



Individual Income Tax Provisions in the States

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Individual Income Tax Provisions in the States

In 2003, 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 2003 tax year. This information shows only the tax provisions in effect for 2003 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 2003:

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 2003, 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 2003 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 2003 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 these 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 2003: 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. Generally, for taxpayers whose top marginal federal tax rate is 25% or higher, gains on assets held for more than one year and sold after May 7, 1997, are subject to a maximum marginal tax rate of 20% (15% for sales after May 5, 2003). In the case of taxpayers in the 10% and 15% federal tax brackets, a maximum marginal tax rate of 10% (5% for sales after May 5, 2003) applies to such gains. A special lower rate of 8% applies to certain transactions sold before May 6, 2003, when the asset was held more than five years. 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 17 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. 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 21 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 2003 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. 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 2003, 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 2003, thirty-three 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-three states followed federal practice in 2003, providing the combat zone exclusion described above but otherwise taxing active duty military pay. Nine other states conformed to the federal combat zone exclusion while providing additional tax exemptions or credits for active duty military and/or reservists' pay. Seven states provided a partial exemption for military pay that was independent of the federal combat zone exclusion, and five states (Illinois, Michigan, Montana, New Hampshire, and Tennessee) excluded military pay from taxation. Table 1 summarizes the states' tax treatment of active duty military pay.

Under the Military Family Tax Relief Act of 2003, 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.

Retirement/Pension Income. Many states provided state tax exclusions for retirement/pension income. As a result of the 1989 U.S. Supreme Court decision in Davis vs. Michigan Department of Treasury, states generally have moved to provide comparable tax treatment for federal civilian employee or military personnel pensions with state and local pension systems. Table 2 summarizes the basic exclusion amounts for the various types of retirement income in each state. When the exclusion amount for joint or combined returns is twice that for single filers, only the single exclusion amount is shown. Federal law prohibits states from taxing railroad retirement benefits.

deduction amount or an amount based on a percent of income up to a maximum amount. 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, and miscellaneous expenses. Certain itemized deductions are reduced if adjusted gross income is greater than a specified threshold. For tax year 2003, the threshold was \$139,500 (\$69,750 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 2003 was for state and local taxes, with only seven states allowing state income taxes to be deducted.

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 2003 is summarized in the adjacent chart.

The majority of states (34) provided a standard deduction in 2003. Of these states, eight used the federal standard deduction amounts. One state, Nebraska, used the federal standard deduction with a phase-out for higher income levels. 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

2003 Federal Standard Deduction

Filing Status	Under Age 65	Age 65 or Blind	Age 65 and Blind
Single	\$4,750	\$5,900	\$7,050
Married, filing jointly			
One spouse	---	10,450	11,400/12,350*
Both spouses	9,500	11,400	13,300
Married, filing separately	4,750	5,700	6,650
Head of household	7,000	8,150	9,300

*If one spouse is age 65 or over and blind and the other spouse is age 65 or over or blind, then the standard deduction is \$12,350.

Exemptions

A personal exemption of \$3,050 was provided in tax year 2003 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 2003, 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 2003 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), followed by Montana at 11%. 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 2003 and the number of states that provided such credits follows.

Credit for taxes paid to other states	42 states
Enterprise/jobs/business-related credits	36 states
Child/dependent care	28 states
Energy/environmental-related credits	26 states
Low-income.....	22 states
Property tax/rent/homestead	19 states
Elderly/disabled	19 states
Earned income tax credit	16 states

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 2003 are listed below.

Endangered/nongame wildlife funds.....	36 states
Child/domestic abuse trust fund	21 states
Election/campaign fund	21 states
Health-related funds.....	18 states
Veterans' programs/memorials	12 states
Senior services.....	8 states

Other Taxes

Several states impose additional taxes at the time the state income tax return is filed. Major taxes included on the 2003 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.....	4 states

Table 1: State Taxation of Active Duty Military Pay (Tax Year 2003)

State	Provision
Alabama	Same as federal
Arizona	100% exclusion for combat zone pay
Arkansas	First \$6,000 exempt
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	CZE and exclude other active duty pay in support of combat zones
Kansas	Same as federal
Kentucky	CZE and \$20 personal credit for Kentucky National Guard members
Louisiana	Same as federal
Maine	Same as federal
Maryland	Exclude up to \$15,000 for service outside U.S. if total military pay < \$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	Exclude \$1,000 plus \$300 per month if stationed abroad (long-form filers)
Ohio	Same as federal
Oklahoma	Exclude first \$1,500
Oregon	Exclude first \$3,000 if earned in Oregon; exempt if earned outside 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	Exempt if earned outside Vermont and first \$2,000 for National Guard members
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 up to \$200 credit for active duty outside of U.S.

* "CZE" represents the federal combat zone exclusion.

Table 2: State Tax Exclusion for Pension/Retirement Income (Tax Year 2003)

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	\$20,892/\$31,338*	\$20,892/\$31,338*	\$20,892/\$31,338*
Illinois	State Calculation	Exempt	Exempt	Exempt
Indiana	None	None	\$2,000*	\$2,000
Iowa	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000	\$6,000/\$12,000
Kansas	None	Exempt	Exempt	Exempt
Kentucky	Up to \$39,400	State Calculation	State Calculation	State Calculation
Louisiana	\$6,000	Exempt	Exempt	Exempt
Maine	\$6,000**	\$6,000**	\$6,000**	\$6,000**
Maryland	\$19,900**	\$19,900**	\$19,900**	\$19,900**
Massachusetts	None	Exempt***	Exempt***	Exempt
Michigan	\$37,710/\$74,420	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/\$20,000	\$15,000/\$20,000	\$15,000/\$20,000	Exempt
New Mexico	None	None	None	None
New York	\$20,000	Exempt	Exempt	Exempt
North Carolina	\$2,000	\$4,000	\$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	\$5,500	\$5,500	\$5,500	\$5,500
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

*Reduced by amount of social security received.

**Reduced by social security and railroad retirement benefits.

***Only contributory pension income is exempt.

Table 3: Standard Deduction by State (Tax Year 2003)

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		\$4,050	\$8,100	\$4,050	\$8,100
Arkansas		\$2,000	\$4,000	\$2,000	\$2,000
California		\$3,070	\$6,140	\$3,070	\$6,140
Colorado		Federal	Federal	Federal	Federal
Connecticut		\$12,500 - \$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		\$1,550	\$3,830	\$1,550	\$3,830
Kansas		\$3,000	\$6,000	\$3,000	\$4,500
Kentucky		\$1,830	\$1,830	\$1,830	\$1,830
Louisiana		\$4,500	\$9,000	\$4,500	\$9,000
Maine		Federal	\$7,950	\$3,975	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	Federal	Federal	Federal
Mississippi		\$2,300	\$4,600	\$2,300	\$3,400
Missouri		Federal	Federal	Federal	Federal
Montana	20%	\$1,480 - \$3,330	\$2,960 - \$6,660	\$1,480 - \$3,330	\$2,960 - \$6,660
Nebraska		Federal*	Federal*	Federal*	Federal*
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	\$5,500	\$2,750	\$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		\$1,670	\$3,345	\$1,670	\$2,695
Pennsylvania		None	None	None	None
Rhode Island		Federal	\$7,950	\$3,975	Federal
South Carolina		Federal	\$7,950	\$3,975	Federal
Tennessee		None	None	None	None
Utah		Federal	Federal	Federal	Federal
Vermont		Federal	Federal	Federal	Federal
Virginia		\$3,000	\$5,000	\$2,500	\$3,000
West Virginia		None	None	None	None
Wisconsin		\$7,790 - \$0	\$14,030 - \$0	\$6,660 - \$0	\$10,060 - \$0

*Same as federal except phased out at higher income levels.

Table 4: Treatment of Itemized Deductions by Category of Deductions by State (Tax Year 2003)

State	Itemized Deductions	State Income 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	State	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	None	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	None	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	None	State	Federal	Federal	State	Federal
Montana	Yes	None	State	Federal	State	Federal	State
Nebraska	Yes	None	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	None	State	Federal	State	Federal	State
North Carolina	Yes	None	State	Federal	Federal	Federal	Federal
North Dakota	Yes	None	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	Federal	Federal	Federal	Federal	State
Tennessee	No	None	None	None	None	None	None
Utah	Yes	None	Federal	Federal	Federal	Federal	Federal
Vermont	Yes	Federal	Federal	Federal	Federal	Federal	Federal
Virginia	Yes	None	State	Federal	Federal	Federal	Federal
West Virginia	No	None	None	None	None	None	None
Wisconsin	Yes	None	None	State	Federal	Federal	None

Table 5: Personal Exemptions/Credits by State (Tax Year 2003)

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	2,100	2,300	-0-	B 1,500
Arkansas	Credit	20	40	20	40	20	20	500	B, D 20
California	Credit	82	164	82	82	82	257	-0-	B 82
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	-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	3,300	6,600	3,300	5,100	700	1,000	-0-	B 2,200
Michigan	Exemption	3,100	6,200	3,100	3,100	1,900	3,700/3,100	-0-	B,D,DS 1,900
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	1,780	3,560	1,780	1,780	1,780	1,780	1,780	B 1,780
Nebraska	Credit	99	198	99	99	-0-	99	-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	5,000	2,500	2,500	-0-	2,500	-0-	-0-
North Dakota	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
Ohio	Exemption/Cr	1,250/20	2,500/40	1,250/20	1,250/20	-0-	1,250/20	-0-	-0-
Oklahoma	Exemption	1,000	2,000	1,000	1,000	1,000	1,000	-0-	B 1,000
Oregon	Credit	147	294	147	147	-0-	147	147	DS 147
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	Federal	Federal	Federal	Federal
Tennessee	Exemption	1,250	2,500	1,250	1,250	-0-	-0-	-0-	B, DS Exempt
Utah	Exemption	2,288	4,576	2,288	2,288	-0-	2,288	2,288	DS 2,288
Vermont	Exemption	Federal	Federal	Federal	Federal	Federal	Federal	Federal	Federal
Virginia	Exemption	800	1,600	800	800	800	800	-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-

*The credit percentages are applied to gross tax and phased out for higher-income taxpayers.

