sales taxes not deductible. <u>Miscellaneous:</u> Military reservists income is not taxable. Therefore, expenses related to such income are not deductible.</p>														
TAX RATES AND BRACKETS		EXEMPTIONS														
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 2,530</td> <td style="text-align: center;">2.5%</td> </tr> <tr> <td style="text-align: center;">2,531 - 5,060</td> <td style="text-align: center;">3.0</td> </tr> <tr> <td style="text-align: center;">5,061 - 7,590</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td style="text-align: center;">7,591 - 10,120</td> <td style="text-align: center;">5.0</td> </tr> <tr> <td style="text-align: center;">10,121 - 12,650</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">12,651 and over</td> <td style="text-align: center;">7.0</td> </tr> </tbody> </table>		Taxable Income Brackets	Marginal Tax Rates	\$0 - 2,530	2.5%	2,531 - 5,060	3.0	5,061 - 7,590	4.0	7,591 - 10,120	5.0	10,121 - 12,650	6.0	12,651 and over	7.0	<p style="text-align: center;">Same as federal.</p> <p>Additional exemption for children under 6 \$3,200</p>
Taxable Income Brackets	Marginal Tax Rates															
\$0 - 2,530	2.5%															
2,531 - 5,060	3.0															
5,061 - 7,590	4.0															
7,591 - 10,120	5.0															
10,121 - 12,650	6.0															
12,651 and over	7.0															
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/ CHECK-OFF														
<ul style="list-style-type: none"> • Anhydrous ammonia additive • Base closure • Child and dependent care • Commercials • Community development • Conservation contribution • Drip/trickle irrigation systems • Economic impact zone • Employer child care • Family independence payments • Health insurance • Historic structures • Income taxes paid to another state • Minority contractor business • Motion picture • New jobs • Nursing home 	<ul style="list-style-type: none"> • Palmetto seed capital • Production and sale of milk • Quality forum • Retirement plan contribution • Scenic river • Textiles rehabilitation • Tuition • Two wage earner (married couple) • Venture capital investment • Water resources <hr/> <p style="text-align: center;">OTHER TAXES</p> <hr/> <ul style="list-style-type: none"> • Use tax 	<ul style="list-style-type: none"> • Children's trust fund • Conservation Bank trust fund (wildlife) • Eldercare trust fund • Endangered wildlife fund • First Steps to School Readiness fund • K-12 public education • Litter control enforcement program fund • Military family relief fund • Organ donor trust fund • Police chaplains fund • State parks • Veterans' trust fund • War Between the States Heritage Trust Fund 														

TENNESSEE

Filing System: Joint

TAX BASE: INTEREST AND DIVIDENDS		DEDUCTIONS
<p>Interest/Dividend.....</p> <p>Business/Rent/Farm</p> <p>Capital Gains & Losses</p> <p>Pension/Retirement Income</p> <p> --Private</p> <p> --Public</p> <p> --U.S. Civil Service</p> <p> --Military.....</p> <p>Active Duty Military</p> <p>Unemployment Compensation.....</p> <p>Social Security Benefits</p> <p>State/Municipal Bond Interest.....</p> <p>Health Savings Accounts.....</p> <p>Miscellaneous</p> <p> Disability Income</p> <p> Lottery Winnings</p> <p> Federal Income Taxes.....</p> <p> Other</p>	<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Exempts U.S. government bonds. Interest on certificates of deposit, passbook accounts, savings accounts, checking accounts, money market accounts, short-term commercial paper, insurance policies (if payable on demand), and repurchase agreements are exempt. Dividends from state banks, national banks, savings and loans located in Tennessee, insurance companies, loan companies, and cemetery companies in Tennessee are exempt. All income from a credit union is exempt, as are distributions from education and Roth IRAs.</p> <p>Exempt.</p> <p>Exempt (with the exception of capital gains from the sale of mutual funds).</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Taxable except Tennessee obligations.</p> <p>No provision.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Not deductible.</p> <p>Taxable income derived from circumstances resulting in an individual becoming a quadriplegic is exempt.</p>	<p>Standard: None</p> <p>Itemized: None</p>
TAX RATES AND BRACKETS		EXEMPTIONS
<p>Tax rate is 6%.</p>		<p>Single/HH\$1,250</p> <p>Married-J2,500</p> <p>Married-S.....1,250</p> <p>Exempt from taxation if blind or if age 65 or over and total gross income under \$16,200 (\$27,000 if married-joint). If quadriplegic, income that is derived from circumstances resulting in the individual becoming quadriplegic is exempt.</p>
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
None	None	None