Table 6: Tax Rates and Brackets by State (Tax Year 2003)

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	\$3,000	\$6,000	\$3,000	\$3,000
Arizona	2.87	5.04	5	150,000	300,000	150,000	300,000
Arkansas ^a	1.0	7.0	6	27,900	27,900	27,900	27,900
California	1.0	9.3	6	39,133	78,266	39,133	53,267
Colorado	4.63	4.63	Flat Rate	---	---	---	---
Connecticut	3.0	5.0	2	10,000	20,000	10,000	16,000
Delaware	0.0	5.95	7	60,000	60,000	60,000	60,000
Dist. of Columbia	5.0	9.3	3	30,000	30,000	30,000	30,000
Georgia	1.0	6.0	6	7,000	10,000	5,000	10,000
Hawaii	1.4	8.25	9	40,000	80,000	40,000	60,000
Idaho	1.6	7.8	8	22,074	44,148	22,074	44,148
Illinois	3.0	3.0	Flat Rate	---	---	---	---
Indiana	3.4	3.4	Flat Rate	---	---	---	---
Iowa	0.36	8.98	9	55,080	55,080	55,080	55,080
Kansas	3.5	6.45	3	30,000	60,000	30,000	30,000
Kentucky	2.0	6.0	5	8,000	8,000	8,000	8,000
Louisiana	2.0	6.0	3	25,000	50,000	25,000	25,000
Maine	2.0	8.5	4	16,950	33,950	16,950	25,450
Maryland	2.0	4.75	4	3,000	3,000	3,000	3,000
Massachusetts ^b	5.3	12.0	Flat Rates	---	---	---	---
Michigan	4.0	4.0	Flat Rate	---	---	---	---
Minnesota	5.35	7.85	3	62,440	110,390	55,200	94,030
Mississippi	3.0	5.0	3	10,000	10,000	10,000	10,000
Missouri	1.5	6.0	10	9,000	9,000	9,000	9,000
Montana	2.0	11.0	10	77,800	77,800	77,800	77,800
Nebraska	2.56	6.84	4	26,500	46,750	23,375	35,000
New Hampshire	5.0	5.0	Flat Rate	---	---	---	---
New Jersey	1.4	6.37	5/6	75,000	150,000	75,000	150,000
New Mexico	1.7	7.7	6	42,000	64,000	32,000	53,000
New York	4.0	7.7	7	500,000	500,000	500,000	500,000
North Carolina	6.0	8.25	4	120,000	200,000	100,000	160,000
North Dakota ^c	2.1	5.54	5	311,950	311,950	155,975	311,950
Ohio	0.743	7.5	9	200,000	200,000	200,000	200,000
Oklahoma ^d	0.5	10.0	11	16,000	24,000	16,000	24,000
Oregon	5.0	9.0	3	6,350	12,700	6,350	12,700
Pennsylvania	2.8	2.8	Flat Rate	---	---	---	---
Rhode Island	3.75	9.9	5	311,950	311,950	155,975	311,950
South Carolina	2.5	7.0	6	12,300	12,300	12,300	12,300
Tennessee	6.0	6.0	Flat Rate	---	---	---	---
Utah	2.3	7.0	6	4,313	8,626	4,313	8,626
Vermont	3.6	9.5	5	311,950	311,950	155,975	311,950
Virginia	2.0	5.75	4	17,000	17,000	17,000	17,000
West Virginia	3.0	6.5	5	60,000	60,000	30,000	60,000
Wisconsin	4.6	6.75	4	126,420	168,560	84,280	126,420

^aSpecial tax table for low-income taxpayers. Most taxpayers subject to 3% surcharge.^bMassachusetts has flat tax rates, each of which is applied to different sources of income.^cNorth Dakota's standard method. There is also an optional method with separate rates and brackets.^dOklahoma'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.</p> <p>Business/Rent/Farm.....State schedule for rental income.</p> <p>Capital Gains & Losses.....Same as federal, except all gains are taxable and all losses deductible in year incurred.</p> <p>Pension/Retirement Income</p> <p>--Private.....Payments from defined benefit plans are exempt.</p> <p>--Public.....Most systems exempt.</p> <p>--U.S. Civil Service.....Exempt.</p> <p>--Military.....Exempt.</p> <p>Active Duty Military.....Same as federal.</p> <p>Unemployment Compensation.....Exempt.</p> <p>Social Security Benefits.....Exempt.</p> <p>State/Municipal Bond Interest.....Taxable except Alabama obligations.</p> <p>Miscellaneous</p> <p>Disability Income.....Exempt.</p> <p>Lottery Winnings.....Taxable.</p> <p>Federal Income Taxes.....Deductible.</p> <p>Other.....Moving 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 tax 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;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal</th> </tr> <tr> <th style="text-align: center;">Single/Married-S/HH</th> <th style="text-align: center;">Married-Joint</th> <th style="text-align: center;">Tax Rates</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;">500 - 3,000</td> <td style="text-align: center;">1,000 - 6,000</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td style="text-align: center;">3,000 and over</td> <td style="text-align: center;">6,000 and over</td> <td style="text-align: center;">5.0</td> </tr> </tbody> </table>		Taxable Income Brackets		Marginal	Single/Married-S/HH	Married-Joint	Tax Rates	\$0 - 500	\$0 - 1,000	2.0%	500 - 3,000	1,000 - 6,000	4.0	3,000 and over	6,000 and over	5.0	<p>Single..... \$1,500</p> <p>Married-J/HH..... 3,000</p> <p>Married-S..... 1,500</p> <p>Dependent..... 300</p>
Taxable Income Brackets		Marginal															
Single/Married-S/HH	Married-Joint	Tax Rates															
\$0 - 500	\$0 - 1,000	2.0%															
500 - 3,000	1,000 - 6,000	4.0															
3,000 and over	6,000 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 • Rural physician's tax credit • Taxes paid to other states 	<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
<u>Major Differences from Federal Law</u>			
Interest/Dividend.....	Exempts U.S. government bonds.		<p>Standard: Single/Married-S--\$4,050; Married-J/HH--\$8,100.</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>
Business/Rent/Farm	Same as federal.		
Capital Gains & Losses	Same as federal.		
Pension/Retirement Income			
--Private	Same as federal.		
--Public.....	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.		
Unemployment Compensation.....	Same as federal.		
Social Security Benefits	Exempt.		
State/Municipal Bond Interest.....	Taxable except Arizona obligations.		
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.		
TAX RATES AND BRACKETS			EXEMPTIONS
<u>Taxable Income Brackets</u>			
<u>Single/Married-S</u>		<u>Married-Joint/HH</u>	<u>Marginal Tax Rates</u>
\$0 - 10,000	\$0 - 20,000	2.87%	Single/MS.....\$2,100
10,000 - 25,000	20,000 - 50,000	3.20	MJ/HH.....4,200
25,000 - 50,000	50,000 - 100,000	3.74	MJ with at least
50,000 - 150,000	100,000 - 300,000	4.72	one dependent.....6,300
150,000 and over	300,000 and over	5.04	Dependent.....2,300
			Age 65 and over.....2,100
			Blind1,500
			Qualified parents
			or ancestors.....10,000
TAX CREDITS	TAX CREDITS (cont.)		CONTRIBUTION/CHECK-OFF
<ul style="list-style-type: none"> • Agricultural (preservation district, water conservation system, and pollution control equipment) • Alternative fuel vehicle and delivery system and vehicle fuel refueling apparatus • Clean election fund tax credit • Construction materials • 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 	<ul style="list-style-type: none"> • Enterprise zone • Environmental (technology, solar energy, underground storage tanks, pollution control, and solar hot water heater plumbing stub outs and electronic vehicle recharge outlets) • Family income tax credit • Fees paid and certain contributions to public schools • Increased excise taxes • Increased research activities • Military reuse zone • Property tax/rent • Recycling equipment • Taxes paid other states/countries 		<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 First \$6,000 exempt. Unemployment Compensation..... Exempt. Social Security Benefits Exempt. State/Municipal Bond Interest..... Taxable except Arkansas obligations. 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 and long-term intergenerational trusts. *The \$6,000 pension exclusion can be applied toward early distributions from an IRA if the participant has reached 59 ½ years of age.		<p>Standard: Single/MS/HH--\$2,000 Married-J--\$4,000</p> <p>Itemized: State itemized deductions.</p> <p>Major Differences from Federal Law: <u>Contributions:</u> Limited to 50% of AGI with a 5-year carryover. <u>Taxes:</u> State income tax not deductible.</p>																														
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 - 3,300</td> <td style="text-align: center;">1.0%</td> </tr> <tr> <td style="text-align: center;">3,300 - 6,700</td> <td style="text-align: center;">2.5</td> </tr> <tr> <td style="text-align: center;">6,700 - 10,000</td> <td style="text-align: center;">3.5</td> </tr> <tr> <td style="text-align: center;">10,000 - 16,700</td> <td style="text-align: center;">4.5</td> </tr> <tr> <td style="text-align: center;">16,700 - 27,900</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td style="text-align: center;">27,900 and over</td> <td style="text-align: center;">7.0</td> </tr> </tbody> </table> <p>Special tax table provided for low-income taxpayers. Taxpayers not claiming the border city exemption are subject to a 3.0% surcharge on gross tax before credits.</p>		Taxable Income Bracket	Marginal Tax Rates	\$0 - 3,300	1.0%	3,300 - 6,700	2.5	6,700 - 10,000	3.5	10,000 - 16,700	4.5	16,700 - 27,900	6.0	27,900 and over	7.0	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Single/MS.....</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Married-J/HH</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Dependent.....</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Age 65 or over.....</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Developmentally Disabled Child</td> <td style="text-align: right; vertical-align: bottom;">500</td> </tr> <tr> <td>Blind</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Deaf.....</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Age 65 special</td> <td style="text-align: right;">20</td> </tr> </tbody> </table>	Single/MS.....	20	Married-J/HH	40	Dependent.....	20	Age 65 or over.....	20	Developmentally Disabled Child	500	Blind	20	Deaf.....	20	Age 65 special	20
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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 • Manufacturing investment • Phenylketonuria disorder 	<ul style="list-style-type: none"> • Political contributions • Private wetland/riparian zone • Public roads improvement • Taxes paid to other states • 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"> • Baby Sharon Act • Disaster relief • 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																																
<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 California depreciation methods and accelerated writeoffs.</p> <p>Capital Gains & Losses Same as federal.</p> <p>Pension/Retirement Income</p> <p>--Private Same as federal.</p> <p>--Public..... Same as federal.</p> <p>--U.S. Civil Service Same as federal.</p> <p>--Military..... Same as federal.</p> <p>Active Duty Military Same as federal.</p> <p>Unemployment Compensation..... Exempt.</p> <p>Social Security Benefits Exempt.</p> <p>State/Municipal Bond Interest..... Taxable except California obligations.</p> <p>Miscellaneous</p> <p>Disability Income..... Same as federal.</p> <p>Lottery Winnings..... California lottery winnings exempt.</p> <p>Federal Income Taxes..... Not deductible.</p> <p>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, student loan interest, and provisions of the 2003 Military Family Tax Relief Act.</p>		<p>Standard: Single/Married-S--\$3,070 Married-J/HH--\$6,140</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 tax and state disability insurance are not deductible.</p> <p><u>Miscellaneous:</u> Different treatment of investment interest expense and employee business expense.</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>																																
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDIT)																																
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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 • Farmworker housing • Joint custody head-of-household • Joint strike fighter wages and property • Local agency military base recovery area • Long-term care • Low-income housing 	<ul style="list-style-type: none"> • Manufacturers' investment • Manufacturing enhancement area • Natural heritage preservation • Nonrefundable renters • Other state tax • Prior year alternative minimum tax • Prison inmate labor • Renters' credit • Research • Rice straw • Senior head-of-household • Solar energy system • Targeted area hiring and sales or use tax • Teacher retention 	<ul style="list-style-type: none"> • Alzheimer's disease/related disorders • Asthma and lung disease research fund • Breast cancer research • California missions foundation fund • California seniors special fund • Child abuse prevention • Emergency food assistance program • Firefighters' memorial • Peace officer memorial • Rare and endangered species preservation • Senior citizens fund <p style="text-align: center;">OTHER TAXES</p> <ul style="list-style-type: none"> • Alternative minimum tax • Credit recapture • Taxes attributed to IRAs, other qualified retirement plans, annuities, modified endowment contracts and MSAs. • 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 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.	
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. Distributions from a private tuition program used for higher education are exempt.	
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 • Colorado works program • Conservation easement • Contaminated land redevelopment • Enterprise zone (investment, new business, rural, agriculture, health insurance, and others) • Historic property preservation • Long-term care • Low-income housing • Plastic recycling investment • School-to-career investment • Taxes paid in other states • Weather related livestock sale 	<ul style="list-style-type: none"> • Colorado Watershed Protection (CAWA) fund • Domestic abuse • Family resource centers fund • Homeless prevention activities • Nongame and endangered wildlife • Pet overpopulation fund • Special Olympics • US Olympic Committee • Veterans cemetery • Watershed protection fund 	<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; margin: 0;"><u>Major Differences from Federal Law</u></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. 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. 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>Standard:</p> <p>Sliding scale standard deduction.</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Filing Status</th> <th style="text-align: center; border-bottom: 1px solid black;">Standard Deduction</th> <th style="text-align: center; border-bottom: 1px solid black;">Income Range for Deduction Phase-Out</th> </tr> </thead> <tbody> <tr> <td>Single</td> <td style="text-align: center;">\$12,500</td> <td style="text-align: center;">\$25,000 - \$37,000</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	\$12,500	\$25,000 - \$37,000	HH	19,000	38,000 - 56,000	Married-J	24,000	48,000 - 71,000	Married-S	12,000	24,000 - 35,000									
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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 • 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
<u>Major Differences from Federal Law</u>		
Interest/Dividend.....	Exempts U.S. government bonds.	Standard: Single/HH--\$3,250; Married-J--\$6,500; Married-S--\$3,250.
Business/Rent/Farm	Same as federal.	
Capital Gains & Losses	Same as federal.	
Pension/Retirement Income		
--Private	Exclude \$2,000 (under 60); \$12,500 (60 and over).	Additional standard deduction if:
--Public.....	Exclude \$2,000 (under 60); \$12,500 (60 and over).	Blind--\$2,500
--U.S. Civil Service	Exclude \$2,000 (under 60); \$12,500 (60 and over).	Age 65 or over--\$2,500
--Military.....	Exclude \$2,000 (under 60); \$12,500 (60 and over).	
Active Duty Military	Same as federal.	Itemized: Federal itemized deductions.
Unemployment Compensation.....	Same as federal.	
Social Security Benefits	Exempt.	
State/Municipal Bond Interest	Taxable except Delaware obligations.	Major Differences from Federal Law:
Miscellaneous		<u>Contributions:</u> Charitable mileage deduction.
Disability Income	See other.	<u>Taxes:</u> State income tax not deductible; foreign tax credit deductible.
Lottery Winnings	Delaware winnings exempt.	
Federal Income Taxes.....	Not deductible.	
Other	Exclusion 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.	
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDIT)
<u>Taxable Income Bracket</u>	<u>Marginal Tax Rates</u>	Each federal exemption \$110 Age 60 or over \$110
\$0 - 2,000	No tax	
2,000 - 5,000	2.20%	
5,000 - 10,000	3.90	
10,000 - 20,000	4.80	
20,000 - 25,000	5.20	
25,000 - 60,000	5.55	
60,000 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 • Land and historic resource conservation • Rehabilitation of contaminated industrial sites • Tax paid to another state • 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 • 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 InterestSame 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 and awards received from unlawful employment discrimination and contributions to DC college savings plan.		<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 taxes not deductible.</p>																				
TAX RATES AND BRACKETS		EXEMPTIONS																				
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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 • Low-income • Property tax/rent • Tax paid another state 	<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: Single/HH--\$2,300; Married-J--\$3,000; Married-S--\$1,500; Age 65 or over or blind--\$1,300. Itemized: Federal itemized deductions. Major Differences from Federal Law: <u>Taxes:</u> State income taxes other than Georgia's not deductible. <u>Interest:</u> Investment interest for the production of exempt income is not allowed.
Business/Rent/Farm	Same as federal.			
Capital Gains & Losses	Same as federal.			
Pension/Retirement Income				
--Private	\$15,000 excluded (62 and over or totally disabled).			
--Public.....	\$15,000 excluded (62 and over or totally disabled).			
--U.S. Civil Service	\$15,000 excluded (62 and over or totally disabled).			
--Military.....	\$15,000 excluded (62 and over or totally disabled).			
Active Duty Military	Same as federal.			
Unemployment Compensation.....	Same as federal.			
Social Security Benefits	Exempt.			
State/Municipal Bond Interest.....	Taxable except Georgia obligations.			
Miscellaneous				
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. Deduction for contributions to a Georgia higher education savings plan and for amounts claimed for federal work opportunity credit.			
TAX RATES AND BRACKETS				EXEMPTIONS
<u>Taxable Income Brackets</u>			<u>Marginal Tax Rate</u>	Single/Married-S/HH \$2,700 Married-J..... \$5,400 Dependent..... \$3,000
<u>Single</u>	<u>Married-S</u>	<u>Married-J/HH</u>		
\$0 - 750	\$0 - 500	\$0 - 1,000	1%	
750 - 2,250	500 - 1,500	1,000 - 3,000	2	
2,250 - 3,750	1,500 - 2,500	3,000 - 5,000	3	
3,750 - 5,250	2,500 - 3,500	5,000 - 7,000	4	
5,250 - 7,000	3,500 - 5,000	7,000 - 10,000	5	
7,000 and over	5,000 and over	10,000 and over	6	
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/CHECK-OFF
<ul style="list-style-type: none"> • Bank tax • Basic skills education for employees • 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 • Headquarters • Investment 		<ul style="list-style-type: none"> • Low- and zero-emission vehicle • Low-income • Low-income housing • Manufacturer's investment and new facilities job and property • Port activity • Qualified transportation for employees • Research • Rural physicians • Small business growth • Tax paid to another state 		<ul style="list-style-type: none"> • Children and elderly fund • Georgia cancer research fund • Nongame-endangered wildlife conservation
				OTHER TAXES
				<ul style="list-style-type: none"> • Use tax

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/W--\$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: <u>Political Contributions:</u> 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	Federal combat zone exclusion 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.			
Miscellaneous				
Disability Income	Same as federal.			
Lottery Winnings.....	Same as federal.			
Federal Income Taxes.....	Not deductible.			
Other	Deductions for payments, and earnings on, an individual housing account and an individual development account. Deduction for certain income from high technology business. 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
<u>Taxable Income Brackets</u>				
<u>Single/Married-S</u>	<u>Married-Joint</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>	Single/HH/MS.....\$1,040 Married-J.....2,080 Age 65 or over.....1,040 Dependent.....1,040 Blind, deaf, or totally disabled.....7,000* *In lieu of regular personal exemptions
\$0 - 2,000	\$0 - 4,000	\$0 - 3,000	1.40%	
2,000 - 4,000	4,000 - 8,000	3,000 - 6,000	3.20	
4,000 - 8,000	8,000 - 16,000	6,000 - 12,000	5.50	
8,000 - 12,000	16,000 - 24,000	12,000 - 18,000	6.40	
12,000 - 16,000	24,000 - 32,000	18,000 - 24,000	6.80	
16,000 - 20,000	32,000 - 40,000	24,000 - 30,000	7.20	
20,000 - 30,000	40,000 - 60,000	30,000 - 45,000	7.60	
30,000 - 40,000	60,000 - 80,000	45,000 - 60,000	7.90	
40,000 and over	80,000 and over	60,000 and over	8.25	
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) • Enterprise zone • Ethanol investment • High technology companies • Hotel construction and remodeling (through June 30, 2003) • Individual development account • Low-income credit 	<ul style="list-style-type: none"> • 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 paid other states and countries • Taxes withheld on sale of Hawaii real property interests • Technology infrastructure renovation 			<ul style="list-style-type: none"> • Election campaign fund • 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 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 \$20,892 single; \$31,338 married (65 and over, or disabled and 62 and over) - reduced by amount of social security income.																																
--U.S. Civil Service	Exclude \$20,892 single; \$31,338 married (65 and over, or disabled and 62 and over) - reduced by amount of social security income.																																
--Military.....	Exclude \$20,892 single; \$31,338 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.																																
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																														
<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/Married-S</u></th> <th style="text-align: center;"><u>Married-J, HH</u></th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 1,104</td> <td style="text-align: center;">\$0 - 2,208</td> <td style="text-align: center;">1.6%</td> </tr> <tr> <td style="text-align: center;">1,104 - 2,207</td> <td style="text-align: center;">2,208 - 4,414</td> <td style="text-align: center;">3.6</td> </tr> <tr> <td style="text-align: center;">2,207 - 3,311</td> <td style="text-align: center;">4,414 - 6,622</td> <td style="text-align: center;">4.1</td> </tr> <tr> <td style="text-align: center;">3,311 - 4,415</td> <td style="text-align: center;">6,622 - 8,830</td> <td style="text-align: center;">5.1</td> </tr> <tr> <td style="text-align: center;">4,415 - 5,518</td> <td style="text-align: center;">8,830 - 11,036</td> <td style="text-align: center;">6.1</td> </tr> <tr> <td style="text-align: center;">5,518 - 8,278</td> <td style="text-align: center;">11,036 - 16,556</td> <td style="text-align: center;">7.1</td> </tr> <tr> <td style="text-align: center;">8,278 - 22,074</td> <td style="text-align: center;">16,556 - 44,148</td> <td style="text-align: center;">7.4</td> </tr> <tr> <td style="text-align: center;">22,074 and over</td> <td style="text-align: center;">44,148 and over</td> <td style="text-align: center;">7.8</td> </tr> </tbody> </table>			<u>Taxable Income Brackets</u>		<u>Marginal Tax Rates</u>	<u>Single/Married-S</u>	<u>Married-J, HH</u>		\$0 - 1,104	\$0 - 2,208	1.6%	1,104 - 2,207	2,208 - 4,414	3.6	2,207 - 3,311	4,414 - 6,622	4.1	3,311 - 4,415	6,622 - 8,830	5.1	4,415 - 5,518	8,830 - 11,036	6.1	5,518 - 8,278	11,036 - 16,556	7.1	8,278 - 22,074	16,556 - 44,148	7.4	22,074 and over	44,148 and over	7.8	Same as federal.
<u>Taxable Income Brackets</u>			<u>Marginal Tax Rates</u>																														
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22,074 and over	44,148 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 • 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 	<ul style="list-style-type: none"> • Children's trust fund/child abuse prevention • Election campaign fund • Nongame wildlife conservation fund 	<ul style="list-style-type: none"> • Permanent building fund tax • Recapture of Idaho broad band 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.	
Miscellaneous		
Disability Income	Government plans exempt.	
Lottery Winnings	Same as federal. (No deduction for gambling losses.)	
Federal Income Taxes.....	Not deductible.	
Other	Deductions for enterprise zone dividends, ridesharing money, contributions to, and interest earnings on, the Illinois Bright Star College Savings Pool, expenses related to certain federally tax-exempt investments, and a dependent's unearned income included in parent's federal income.	
	*Federally taxable IRA and section 457 deferred compensation plans are exempt.	
TAX RATES AND BRACKETS		EXEMPTIONS
3% of taxable net income		Each federal exemption\$2,000 Age 65 or over1,000 Blind1,000 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 • Environmental remediation • High impact business investment • Homeowner's property tax • Income taxes paid to other states • Jobs • Qualified education expenses • Youth vocational programs 	<ul style="list-style-type: none"> • Alzheimer's disease research • Asthma and lung research • Assistance to the homeless • Breast and cervical cancer research • Child abuse prevention • Leukemia treatment and education • Lou Gehrig's Disease (ALS) • Military family relief • Multiple sclerosis • Prostate cancer research • Wildlife preservation • World War II memorial 	None