UTAH

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS																								
<u>Major Differences from Federal Law</u>																										
Interest/Dividend.....	Exempts U.S. government bonds.	Standard: Same as federal. Itemized: Same as federal. Major Differences from Federal Law: Taxes: State income taxes not deductible.																								
Business/Rent/Farm	Same as federal.																									
Capital Gains & Losses	Deduction for certain gains used to purchase qualifying stock in a Utah small business corporation																									
Pension/Retirement Income																										
--Private	Deduct up to \$4,800 pension/retirement income per person if under 65; exempt up to \$7,500 of income from any source if 65 or over. Phases out for higher-income taxpayers.																									
--Public.....	Same as for "Private."																									
--U.S. Civil Service	Same as for "Private."																									
--Military.....	Same as for "Private."																									
Active Duty Military	Same as federal.																									
Unemployment Compensation.....	Same as federal.																									
Social Security Benefits	Deduct up to \$4,800 of federally taxable portion/person if under 65 (\$7,500 if 65 or over); phases out for higher-income taxpayers.																									
State/Municipal Bond Interest.....	Taxable except Utah obligations and interest on non-Utah municipal bonds from states that exempt interest from Utah obligations.																									
Health Savings Accounts.....	Same as federal.																									
Miscellaneous																										
Disability Income	Same as federal.																									
Lottery Winnings	Same as federal.																									
Federal Income Taxes.....	Deduction for 50% of federal income taxes.																									
Other	Reservation income earned by a member of an Indian tribe is exempt. Deductions for contributions to Utah educational savings plans, Utah MSAs, certain health care and long-term care insurance premiums, adoption expenses, and up to \$2,200 of National Guard and Reserves military pay. Add back federal election of interest and dividends of a minor child.																									
TAX RATES AND BRACKETS			EXEMPTIONS																							
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal</th> </tr> <tr> <th style="text-align: center;">Single/Married-S</th> <th style="text-align: center;">Married-J/HH</th> <th style="text-align: center;">Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 863</td> <td style="text-align: center;">\$0 - 1,726</td> <td style="text-align: center;">2.3%</td> </tr> <tr> <td style="text-align: center;">864 - 1,726</td> <td style="text-align: center;">1,727 - 3,450</td> <td style="text-align: center;">3.3</td> </tr> <tr> <td style="text-align: center;">1,727 - 2,588</td> <td style="text-align: center;">3,451 - 5,176</td> <td style="text-align: center;">4.2</td> </tr> <tr> <td style="text-align: center;">2,589 - 3,450</td> <td style="text-align: center;">5,177 - 6,900</td> <td style="text-align: center;">5.2</td> </tr> <tr> <td style="text-align: center;">3,451 - 4,313</td> <td style="text-align: center;">6,901 - 8,626</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">4,314 and over</td> <td style="text-align: center;">8,627 and over</td> <td style="text-align: center;">7.0</td> </tr> </tbody> </table>			Taxable Income Brackets		Marginal	Single/Married-S	Married-J/HH	Tax Rates	\$0 - 863	\$0 - 1,726	2.3%	864 - 1,726	1,727 - 3,450	3.3	1,727 - 2,588	3,451 - 5,176	4.2	2,589 - 3,450	5,177 - 6,900	5.2	3,451 - 4,313	6,901 - 8,626	6.0	4,314 and over	8,627 and over	7.0
Taxable Income Brackets		Marginal																								
Single/Married-S	Married-J/HH	Tax Rates																								
\$0 - 863	\$0 - 1,726	2.3%																								
864 - 1,726	1,727 - 3,450	3.3																								
1,727 - 2,588	3,451 - 5,176	4.2																								
2,589 - 3,450	5,177 - 6,900	5.2																								
3,451 - 4,313	6,901 - 8,626	6.0																								
4,314 and over	8,627 and over	7.0																								
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/ CHECK-OFF																								
<ul style="list-style-type: none"> • Agricultural off-highway gas tax • At-home parent • Clean fuel vehicle • Employers who hire disabled persons • Enterprise zone • Farm operation hand tools • Historic preservation • Income tax paid to another state • Live organ donation expenses • Low-income housing • Mineral production withholding tax • Nonresident shareholders withholding credit • Recycling market development zones • Renewable energy systems 	<ul style="list-style-type: none"> • Research activities • Research machinery and equipment • Sheltered workshop contributions • Special needs adoption • Targeted business tax credit • Tutoring credit for disabled dependents 	<ul style="list-style-type: none"> • Children's organ transplant • Election campaign fund • Homeless trust fund • Nongame wildlife fund • School district and nonprofit school district foundation • Uniform school fund • Utah College of Applied Technology • Wolf depredation fund 																								
	OTHER TAXES		<ul style="list-style-type: none"> • Recapture of low-income housing credit • Use tax 																							