INDIANA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS								
<p><u>Major Differences from Federal Law</u></p>										
Interest/Dividend.....	Exempts U.S. government bonds.	<p>Standard: None</p> <p>Itemized: None</p>								
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	Up to \$2,000 exempt, less social security benefits (62 & over).									
--Military.....	Up to \$2,000 exempt (60 & over).									
Active Duty/Reserve Military.....	Federal combat zone exclusion and exempt up to \$2,000 for active duty and active reserves.									
Unemployment Compensation.....	Limited exclusion as provided under 1986 federal law.									
Social Security Benefits	Exempt.									
State/Municipal Bond Interest.....	Exempt.									
Miscellaneous										
Disability Income	Up to \$5,200 exempt if retired and under 65.									
Lottery Winnings	Limited exemption for Indiana lottery winnings.									
Federal Income Taxes.....	Not deductible.									
Other	Deductions 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, holocaust victim settlements, and Indiana Partnership long-term care insurance premiums. State taxes based on income must be added back.									
*Exclusion of up to \$5,200 in the case of disability retirement.										
TAX RATES AND BRACKETS		EXEMPTIONS								
3.4% of adjusted gross income.		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Each federal exemption</td> <td style="text-align: right;">\$1,000</td> </tr> <tr> <td>Dependent child</td> <td style="text-align: right;">1,500*</td> </tr> <tr> <td>Blind or 65 or over</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>65 or over and low-income</td> <td style="text-align: right;">500</td> </tr> </table> <p>*Total exemption for a dependent child is \$2,500.</p>	Each federal exemption	\$1,000	Dependent child	1,500*	Blind or 65 or over	1,000	65 or over and low-income	500
Each federal exemption	\$1,000									
Dependent child	1,500*									
Blind or 65 or over	1,000									
65 or over and low-income	500									
TAX CREDITS	TAX CREDITS (cont.)	CONTRIBUTION/CHECK-OFF								
<ul style="list-style-type: none"> • Capital investment • College donation • Community revitalization enhancement district • County credit for the elderly • Earned income tax credit • Enterprise zone/airport development • Historic rehabilitation • Individual development account • Industrial recovery • Lake County residential property tax • Maternity home 	<ul style="list-style-type: none"> • Military base recovery • Neighborhood assistance • Prison investment • Refined lubricated oil facility • Research expense • Riverboat building • Scholarship program • Taxes paid to other states and localities • Teacher summer employment • Unified tax credit for elderly • Voluntary brownfield and environmental remediation 	<ul style="list-style-type: none"> • Nongame and endangered wildlife fund 								
		OTHER TAXES								
		<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--\$1,550; Married-J/HH--\$3,830 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. A portion of vehicle registration fee is deductible. <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 \$12,000 (\$6,000 single) exempt, if 55 or over or disabled.			
--Public.....	Up to \$12,000 (\$6,000 single) exempt, if 55 or over or disabled.			
--U.S. Civil Service	Up to \$12,000 (\$6,000 single) exempt, if 55 or over or disabled.			
--Military.....	Up to \$12,000 (\$6,000 single) exempt, if 55 or over or disabled.			
Active Duty Military	Federal combat zone and active duty pay in support of combat zones even if service is not overseas. Also exempt certain student loan repayments of active duty military and up to \$1,500 in overnight travel expenses of military Reserves/National Guard.			
Unemployment Compensation.....	Same as federal.			
Social Security Benefits	Up to 50% of benefits are taxable.			
State/Municipal Bond Interest.....	Taxable except certain Iowa obligations.			
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 credit; health, dental, and long-term care insurance premiums; in-home health care expenses; and contributions to Iowa Education Savings Plan Trust. Low-income exemption.			
TAX RATES AND BRACKETS				EXEMPTIONS (TAX CREDIT)
Taxable Income Bracket	Marginal Tax Rates	Taxable Income Bracket	Marginal Tax Rates	Single/MS \$40
\$0 - 1,224	0.36%	\$11,016 - 18,360	6.12%	Married-J/HH..... 80
1,224 - 2,448	0.72	18,360 - 24,480	6.48	Blind..... 20
2,448 - 4,896	2.43	24,480 - 36,720	6.80	Age 65 or Over..... 20
4,896 - 11,016	4.50	36,720 - 55,080	7.92	Dependent..... 40
		55,080 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 • Endow Iowa endowment gifts • Ethanol/blended gasoline • Enterprise zones • Franchise/S-corporation • Housing and/or development business • Investment • Minimum tax carry forward • Motor fuel tax • New jobs • Out-of-state tax credit • Property rehabilitation • Research activities • Tuition and textbook 		<ul style="list-style-type: none"> • Election campaign fund • 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 • Penalty on early withdrawals from time savings deposits.

KANSAS

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS																
<p>Major Differences from Federal Law</p> <p>Interest/Dividend.....Exempts U.S. government bonds and dividends from Kansas Venture Capital, Inc.</p> <p>Business/Rent/FarmSame as federal.</p> <p>Capital Gains & LossesSame as federal.</p> <p>Pension/Retirement Income</p> <p>--PrivateSame as federal.</p> <p>--Public.....Exempt.</p> <p>--U.S. Civil ServiceExempt.</p> <p>--Military.....Exempt</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 most Kansas obligations.</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>OtherAddition for employee contributions to Public Employees Retirement System. Deduction for contributions to the Learning Quest Savings program, and earnings on Individual Development accounts established to pay for education.</p>		<p>Standard:</p> <p> Added Amount if: Age 65 Blind</p> <p>Single \$3,000 \$850 \$850</p> <p>Married-J 6,000 700 700</p> <p>Married-S 3,000 700 700</p> <p>Head-of- Household 4,500 850 850</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: Taxes: State and local income taxes not deductible.</p>																
TAX RATES AND BRACKETS		EXEMPTIONS																
<table border="1"> <thead> <tr> <th colspan="3">Taxable Income Brackets</th> </tr> <tr> <th><u>Married-Joint</u></th> <th><u>Single/MS/ Head-of-Household</u></th> <th><u>Marginal Tax Rates</u></th> </tr> </thead> <tbody> <tr> <td>\$0 - 30,000</td> <td>\$0 - 15,000</td> <td>3.50%</td> </tr> <tr> <td>30,000 - 60,000</td> <td>15,000 - 30,000</td> <td>6.25</td> </tr> <tr> <td>60,000 and over</td> <td>30,000 and over</td> <td>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%	30,000 - 60,000	15,000 - 30,000	6.25	60,000 and over	30,000 and over	6.45	<p>Each federal exemption\$2,250</p> <p>Additional exemption if head-of-household2,250</p>	
Taxable Income Brackets																		
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TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES																
<ul style="list-style-type: none"> • Adoption • Agricultural loan interest reduction • Alternative fuel vehicle • 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 • Plugging an abandoned gas or oil well • Research and development • Small employer health insurance • Telecommunications property income tax • Temporary assistance to families contribution • Taxes paid to other states • Single city port authority • Swine facility improvement • Venture and local seed capital 	<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 \$39,400.</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 MilitaryFederal combat zone 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>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. Tobacco settlement income is exempt. Deduction for amount claimed for federal work opportunity credit. Kentucky law conforms to the Internal Revenue Code in effect on December, 31, 2001. Therefore certain federal deductions, such as teacher classroom expenses and travel expenses for National Guard and Reserve members, do not apply for Kentucky tax purposes.</p>		<p>Standard: All -- \$1,830</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 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%</td> </tr> <tr> <td style="text-align: center;">3,000 - 4,000</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">4,000 - 5,000</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">5,000 - 8,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">8,000 and over</td> <td style="text-align: center;">6</td> </tr> </tbody> </table>	Taxable Income Brackets	Tax Rates	\$0 - 3,000	2%	3,000 - 4,000	3	4,000 - 5,000	4	5,000 - 8,000	5	8,000 and over	6	<table style="width: 100%;"> <tbody> <tr> <td>Single/HH</td> <td style="text-align: right;">\$20</td> </tr> <tr> <td>Married-J</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Married-S.....</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Dependent.....</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Age 65 or over</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Blind</td> <td style="text-align: right;">40</td> </tr> </tbody> </table>		Single/HH	\$20	Married-J	40	Married-S.....	20	Dependent.....	20	Age 65 or over	40	Blind	40
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TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES																								
<ul style="list-style-type: none"> • Child and dependent care • Coal incentive • Employer's GED incentive • Employer's unemployment tax credit • Kentucky National Guard members • Kentucky investment fund • Low-income credit • Recycling and composting equipment • Skills training • Taxes paid to other states 	<ul style="list-style-type: none"> • Bluegrass state games and U.S. Olympic Committee 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> 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. --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. Miscellaneous Disability Income\$6,000/person exclusion for permanent total disability. Lottery Winnings.....Same as federal. Federal Income Taxes.....Deductible. OtherDeduction for deposits of up to \$2,400 per account in the Student Tuition Assistance Revenue Trust (START program).		<p>Standard: Single--\$4,500 Married-S--\$4,500 Married-J/HH--\$9,000 Combined standard deduction and personal exemption amounts, which are built into tax tables.</p>															
TAX RATES AND BRACKETS		EXEMPTIONS															
<table border="0" style="width: 100%;"> <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;">12,500 - 25,000</td> <td style="text-align: center;">25,000 - 50,000</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">25,000 and over</td> <td style="text-align: center;">50,000 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%	12,500 - 25,000	25,000 - 50,000	4	25,000 and over	50,000 and over	6	Single/HH/MS*.....\$1,000 Married-J*2,000 Dependent1,000 Blind1,000 Age 65 or over.....1,000 *These amounts are included in the combined standard deduction/personal exemptions shown above.
<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%															
12,500 - 25,000	25,000 - 50,000	4															
25,000 and over	50,000 and over	6															
TAX CREDITS	TAX CREDITS (continued)	CONTRIBUTION/CHECK-OFF															
<ul style="list-style-type: none"> • Basic skills training • Biomedical research and development park • Bone marrow donor expenses • Bulletproof vest purchase for law enforcement • Child care • Contributions to educational institutions • Conversion of vehicles to alternative fuels • Dedicated research investment fund • Dentist who maintains practice in dentist shortage area • Disabilities • Doctors with small town hospitals • Donations to qualified playgrounds • Employment tax credit • Employment of first-time drug offenders • Employment related expenses for households with disabled dependents • Enterprise zone tax exemption 	<ul style="list-style-type: none"> • 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 • Hiring unemployed • Inventory tax • Investment in capital companies • Law enforcement undergraduate degrees • Manufacturing establishments • Motion pictures with Louisiana content • New markets credit • Prison industry enhancement program • Property taxes paid by telephone companies • Quality jobs program • Rehabilitation of historic structures • Taxes paid to other states 	<ul style="list-style-type: none"> • Contributions to START program • LA Animal Welfare Commission • LA Housing Trust • 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		
<u>Major Differences from Federal Law</u>				
Interest/Dividend.....	Exempts U.S. government bonds.	<p>Standard: Single -- \$4,750 Married-S -- \$3,975 Married-J -- \$7,950 HH -- \$7,000 Additional deduction for age 65 or over or blind: Single/HH -- \$1,150 Married -- \$1,900/person/qualifying condition</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences from Federal Law: Taxes: State income taxes not deductible. <u>Miscellaneous:</u> 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>		
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, less social security and railroad retirement benefits.			
Active Duty Military	Same as federal.			
Unemployment Compensation.....	Same as federal.			
Social Security Benefits	Exempt.			
State/Municipal Bond Interest.....	Taxable except Maine obligations.			
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 low-income accounts and an amount equal to federal work opportunity credit. 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.			
TAX RATES AND BRACKETS		EXEMPTIONS		
<u>Taxable Income Brackets</u>		Each federal exemption \$2,850		
<u>Single/Married-S</u>	<u>Married-Joint</u>		<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>
\$0 - 4,250	\$0 - 8,500		\$0 - 6,400	2.0%
4,250 - 8,450	8,500 - 16,950		6,400 - 12,700	4.5
8,450 - 16,950	16,950 - 33,950		12,700 - 25,450	7.0
16,950 and over	33,950 and over	25,450 and over	8.5	
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES		
<ul style="list-style-type: none"> • 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 • Quality childcare investment • Seed capital • Solid waste reduction investment 	<ul style="list-style-type: none"> • Children's Trust Incorporated • Clean election fund • Endangered and nongame wildlife fund • Human Leukocyte Antigen Screening fund • Park pass purchase • 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> Interest/Dividend.....Exempts U.S. government bonds. Business/Rent/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income* --PrivateUp to \$19,900/person excluded (65 or over or disabled). --Public**.....Up to \$19,900/person excluded (65 or over or disabled). --U.S. Civil ServiceUp to \$19,900/person excluded (65 or over or disabled). --Military.....Up to \$19,900/person excluded (65 or over or disabled). Additional exemption if meet certain requirements. Active Duty MilitaryUp to \$15,000 excluded for service outside U.S. if total military pay is less than \$30,000. Unemployment Compensation.....Same as federal. Social Security BenefitsExempt. State/Municipal Bond Interest.....Taxable except Maryland obligations. Miscellaneous Disability IncomeExempt for job related injuries for police and firefighters. Lottery WinningsSame as federal. Federal Income Taxes.....Not deductible. OtherIncome 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 earned income of low-income taxpayers. Two-income subtraction of up to \$1,200. Exclude \$3,500 for volunteer fire or rescue personal.		<p>Standard: 15% of Maryland AGI</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Minimum</u></th> <th style="text-align: center;"><u>Maximum</u></th> </tr> </thead> <tbody> <tr> <td>Married-J/HH</td> <td style="text-align: center;">\$3,000</td> <td style="text-align: center;">\$4,000</td> </tr> <tr> <td>All Other</td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">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>		<u>Minimum</u>	<u>Maximum</u>	Married-J/HH	\$3,000	\$4,000	All Other	1,500	2,000															
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<p>TAX RATES AND BRACKETS</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Taxable Income Brackets</u></th> <th style="text-align: center;"><u>Marginal Tax Rates</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - \$1,000</td> <td style="text-align: center;">2%</td> </tr> <tr> <td style="text-align: center;">1,000 - 2,000</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">2,000 - 3,000</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">3,000 and over</td> <td style="text-align: center;">4.75</td> </tr> </tbody> </table>		<u>Taxable Income Brackets</u>	<u>Marginal Tax Rates</u>	\$0 - \$1,000	2%	1,000 - 2,000	3	2,000 - 3,000	4	3,000 and over	4.75	<p>EXEMPTIONS</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Single/HH.....</td> <td style="text-align: right;">\$2,400</td> </tr> <tr> <td>Married-J.....</td> <td style="text-align: right;">4,800</td> </tr> <tr> <td>Married-S.....</td> <td style="text-align: right;">2,400</td> </tr> <tr> <td>Dependent.....</td> <td style="text-align: right;">2,400</td> </tr> <tr> <td>Age 65 or over.....</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>Blind.....</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>Dependent age 65 or over....</td> <td style="text-align: right;">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
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<p>TAX CREDITS</p> <ul style="list-style-type: none"> • Aquaculture oyster floats • Business tax credits (jobs, targeted employment, enterprise zones, research and development, economic development, clean energy, green buildings, neighborhood assistance, water quality, and electric and gas utility property taxes) • Child and dependent care • Clean energy incentive credits • Earned income tax credit (state and local) • Heritage area 	<p>TAX CREDITS</p> <ul style="list-style-type: none"> • Long-term care insurance • Neighborhood stabilization • Poverty level credit (state and local) • Preservation and conservation easements • Quality teacher incentive • Tax paid to other states 	<p>CONTRIBUTION/CHECK-OFF</p> <ul style="list-style-type: none"> • Chesapeake Bay and endangered species fund • Fair campaign financing fund <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">OTHER TAXES</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">• Local income tax</td> </tr> </tbody> </table>	OTHER TAXES	• Local income tax																						
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• Local 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/Farm State schedules also provided.</p> <p>Capital Gains & Losses Own (see "Tax Rates and Brackets" below).</p> <p>Pension/Retirement Income</p> <p>--Private Same as federal.</p> <p>--Public..... Contributory pensions exempt.</p> <p>--U.S. Civil Service Contributory pensions exempt.</p> <p>--Military..... Exempt.</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 Massachusetts obligations.</p> <p>Miscellaneous</p> <p>Disability Income..... Disability income related to terrorist or military action is exempt.</p> <p>Lottery Winnings..... Taxable.</p> <p>Federal Income Taxes..... Not deductible.</p> <p>Other Income earned in a foreign county and employer-provided educational assistance benefits are taxable.</p>	<p>Standard: None</p> <p>Itemized: State deductions for all taxpayers, as described below:</p> <p><u>Retirement Payments:</u> Deduction for amounts paid for social security, Medicare, railroad, federal and state retirement systems up to \$2,000/person.</p> <p><u>Dependent Care:</u> Deduction for child and dependent care expenses or deduction of \$3,600 if dependent under age 12 or 65 or older.</p> <p><u>Rent:</u> Deduction of 50% of rent up to \$3,000 (MS -- \$1,500).</p> <p><u>Misc.:</u> Federal employee business expenses, penalty for early withdrawal from savings and moving expenses.</p> <p><u>Other:</u> Deductions for amount of tuition that exceeds 25% of AGI, alimony paid, certain income from firefighters or police officer, student loan interest, MSAs (if participated prior to 2001), and self-employed health insurance.</p>	
TAX RATES AND BRACKETS		EXEMPTIONS
<p>The following types of income, minus deductions, are taxed at 5.3%: earned income, interest, dividends, royalties, trust income, pensions and annuities, alimony, rental income, unemployment compensation, taxable IRA/Keogh distributions, and other income such as winnings and fees.</p> <p>Short-term capital gains, capital gains from sale of collectibles, and pre-'96 installment sales and capital gains are taxed at 12%. Long-term capital gains, excluding collectibles, 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, \$14,200 for married-joint or \$12,700 for head-of-household taxpayers (plus \$1,000/dependent). Deductions, other than certain deductions for a trade or business, can not generally be used to offset income from interest, dividends, or capital gains.</p>		<p>Single/MS \$3,300</p> <p>HH..... 5,100</p> <p>Married-J 6,600</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>
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Brownfield • Earned income tax credit • Economic opportunity area • Full employment • Income tax paid to another state or jurisdiction • Lead paint • Limited income tax reduction • Low-income housing credit (builder/developer credit) • Renewable energy • 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 • Organ transplant • U.S. Olympic fund 	<ul style="list-style-type: none"> • Use tax

MICHIGAN

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME		DEDUCTIONS
<p style="text-align: center; margin: 0;"><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 \$8,408/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 \$37,710 if single; \$74,420 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>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 credit, 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.</p>	<p>Standard: None</p> <p>Itemized: None</p>	
TAX RATES AND BRACKETS		EXEMPTIONS
<p>Tax rate is 4.0% of taxable income.</p>		<p>Each federal exemption \$3,100</p> <p>Disabled/Blind/Deaf..... 1,900</p> <p>Age 65 or over 1,900</p> <p>Additional dependent exemption:</p> <p> Age 18 and under..... 600</p> <p> Unemployment Compensation > 50% of AGI..... 1,900</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/foodbank cash contributions • Income tax paid to another state • Income tax paid to Michigan cities • Property tax and rent • Public contributions • Qualified adoption expenses 	<ul style="list-style-type: none"> • State campaign fund 	<ul style="list-style-type: none"> • Use tax