VERMONT

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME				DEDUCTIONS	
<u>Major Differences from Federal Law</u>					
Interest/Dividend.....	Exempts U.S. government bonds.			Standard: Same as federal.	
Business/Rent/Farm	Same as federal.				
Capital Gains & Losses	40% exclusion for net capital gains and 60% deferral for gains invested in eligible angel ventures.			Itemized: Same as federal.	
Pension/Retirement Income					
--Private	Same as federal.				
--Public.....	Same as federal.				
--U.S. Civil Service	Same as federal.				
--Military.....	Same as federal.				
Active Duty Military	CZE and general exclusion for income earned outside Vermont. In addition, first \$2,000 of training pay for Reserve and National Guard members with Vermont AGI less than \$50,000 is exempt.				
Unemployment Compensation.....	Same as federal.				
Social Security Benefits	Same as federal.				
State/Municipal Bond Interest.....	Taxable except Vermont obligations.				
Health Savings Accounts.....	Same as federal.				
Miscellaneous					
Disability Income	Same as federal.				
Lottery Winnings.....	Same as federal.				
Federal Income Taxes.....	Not deductible.				
Other	Deductions for targeted job program, income to support persons with developmental disabilities, and expenses incurred to comply with Americans with Disabilities Act.				
TAX RATES AND BRACKETS				EXEMPTIONS	
Tax is based on federal taxable income. Adjustments are then made to reflect the difference between federal adjusted gross income and Vermont income.				Same as federal.	
Taxable Income Brackets				Marginal Tax Rates	
<u>Single</u>	<u>Married-J</u>	<u>Married-S</u>	<u>Head-of-Household</u>		
\$0 - 29,700	\$0 - 49,650	\$0 - 24,825	\$0 - 39,800	3.6%	
29,701 - 71,950	49,651 - 119,950	24,826 - 59,975	39,801 - 102,800	7.2	
71,951 - 150,150	119,951 - 182,800	59,976 - 91,400	102,801 - 166,450	8.5	
150,151 - 326,450	182,801 - 326,450	91,401 - 163,225	166,451 - 326,450	9.0	
326,451 and over	326,451 and over	163,226 and over	326,451 and over	9.5	
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/ CHECK-OFF	
<ul style="list-style-type: none"> • Affordable housing • Capital investment tax credit • Charitable housing investment • Child and dependent care expenses • Commercial building code improvements • Commercial film production credit • Earned income credit • Elderly and disabled • Employee training • Exports • Farm income averaging credit • Financial services • High-tech business credit 		<ul style="list-style-type: none"> • Higher education investment • Historic rehabilitation • Homeowner/rent property tax rebate • Income taxes paid to other state or Canadian province • Investment credit • Payroll tax • Platform lifts, elevators, and sprinkler systems • Qualified sale of mobile home • Research and development • Sustainable technology • Venture seed capital • Workforce development 		<ul style="list-style-type: none"> • Campaign fund • Children's trust fund • Nongame wildlife fund 	
				OTHER TAXES	
				<ul style="list-style-type: none"> • Tax on IRAs and MSAs • Use tax 	

VIRGINIA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend..... Exempts U.S. government bonds. Business/Rent/Farm Same as federal. Capital Gains & Losses Exclusion for gains on land sales for open space use. Pension/Retirement Income --Private Same as federal. --Public Same as federal. --U.S. Civil Service Same as federal. --Military Exempt for a retiree with a Congressional Medal of Honor. Active Duty Military CZE. Also exempt 100% of combat zone pay for Operation Joint Endeavor, up to \$15,000 of basic military pay, and up to \$3,000 of National Guard pay. Unemployment Compensation Exempt. Social Security Benefits Exempt. State/Municipal Bond Interest Taxable except Virginia obligations. Health Savings Accounts Same as federal. Miscellaneous Disability Income Deduction of up to \$20,000/person. Lottery Winnings Virginia lottery prizes of less than \$600 exempt. Federal Income Taxes Not deductible. Other Age based deductions for persons aged 64 and above, with income phase-out ranges for specific age groups. Subtractions for: \$1,000 per child for foster parents; the salary for a federal or state employee with a total annual salary of less than \$15,000; child and dependent care expenses; long-term care health insurance premiums; Avian influenza indemnification payments; income from peanut quota buyouts; bone marrow donor screening fees; charitable mileage; work opportunity wages; teacher tuition costs; contributions to Virginia Public School Construction Grants Program; and contributions to the Virginia College Savings Plan. In addition, deductions for certain federally taxable tobacco settlement payments, military death gratuity benefits, and Virginia college savings plan distributions or refunds.		<p>Standard: Single/HH \$3,000 Married-J \$6,000 Married-S \$3,000</p> <p>Itemized: Same as federal.</p> <p>Major Differences from Federal Law: Taxes: State and local income taxes are not deductible.</p>
		EXEMPTIONS
		Single/HH \$900 Married-J \$1,800 Married-S \$900 Dependent \$900 Age 65 and over \$800 Blind \$800
		CONTRIBUTION/ CHECK-OFF
		<ul style="list-style-type: none"> • Arts foundation • Chesapeake Bay restoration fund • Children of America Finding Hope, Inc. • Commission for the Arts • Community policing fund • Elderly and disabled transportation fund • Family and children trust fund • Federation of Humane Societies • 4-H educational centers • Governor's Office of Commonwealth Preparedness • Home energy assistance fund • Housing program • Historic resources • Jamestown-Yorktown foundation • Nongame wildlife program • Open space recreation and conservation fund • Political contributions • Public school foundations • Spay and neuter fund • State forests • Transplant Council • Tuition assistance • US Olympic Committee • Uninsured medical catastrophes • War and national D-day memorial foundations
TAX RATES AND BRACKETS		
Taxable Income Brackets \$0 - 3,000 3,001 - 5,000 5,001 - 17,000 17,001 and over	Marginal Tax Rates 2.00% 3.00 5.00 5.75	
TAX CREDITS	TAX CREDITS	
<ul style="list-style-type: none"> • Agricultural best management practices • Clean fuel vehicle and certain refueling property, vehicle emissions testing equipment • Coal field employment enhancement • Conservation tillage equipment • Day care facility investment • Disabled home accessibility • Employers of disabled individuals* • Enterprise zone • Fertilizer and pesticide application equipment • Foreign source retirement income • Historic rehabilitation • Income tax paid to other states • Low-income • Low-income housing • Major business facility job tax credit 	<ul style="list-style-type: none"> • Natural waterway buffers • Neighborhood assistance • Political contributions • Preservation of land • Qualified equity and subordinated debt investments • Recyclable materials processing equipment* • Rent reduction program • Spousal tax adjustment • Trust beneficiary accumulated distribution • Waste motor oil burning equipment • Worker retraining <p style="font-size: small;">*Carryforward only</p>	
	OTHER TAXES	
	<ul style="list-style-type: none"> • Use tax 	