MINNESOTA

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME					DEDUCTIONS
<u>Major Differences from Federal Law</u>					Standard: Same as federal. Itemized: Same as federal. Major Differences from Federal Law: <u>Taxes:</u> State income taxes not deductible.
Interest/Dividend.....Exempts U.S. government bonds.					
Business/Rent/FarmSale of farm property is exempt if insolvent at time of sale.					
Capital Gains & LossesSame as federal.					
Pension/Retirement Income					
--PrivateSame as federal.					
--Public.....Same as federal.					
--U.S. Civil ServiceSame as federal.					
--Military.....Same as federal.					
Active Duty MilitarySame as federal.					
Unemployment Compensation.....Same as federal.					
Social Security BenefitsSame as federal.					
State/Municipal Bond Interest.....Taxable except Minnesota obligations.					
Miscellaneous					
Disability IncomeSame as federal.					
Lottery Winnings.....Same as federal.					
Federal Income Taxes.....Not deductible.					
OtherDeductions for lower-income elderly or disabled, portion of K-12 school expenses, charitable contributions, and taxes to a sub-national level of a foreign country other than Canada. Minnesota does not conform to the provisions of the federal 2003 Military Family Tax Relief Act.					
TAX RATES AND BRACKETS					EXEMPTIONS
<u>Taxable Income Brackets</u>					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 - 19,010	\$0 - 27,780	\$0 - 13,890	\$0 - 23,400	5.35%	
19,010 - 62,440	27,780 - 110,390	13,890 - 55,200	23,400 - 94,030	7.05	
62,440 and over	110,390 and over	55,200 and over	94,030 and over	7.85	
TAX CREDITS			CONTRIBUTION/CHECK-OFF		OTHER TAXES
<ul style="list-style-type: none"> • Child and dependent care • K-12 education • Long-term care insurance • Marriage credit • Taxes paid to another state • 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 except sales of ownership interest in certain state businesses are exempt. Pension/Retirement Income --Private.....Exempt. --Public.....Exempt. --U.S. Civil Service.....Exempt. --Military.....Exempt. Active Duty Military.....Federal combat zone exclusion 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. Miscellaneous Disability Income.....Same as federal. Lottery Winnings.....Same as federal. Federal Income Taxes.....Not deductible. Other.....Deduction for prepaid tuition contracts and qualified college savings programs.		<p>Standard: S/MS--\$2,300 HH--\$3,400 MJ--\$4,600</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Difference From Federal Law: <u>Taxes.</u> State income taxes not deductible. <u>Other:</u> Gambling losses are not deductible.</p>
TAX RATES AND BRACKETS		EXEMPTIONS
<p><u>Taxable Income Brackets</u></p> <p>\$0 - 5,000 5,000 - 10,000 10,000 and over</p>	<p><u>Marginal Tax Rates</u></p> <p>3% 4 5</p>	Married-J\$12,000 HH.....8,000 Single.....6,000 MS.....6,000 Dependent.....1,500 Blind.....1,500 Age 65 or over1,500
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Basic skills or training • Business ad valorem tax credit • Business child/dependent care • Enterprise zone • Export port charges • Finance company credits • Gambling license fee • Income tax paid to another state • Job development assessment fee • Jobs • Land donation • National regional headquarters • Reforestation • 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 • Wildlife heritage fund 	None

MISSOURI

Filing System: Combined

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS			
<u>Major Differences from Federal Law</u>				Standard: Same as federal. Itemized: Federal itemized deductions. Major Differences from Federal Law: <u>Taxes:</u> State and local income taxes are not deductible. Deduction for FICA taxes, railroad retirement taxes, self-employment tax, and city earnings tax. <u>Charitable:</u> Deduction for cultural contributions.			
Interest/Dividend.....	Exempts U.S. government bonds.						
Business/Rent/Farm	Same as federal.						
Capital Gains & Losses	25% exclusion for certain sales of low-income housing.						
Pension/Retirement Income							
--Private	Up to \$6,000/person excluded if meets certain income limits.						
--Public.....	Up to \$6,000/person excluded if meets certain income limits.						
--U.S. Civil Service	Up to \$6,000/person excluded if meets certain income limits.						
--Military.....	Up to \$6,000/person excluded if meets certain income limits.						
Active Duty Military	Same as federal.						
Unemployment Compensation.....	Same as federal.						
Social Security Benefits	Same as federal.						
State/Municipal Bond Interest.....	Taxable except Missouri obligations.						
Miscellaneous							
Disability Income	Same as federal.						
Lottery Winnings.....	Same as federal.						
Federal Income Taxes.....	Up to \$5,000 is deductible (\$10,000 if combined return)						
Other	Deductions 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 and certain business income from an enterprise zone.						
TAX RATES AND BRACKETS						EXEMPTIONS	
Taxable Income Brackets	Marginal Tax Rates	Taxable Income Brackets	Marginal Tax Rates				
\$0 - 1,000	1.5%	\$5,000 - 6,000	4.0%	Single\$2,100			
1,000 - 2,000	2.0	6,000 - 7,000	4.5	Married-Combined4,200			
2,000 - 3,000	2.5	7,000 - 8,000	5.0	Married-Separate.....2,100			
3,000 - 4,000	3.0	8,000 - 9,000	5.5	Married-Separate, Spouse Not Filing.....4,200			
4,000 - 5,000	3.5	9,000 and over	6.0	Head-of-Household.....3,500			
				Dependent under 651,200			
				Dependent age 65 or over.....2,200			
TAX CREDITS		TAX CREDITS (continued)		OTHER TAXES			
<ul style="list-style-type: none"> • Affordable housing assistance • Brownfield jobs and investment • Business credits • Disabled access • Dry fire hydrant • Enterprise zone • Family development account • Film production • Higher education scholarship fund • Historic preservation • Low-income housing • Maternity home • Mature worker childcare • Neighborhood assistance 		<ul style="list-style-type: none"> • Other Missouri business/economic development credits: new or expanded business facility; community bank investment; development tax; demolition; new enterprise creation; qualified research expense; remediation; business modernization and technology seed capital; skills development; transportation development; business use incentives for large scale development; development reserve; export finance; infrastructure development; Advantage Missouri; agricultural product utilization contributor; new generation cooperative incentive; and charcoal producers <ul style="list-style-type: none"> • Pharmaceutical • Processed wood energy • Property tax • Rebuilding communities • Shared care for the elderly • Shelter for victims of domestic violence • Small business incubator and investment • Special needs adoption • Sponsorship and mentoring program • Taxes paid to other states • Wine and grape production • Youth opportunities 		<ul style="list-style-type: none"> • Recapture tax on low-income housing credit. 			
				CONTRIBUTION/CHECK-OFF			
				<ul style="list-style-type: none"> • Children's trust fund • Elderly home delivered meals trust fund • General revenue • National guard trust fund • 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. 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.</p> <p>Pension/Retirement Income</p> <p>--PrivateUp to \$3,600 exempt if income is below \$31,800 (\$33,600 MJ).</p> <p>--Public.....Up to \$3,600 exempt if income is below \$31,800 (\$33,600 MJ).</p> <p>--U.S. Civil ServiceUp to \$3,600 exempt if income is below \$31,800 (\$33,600 MJ).</p> <p>--Military.....Up to \$3,600 exempt if income is below \$31,800 (\$33,600 MJ).</p> <p>Active Duty MilitaryExempt.</p> <p>Unemployment Compensation.....Exempt.</p> <p>Social Security BenefitsTaxable except separate state calculation of taxable amount.</p> <p>State/Municipal Bond Interest.....Taxable except Montana obligations.</p> <p>Miscellaneous</p> <p>Disability IncomeUp to \$5,200 excluded.</p> <p>Lottery Winnings.....Taxable.</p> <p>Federal Income Taxes.....Deductible as itemized deduction.</p> <p>OtherTip income excluded. Certain deductions for MSA contributions, family education savings accounts, first time homebuyers, and recyclable materials. Health care professional loan payment exclusion, and tax deferral for contributions to a farm and ranch risk management account.</p>				<p>Standard: 20% of Montana AGI</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Minimum</u></th> <th style="text-align: center;"><u>Maximum</u></th> </tr> </thead> <tbody> <tr> <td>S/MS</td> <td style="text-align: center;">\$1,480</td> <td style="text-align: center;">\$3,330</td> </tr> <tr> <td>MJ/HH</td> <td style="text-align: center;">2,960</td> <td style="text-align: center;">6,660</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. <u>Taxes:</u> State income taxes are not deductible. Motor vehicle taxes and fees are deductible. Federal income taxes are deductible and are not subject to the phase-out for higher income taxpayers. <u>Other:</u> Child and dependent care expense. Long-term care insurance.</p>			<u>Minimum</u>	<u>Maximum</u>	S/MS	\$1,480	\$3,330	MJ/HH	2,960	6,660
	<u>Minimum</u>	<u>Maximum</u>												
S/MS	\$1,480	\$3,330												
MJ/HH	2,960	6,660												
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>	<p>Single/HH\$1,780</p> <p>Married3,560</p> <p>Blind1,780</p> <p>Dependent.....1,780</p> <p>Handicapped Dependent.....1,780</p> <p>Age 65 or over1,780</p>										
\$0 - 2,200	2%	17,800 - 22,200	7%											
2,200 - 4,400	3	22,200 - 31,100	8											
4,400 - 8,900	4	31,100 - 44,500	9											
8,900 - 13,300	5	44,500 - 77,800	10											
13,300 - 17,800	6	77,800 and over	11											
TAX CREDITS		TAX CREDITS (cont.)		CONTRIBUTION/CHECK-OFF										
<ul style="list-style-type: none"> • Affordable housing revolving loan contributions • Alternative energy production • Alternative energy systems • Alternative fuel vehicle • College contribution • Contractor's gross receipts tax • Dependent care assistance • Developmental disability account contributions • Disability insurance for uninsured • Elderly care • Elderly homeowner or renter 		<ul style="list-style-type: none"> • Empowerment zone • Endowment gifts • Energy conservation installations • Historic preservation • Infrastructure users fee • Investment • Mineral exploration incentive • Recycling • Research • Rural physicians • Taxes paid to other states or countries • Wind-powered generation equipment 		<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 ,and first-time homebuyers accounts.</p>										