WEST VIRGINIA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS																					
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/Farm.....Same as federal. Capital Gains & Losses.....Same as federal. Pension/Retirement Income --Private.....Generally same as federal.* --Public.....Exempt if from certain West Virginia law enforcement and firemen retirement systems. Others generally exclude up to \$2,000. --U.S. Civil Service.....Exclude up to \$2,000. --Military.....Exclude up to \$22,000. Active Duty Military.....Same as federal. Unemployment Compensation.....Same as federal. Social Security Benefits.....Same as federal. State/Municipal Bond Interest.....Taxable except West Virginia obligations. Health Savings Accounts.....Same as federal. Miscellaneous Disability Income.....Same as federal. Lottery Winnings.....Taxable. Federal Income Taxes.....Not deductible. Other.....Deduction of up to \$8,000 for age 65 or over or permanently and totally disabled (and, in the year following the death of such an individual, a deduction of up to \$8,000 for the surviving spouse). Earned income exclusion for low-income taxpayers. Deduction for contributions to West Virginia prepaid tuition and college savings programs, contributions to a West Virginia medical savings account, and long-term care insurance premiums.		<p>Standard: None</p> <p>Itemized: None</p>																					
<p>*However, a retiree from a terminated, employer-provided defined benefit plan covered by a guarantor may be eligible for a deduction based on reduced benefits.</p>																							
TAX RATES AND BRACKETS		EXEMPTIONS																					
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal</th> </tr> <tr> <th style="text-align: center;">Single/Married-J/HH</th> <th style="text-align: center;">Married-S</th> <th style="text-align: center;">Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 9,999</td> <td style="text-align: center;">\$0 - 4,999</td> <td style="text-align: center;">3.0%</td> </tr> <tr> <td style="text-align: center;">10,000 - 24,999</td> <td style="text-align: center;">5,000 - 12,499</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td style="text-align: center;">25,000 - 39,999</td> <td style="text-align: center;">12,500 - 19,999</td> <td style="text-align: center;">4.5</td> </tr> <tr> <td style="text-align: center;">40,000 - 59,999</td> <td style="text-align: center;">20,000 - 29,999</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">60,000 and over</td> <td style="text-align: center;">30,000 and over</td> <td style="text-align: center;">6.5</td> </tr> </tbody> </table>		Taxable Income Brackets		Marginal	Single/Married-J/HH	Married-S	Tax Rates	\$0 - 9,999	\$0 - 4,999	3.0%	10,000 - 24,999	5,000 - 12,499	4.0	25,000 - 39,999	12,500 - 19,999	4.5	40,000 - 59,999	20,000 - 29,999	6.0	60,000 and over	30,000 and over	6.5	Each federal exemption \$2,000 Surviving spouse..... \$2,000 Dependent on another person's return..... \$500
Taxable Income Brackets		Marginal																					
Single/Married-J/HH	Married-S	Tax Rates																					
\$0 - 9,999	\$0 - 4,999	3.0%																					
10,000 - 24,999	5,000 - 12,499	4.0																					
25,000 - 39,999	12,500 - 19,999	4.5																					
40,000 - 59,999	20,000 - 29,999	6.0																					
60,000 and over	30,000 and over	6.5																					
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES																					
<ul style="list-style-type: none"> • Adoption expenses • Alternative fuel vehicles • Economic development (general economic opportunity, corporate headquarters relocation, high-growth business development, small business, strategic research and development) • Environmental agricultural equipment • Historic rehabilitated building investment • Income tax paid to other states • Neighborhood investment • Senior citizen property tax • Qualified rehabilitated building investment • West Virginia capital company • West Virginia military incentive employment credit 	<ul style="list-style-type: none"> • Children's trust fund 	<ul style="list-style-type: none"> • Minimum tax 																					

WISCONSIN

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS																										
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/Farm.....Same as federal, except state farm loss provision. Capital Gains & Losses.....60% exclusion for assets held more than one year; deduction for net capital losses limited to \$500. Gains from qualified small business stock and family business sales are excluded. Pension/Retirement Income --Private.....Same as federal. --Public.....Exclusion if member of certain systems prior to 1964. --U.S. Civil Service.....Exclusion if member of system prior to 1964. --Military.....Exempt. Active Duty Military.....CZE and exclusions for certain active duty pay of Reserve and National Guard members. Unemployment Compensation.....Limited exclusion as provided under 1986 federal law. Social Security Benefits.....Up to 50% are taxable. State/Municipal Bond Interest.....Taxable except certain Wisconsin obligations. Health Savings Accounts.....No provision. Miscellaneous Disability Income.....Exclusion of up to \$5,200 per year. Lottery Winnings.....Same as federal. Federal Income Taxes.....Not deductible. Other.....50% exclusion for medical insurance costs of employees not covered by employer-provided insurance. Deductions for contributions to a Wisconsin college savings program, Wisconsin higher education expenses, adoption expenses, organ donation expenses, and long-term care insurance. Distributions from a passive foreign investment company are taxable.				<p>Standard: Sliding scale standard deduction</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Filing Status</th> <th style="text-align: center;">Standard Ded.</th> <th style="text-align: center;">Income Range for Deduction Phase-Out</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td style="text-align: right;">\$8,170</td> <td style="text-align: center;">\$11,770-79,853</td> </tr> <tr> <td>HH</td> <td style="text-align: right;">10,550</td> <td style="text-align: center;">11,770-79,853</td> </tr> <tr> <td>Married-J</td> <td style="text-align: right;">14,710</td> <td style="text-align: center;">16,520-90,895</td> </tr> <tr> <td>Married-S</td> <td style="text-align: right;">6,990</td> <td style="text-align: center;">7,850-43,192</td> </tr> </tbody> </table> <p>Itemized: Itemized deduction credit of 5% after subtraction of sliding scale standard deduction.</p> <p>Major Differences from Federal Law: <u>Taxes:</u> No credit for taxes. <u>Interest:</u> Interest paid on a second home outside of state, a boat, or to purchase U.S. securities is not allowed. <u>Casualty/Theft:</u> No credit for casualty and theft losses. <u>Miscellaneous:</u> No credit.</p>			Filing Status	Standard Ded.	Income Range for Deduction Phase-Out	Single	\$8,170	\$11,770-79,853	HH	10,550	11,770-79,853	Married-J	14,710	16,520-90,895	Married-S	6,990	7,850-43,192									
Filing Status	Standard Ded.	Income Range for Deduction Phase-Out																												
Single	\$8,170	\$11,770-79,853																												
HH	10,550	11,770-79,853																												
Married-J	14,710	16,520-90,895																												
Married-S	6,990	7,850-43,192																												
TAX RATES AND BRACKETS				EXEMPTIONS																										
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> <tr> <th style="text-align: center;">Single/HH</th> <th style="text-align: center;">Married-J</th> <th style="text-align: center;">Married-S</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 8,840</td> <td style="text-align: center;">\$0 - 11,780</td> <td style="text-align: center;">\$0 - 5,890</td> <td style="text-align: center;">4.60%</td> </tr> <tr> <td style="text-align: center;">8,841 - 17,680</td> <td style="text-align: center;">11,781 - 23,570</td> <td style="text-align: center;">5,891 - 11,780</td> <td style="text-align: center;">6.15</td> </tr> <tr> <td style="text-align: center;">17,681 - 132,580</td> <td style="text-align: center;">23,571 - 176,770</td> <td style="text-align: center;">11,781 - 88,390</td> <td style="text-align: center;">6.50</td> </tr> <tr> <td style="text-align: center;">132,581 and over</td> <td style="text-align: center;">176,771 and over</td> <td style="text-align: center;">88,391 and over</td> <td style="text-align: center;">6.75</td> </tr> </tbody> </table>				Taxable Income Brackets			Marginal Tax Rates	Single/HH	Married-J	Married-S		\$0 - 8,840	\$0 - 11,780	\$0 - 5,890	4.60%	8,841 - 17,680	11,781 - 23,570	5,891 - 11,780	6.15	17,681 - 132,580	23,571 - 176,770	11,781 - 88,390	6.50	132,581 and over	176,771 and over	88,391 and over	6.75	Single/HH/Married-S..... \$700 Married-J..... 1,400 Dependent..... 700 Age 65 and over..... 250		
Taxable Income Brackets			Marginal Tax Rates																											
Single/HH	Married-J	Married-S																												
\$0 - 8,840	\$0 - 11,780	\$0 - 5,890	4.60%																											
8,841 - 17,680	11,781 - 23,570	5,891 - 11,780	6.15																											
17,681 - 132,580	23,571 - 176,770	11,781 - 88,390	6.50																											
132,581 and over	176,771 and over	88,391 and over	6.75																											
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/ CHECK-OFF																										
<ul style="list-style-type: none"> • Armed forces members • Dairy investment • Development zone • Earned income tax credit • Farmland preservation • Farmland tax relief • Historical rehabilitation • Homestead • Income taxes paid to other states 		<ul style="list-style-type: none"> • Itemized deductions • Married couple (two earner) • Property tax/rent credit • Sales tax on fuel and electricity used in manufacturing • Technology zone • Venture capital -- angel and early stage seed investments • Veterans and surviving spouses property tax • Working families 		<ul style="list-style-type: none"> • Breast cancer research • Election campaign fund • Endangered resources donation • Football stadium donation • Veterans trust fund 																										
				OTHER TAXES																										
				<ul style="list-style-type: none"> • Minimum tax • Penalties on retirement plans and MSAs • Recycling surcharge on business • Use tax 																										