NEBRASKA

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME					DEDUCTIONS									
<u>Major Differences from Federal Law</u>														
Interest/Dividend.....	Exempts U.S. government obligations.				<p>Standard: Same as federal, except that the standard deduction is phased out if federal AGI is more than \$139,500 (\$69,750 if Married-S).</p> <p>Itemized: 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> <p>Major Differences from Federal Law: Taxes: State and local income taxes not deductible.</p>									
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.													
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.													
TAX RATES AND BRACKETS					EXEMPTIONS (TAX CREDIT)									
<u>Taxable Income Brackets</u>					<p>Each federal exemption \$99</p> <p>Phased out over following AGI ranges:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 15%;">Single</td> <td style="width: 20%;">\$70,000 - \$165,000</td> </tr> <tr> <td>Married-J</td> <td>116,000 - 211,000</td> </tr> <tr> <td>Married-S</td> <td>58,000 - 105,500</td> </tr> <tr> <td>HH</td> <td>97,000 - 192,000</td> </tr> </table>		Single	\$70,000 - \$165,000	Married-J	116,000 - 211,000	Married-S	58,000 - 105,500	HH	97,000 - 192,000
Single	\$70,000 - \$165,000													
Married-J	116,000 - 211,000													
Married-S	58,000 - 105,500													
HH	97,000 - 192,000													
<u>Single</u>	<u>Married-J</u>	<u>Married-S</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>										
\$0 - 2,400	\$0 - 4,000	\$0 - 2,000	\$0 - 3,800	2.56%										
2,400 - 17,000	4,000 - 30,000	2,000 - 15,000	3,800 - 24,000	3.57										
17,000 - 26,500	30,000 - 46,750	15,000 - 23,375	24,000 - 35,000	5.12										
26,500 and over	46,750 and over	23,375 and over	35,000 and over	6.84										
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 • Nonhighway use of motor vehicle fuel • Quality jobs (employer) • Taxes paid to other states 			<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
<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>Miscellaneous</p> <p> Disability Income</p> <p> Lottery Winnings.....</p> <p> Federal Income Taxes.....</p>	<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <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), partnerships, associations, trusts, and distributions from S-corporations. U.S. government bonds are exempt. Earnings on retirement plans and college tuition savings programs are exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Taxable except New Hampshire obligations.</p> <p>Exempt.</p> <p>Exempt.</p> <p>Exempt.</p>	<p>Standard: None</p> <p>Itemized: None</p>
TAX RATES AND BRACKETS		EXEMPTIONS
<p>Tax is 5% of taxable interest and dividends.</p>		<p>Single/HH/M-S..... \$2,400</p> <p>Married-J 4,800</p> <p>65 or over or disabled..... 1,200</p> <p>Blind 1,200</p>
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<p>None</p>	<p>None</p>	<ul style="list-style-type: none"> • Business profits and business enterprise taxes

NEW JERSEY

Filing System: Joint

TAX BASE: STATE 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 (with certain adjustments). Capital Gains & LossesSame as federal, except capital losses may not be deducted from ordinary income. Pension/Retirement Income* --PrivateExempt \$15,000 (\$20,000 MJ/\$10,000 MS). --Public.....Exempt \$15,000 (\$20,000 MJ/\$10,000 MS). --U.S. Civil ServiceExempt \$15,000 (\$20,000 MJ/\$10,000 MS). --Military.....Exempt. Active Duty MilitarySame as federal. Unemployment Compensation.....Exempt. Social Security BenefitsExempt. State/Municipal Bond InterestTaxable except New Jersey obligations. Miscellaneous Disability IncomeExempt. Lottery WinningsNew Jersey lottery winnings exempt. Federal Income Taxes.....Not deductible. OtherDeductions for medical expenses that exceed 2% of New Jersey gross income. Employee contributions to retirement plans, other than 401(K) plans, are taxable. Additional retirement income exclusion for taxpayers who do not use maximum general exclusion. Exclude amounts reported as meals or lodging. Deduction for property taxes/rent paid, unless refundable credit is claimed. Distributed earnings on Coverdell education savings accounts are taxable.		<p>Standard: None</p> <p>Itemized: None</p>																																
<p>*Pension payments from permanent and total disability are fully exempt if under 62. A taxpayer aged 62 or older who does not use the maximum pension exclusion may be able to exclude other income from taxation.</p>																																		
TAX RATES AND BRACKETS*		EXEMPTIONS																																
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Single/Married-S</u></th> <th colspan="2" style="text-align: center;"><u>Married-J/Head-of-Household</u></th> </tr> <tr> <th style="text-align: center;">Taxable Income Brackets</th> <th style="text-align: center;">Marginal Tax Rates</th> <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 - \$20,000</td> <td style="text-align: center;">1.40%</td> <td style="text-align: center;">\$0 - \$20,000</td> <td style="text-align: center;">1.40%</td> </tr> <tr> <td style="text-align: center;">20,000 - 35,000</td> <td style="text-align: center;">1.75</td> <td style="text-align: center;">20,000 - 50,000</td> <td style="text-align: center;">1.75</td> </tr> <tr> <td style="text-align: center;">35,000 - 40,000</td> <td style="text-align: center;">3.50</td> <td style="text-align: center;">50,000 - 70,000</td> <td style="text-align: center;">2.45</td> </tr> <tr> <td style="text-align: center;">40,000 - 75,000</td> <td style="text-align: center;">5.525</td> <td style="text-align: center;">70,000 - 80,000</td> <td style="text-align: center;">3.50</td> </tr> <tr> <td style="text-align: center;">75,000 and over</td> <td style="text-align: center;">6.37</td> <td style="text-align: center;">80,000 - 150,000</td> <td style="text-align: center;">5.525</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">150,000 and over</td> <td style="text-align: center;">6.37</td> </tr> </tbody> </table>	<u>Single/Married-S</u>		<u>Married-J/Head-of-Household</u>		Taxable Income Brackets	Marginal Tax Rates	Taxable Income Brackets	Marginal Tax Rates	\$0 - \$20,000	1.40%	\$0 - \$20,000	1.40%	20,000 - 35,000	1.75	20,000 - 50,000	1.75	35,000 - 40,000	3.50	50,000 - 70,000	2.45	40,000 - 75,000	5.525	70,000 - 80,000	3.50	75,000 and over	6.37	80,000 - 150,000	5.525			150,000 and over	6.37	Single/HH.....\$1,000 Married-J.....2,000 Married-S.....1,000 Age 65 or Over.1,000 Blind or Disabled.....1,000 Dependent1,500 Dependent in College1,000	
<u>Single/Married-S</u>		<u>Married-J/Head-of-Household</u>																																
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35,000 - 40,000	3.50	50,000 - 70,000	2.45																															
40,000 - 75,000	5.525	70,000 - 80,000	3.50																															
75,000 and over	6.37	80,000 - 150,000	5.525																															
		150,000 and over	6.37																															
<p>* No income tax due if gross income is less than \$10,000 (\$20,000 if Married-Jt)</p>																																		
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 • Homestead rebate • 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>					
Interest/Dividend.....Exempts U.S. government bonds.					Standard: Same as federal. Itemized: Same as federal.
Business/Rent/FarmSame as federal.					
Capital Gains & LossesDeduct the greater of 10% or \$1,000 of federally taxable gains.					
Pension/Retirement Income					
--PrivateSame as federal.					
--Public.....Same as federal.					
--U.S. Civil ServiceSame as federal.					
--Military.....Same as federal.					
Active Duty MilitarySame as federal.					
Unemployment Compensation.....Same as federal.					
Social Security BenefitsSame as federal.					
State/Municipal Bond Interest.....Taxable except New Mexico obligations.					
Miscellaneous					
Disability IncomeSame as federal.					
Lottery WinningsSame as federal.					
Federal Income Taxes.....Not deductible.					
OtherDeduction 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, and contributions to a New Mexico medical care savings account.					
TAX RATES AND BRACKETS					EXEMPTIONS
Taxable Income Brackets					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%	
8,000 - 16,000	4,000 - 8,000	5,500 - 11,000	7,000 - 14,000	3.2	
16,000 - 24,000	8,000 - 12,000	11,000 - 16,000	14,000 - 20,000	4.7	
24,000 - 40,000	12,000 - 20,000	16,000 - 26,000	20,000 - 33,000	6.0	
40,000 - 64,000	20,000 - 32,000	26,000 - 42,000	33,000 - 53,000	7.1	
64,000 and over	32,000 and over	42,000 and over	53,000 and over	7.7	
TAX CREDITS		CONTRIBUTION/CHECK-OFF			OTHER TAXES
<ul style="list-style-type: none"> • Child day care • Electronic identification card reader • Film production • Income tax paid to other states • Job mentorship • Low-income comprehensive tax rebate • Low-income property tax rebate (Los Alamos County residents) • 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"> • Forest relief program • Political parties contribution • Substance abuse education fund • Veterans national cemetery fund • Wildlife protection fund 			None

NEW YORK

Filing System: Joint

TAX BASE: FEDERAL ADJUSTED GROSS INCOME				DEDUCTIONS
<u>Major Differences from Federal Law</u>				<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>Reduced for taxpayers with AGI over \$100,000 (S/MS); \$150,000 (HH); and \$200,000 (MJ).</p> <p>Major Differences from Federal Law: <u>Taxes:</u> State, local, and foreign income taxes not deductible.</p> <p><u>Medical Expenditures:</u> Amounts claimed for long-term care insurance credit cannot be claimed as an itemized deduction.</p> <p><u>College Tuition:</u> Deduction unless claiming college tuition credit.</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 \$20,000 exempt if age 59½ or over.			
--Public	Exempt.			
--U.S. Civil Service	Exempt.			
--Military.....	Exempt.			
Active Duty Military	Same as federal.			
Unemployment Compensation.....	Same as federal.			
Social Security Benefits	Exempt.			
State/Municipal Bond Interest.....	Taxable except New York obligations.			
Miscellaneous				
Disability Income	Up to \$5,200 excluded.			
Lottery Winnings	Same as federal.			
Federal Income Taxes.....	Not deductible.			
Other	Contributions to certain public employee retirement systems are taxable. Deductions for college tuition savings and qualified emerging technology investments. Certain amounts eligible for NY credits are added back to AGI.			
TAX RATES AND BRACKETS				EXEMPTIONS
<u>Taxable Income Brackets</u>				Dependent.....\$1,000
<u>Married-J</u>	<u>Single/Married-S</u>	<u>Head-of-Household</u>	<u>Marginal Tax Rates</u>	
\$0 - 16,000	\$0 - 8,000	\$0 - 11,000	4.00%	
16,000 - 22,000	8,000 - 11,000	11,000 - 15,000	4.50	
22,000 - 26,000	11,000 - 13,000	15,000 - 17,000	5.25	
26,000 - 40,000	13,000 - 20,000	17,000 - 30,000	5.90	
40,000 - 150,000	20,000 - 100,000	30,000 - 125,000	6.85	
150,000 - 500,000	100,000 - 500,000	125,000 - 500,000	7.50	
500,000 and over	500,000 and over	500,000 and over	7.70	
Benefits of the lower marginal tax rates are phased out for higher-income taxpayers.				
TAX CREDITS		CONTRIBUTION/CHECK-OFF		
<ul style="list-style-type: none"> • Accumulation distribution • Alternative fuels • Child and dependent care • College tuition • Defibrillators • Earned income tax credit • Empire zones, emerging technology financial services, and other business credits • Employment of disabled persons • Farmers' school tax • Fuel oil storage • Green building • Historic barn restoration • Household • Investment credits • Long-term care insurance • Low-income housing • New York school tax • Property tax/rent • Solar and fuel cell electric generating equipment • Taxes paid to other states (resident credit) 		<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 • Return a gift for wildlife 		<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

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: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th colspan="2" style="text-align: center;"><u>Added Amount if</u></th> <th colspan="2"></th> </tr> <tr> <th colspan="2"></th> <th style="text-align: center;"><u>Age 65</u></th> <th style="text-align: center;"><u>Blind</u></th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td>Single</td> <td style="text-align: right;">\$3,000</td> <td style="text-align: right;">\$750</td> <td style="text-align: right;">\$750</td> <td colspan="2"></td> </tr> <tr> <td>Married-J</td> <td style="text-align: right;">5,500</td> <td style="text-align: right;">600</td> <td style="text-align: right;">600</td> <td colspan="2"></td> </tr> <tr> <td>Married-S</td> <td style="text-align: right;">2,750</td> <td style="text-align: right;">600</td> <td style="text-align: right;">600</td> <td colspan="2"></td> </tr> <tr> <td>HH</td> <td style="text-align: right;">4,400</td> <td style="text-align: right;">750</td> <td style="text-align: right;">750</td> <td colspan="2"></td> </tr> </tbody> </table> Itemized: Same as federal.						<u>Added Amount if</u>						<u>Age 65</u>	<u>Blind</u>			Single	\$3,000	\$750	\$750			Married-J	5,500	600	600			Married-S	2,750	600	600			HH	4,400	750	750		
		<u>Added Amount if</u>																																										
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Pension/Retirement Income																																												
--Private	First \$2,000 per person excluded.																																											
--Public.....	First \$4,000 per person excluded.*																																											
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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 a result of the permanent closure of a manufacturing or processing plant.																																											
*In addition, certain retirement benefits from public defined benefit plans are exempt.																																												
TAX RATES AND BRACKETS					EXEMPTIONS																																							
<u>Taxable Income Brackets</u>					Each federal exemption* \$2,500/\$2,000 *The higher exemption amount applies if federal AGI is below: Single\$60,000 Head-of-Household80,000 Married-Joint100,000 Married-Separate50,000																																							
<u>Single</u>	<u>Head-of-Household</u>	<u>Married-J</u>	<u>Married-S</u>	<u>Marginal Tax Rate</u>																																								
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60,000 - 120,000	80,000 - 160,000	100,000 - 200,000	50,000 - 100,000	7.75																																								
120,000 and over	160,000 and over	200,000 and over	100,000 and over	8.25																																								
TAX CREDITS		CONTRIBUTION/CHECK-OFF			OTHER TAXES																																							
<ul style="list-style-type: none"> • Business incentives: jobs; machinery and equipment; worker training; development zones; low-income housing; use of NC ports; qualified business investments; and research and development expenses • Charitable contributions • Child and dependent care expenses • Children • Construction of dwelling units for handicapped • Conservation tillage equipment • Disabled taxpayer or dependent • Donating real property for certain public and conservation purposes • Exporting from or importing to N.C. ports • Gleaned crops • Historic rehabilitation • Income tax paid to another state or country • Long-term care insurance • Poultry composting • Property taxes on farm machinery • Renewable energy property 		<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																																																												
<u>Major Differences from Federal Law</u>																																																																
<p>Standard Method: Over 95% of N.D. taxfilers use the standard method for computing individual income taxes. For these taxfilers, deductions from federal taxable income are allowed for income that states are prohibited from taxing (U.S. government interest, certain income of Native Americans, and railroad retirement benefits) 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; and 30% of net long-term capital gains.</p>				<p>Standard: Same as federal.</p>																																																												
<p>Optional Method: Interest/Dividend Exempts U.S. government bonds; deduction of \$300 per person for interest from North Dakota financial institutions. Business/Rent/Farm Deductions for certain rental income, interest, and gains of beginning farms and entrepreneurs. Capital Gains & Losses Exempt gains realized on sale of property under eminent domain and corporate stock that relocated to N.D. Pension/Retirement Income --Private Same as federal. --Public Up to \$5,000 (less social security benefits) excluded (for limited plans). --U.S. Civil Service Up to \$5,000 (less social security benefits) excluded. --Military Up to \$5,000 (less social security benefits) excluded (age 50 or older). Active Duty Military Exclusion of up to \$1,000 of military pay (including training time for National Guard and Reservists) plus \$300/month if stationed abroad. Unemployment Compensation Same as federal. Social Security Benefits Same as federal. State/Municipal Bond Interest Taxable except North Dakota obligations. Miscellaneous Disability Income Same as federal. Lottery Winnings Same as federal. Federal Income Taxes Deductible. Other Deductions for certain venture capital investments and adoption expenses, and income from renaissance zones, qualifying new and expanding businesses, and federal active duty for National Guard/Reserve members.</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 rowspan="2" style="text-align: center;">Marginal Tax Rate</th> <th colspan="2" style="text-align: center;">Optional Method:</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 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 - 28,400</td> <td style="text-align: center;">\$0 - 38,050</td> <td style="text-align: center;">\$0 - 47,450</td> <td style="text-align: center;">2.10%</td> <td style="text-align: center;">0 - \$3,000</td> <td style="text-align: center;">2.67%</td> </tr> <tr> <td style="text-align: center;">28,400 - 68,800</td> <td style="text-align: center;">38,050 - 98,250</td> <td style="text-align: center;">47,450 - 114,650</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3,000 - 5,000</td> <td style="text-align: center;">4.00</td> </tr> <tr> <td style="text-align: center;">68,800 - 143,500</td> <td style="text-align: center;">98,250 - 159,100</td> <td style="text-align: center;">114,650 - 174,700</td> <td style="text-align: center;">4.34</td> <td style="text-align: center;">5,000 - 8,000</td> <td style="text-align: center;">5.33</td> </tr> <tr> <td style="text-align: center;">143,500 - 311,950</td> <td style="text-align: center;">159,100 - 311,950</td> <td style="text-align: center;">174,700 - 311,950</td> <td style="text-align: center;">5.04</td> <td style="text-align: center;">8,000 - 15,000</td> <td style="text-align: center;">6.67</td> </tr> <tr> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">5.54</td> <td style="text-align: center;">15,000 - 25,000</td> <td style="text-align: center;">8.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: center;">25,000 - 35,000</td> <td style="text-align: center;">9.33</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: center;">35,000 - 50,000</td> <td style="text-align: center;">10.67</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: center;">50,000 and over</td> <td style="text-align: center;">12.00</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	Optional Method:		Single	Head-of-Household	Married-J	Taxable Income Brackets	Marginal Tax Rates	\$0 - 28,400	\$0 - 38,050	\$0 - 47,450	2.10%	0 - \$3,000	2.67%	28,400 - 68,800	38,050 - 98,250	47,450 - 114,650	3.92	3,000 - 5,000	4.00	68,800 - 143,500	98,250 - 159,100	114,650 - 174,700	4.34	5,000 - 8,000	5.33	143,500 - 311,950	159,100 - 311,950	174,700 - 311,950	5.04	8,000 - 15,000	6.67	311,950 and over	311,950 and over	311,950 and over	5.54	15,000 - 25,000	8.00					25,000 - 35,000	9.33					35,000 - 50,000	10.67					50,000 and over	12.00	Same as federal.	
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<ul style="list-style-type: none"> • Agricultural commodity facility investment • Family member care • Qualified business seed capital investment • Renaissance zones • Taxes paid to another state • Unused federal credit for prior year minimum tax 		<p>Optional Method Only:</p> <ul style="list-style-type: none"> • Contributions to nonprofit private colleges • Contributions to nonprofit private high schools • 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
<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 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.	
Pension/Retirement Income		
--Private	Credit up to \$200.	
--Public.....	Credit up to \$200.	
--U.S. Civil Service	Credit up to \$200.	
--Military.....	Credit up to \$200.	
Active Duty Military	Same as federal.	
Unemployment Compensation.....	Same as federal.	
Social Security Benefits	Exempt.	
State/Municipal Bond Interest.....	Taxable except Ohio obligations.	
Miscellaneous		
Disability Income	Exempt.	
Lottery Winnings.....	Same as federal.	
Federal Income Taxes.....	Not deductible.	
Other	Federal target jobs tax credit adjustment. Deductions for certain MSA contributions, individual development accounts, medical expenses exceeding 7.5% of federal AGI, medical insurance, long-term care insurance, certain disability and survivor benefits, the increased value of prepaid tuition credit, contributions to and qualified distributions from the Ohio College Advantage Savings plan, tuition expenses paid to a qualified Ohio educational institution, and refunds of prior-year federal itemized deductions.	
TAX RATES AND BRACKETS		EXEMPTIONS
<u>Taxable Income Brackets</u>	<u>Marginal Tax Rates</u>	Each federal exemption: State Exemption\$1,250 State Credit.....20
\$0 - 5,000	0.743%	
5,000 - 10,000	1.486	
10,000 - 15,000	2.972	
15,000 - 20,000	3.715	
20,000 - 40,000	4.457	
40,000 - 80,000	5.201	
80,000 - 100,000	5.943	
100,000 - 200,000	6.900	
200,000 and over	7.500	
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) • Lump sum distributions • Ohio resident • Political contributions • Retirement income • Senior citizen 	<ul style="list-style-type: none"> • 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> Interest/Dividend..... Exempts U.S. government bonds; exclusion of \$100 per person for interest from Oklahoma bank, credit union, or savings and loan. Business/ Rent/Farm Add back out-of-state losses. Capital Gains & Losses 50% exclusion for sales of historic battle site property to the state. Pension/Retirement Income --Private First \$5,500 per person exempt if 65 or over and low AGI. --Public First \$5,500 per person exempt. --U.S. Civil Service First \$5,500 per person exempt. --Military First \$5,500 per person exempt. Active Duty Military First \$1,500 per person exempt. Unemployment Compensation.... Same as federal. Social Security Benefits Exempt. State/Municipal Bond Interest Taxable except Oklahoma obligations. Miscellaneous Disability Income Same as federal. Lottery Winnings Same as federal. Federal Income Taxes Deductible. Other Deductions for depletion of oil and gas properties, expenses related to the disabled, adoption expenses, and political contributions (\$100/person). Exclusions for investment in agricultural commodity processing facility and for swine and poultry producers. Exclusions for royalty income earned by an inventor, wages reported for the federal Indian employment credit, Oklahoma police corps scholarships or stipends, contributions to Oklahoma college savings plan account, and contributions to and earnings from an Oklahoma medical savings account.				<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>		
<u>Taxable Income Brackets</u>		<u>Marginal Tax Rates</u>	<u>Taxable Income Brackets</u>		<u>Marginal Tax Rates</u>
<u>Single/Married-S</u>	<u>Married-J/HH</u>		<u>Single/Married-S</u>	<u>Married-J/HH</u>	
\$0 - 1,000	\$0 - 2,000	0.50%	\$0 - 1,000	\$0 - 2,000	0.5%
1,000 - 2,500	2,000 - 5,000	1.00	1,000 - 2,500	2,000 - 5,000	1.0
2,500 - 3,750	5,000 - 7,500	2.00	2,500 - 3,750	5,000 - 7,500	2.0
3,750 - 4,900	7,500 - 9,800	3.00	3,750 - 4,900	7,500 - 8,900	3.0
4,900 - 6,200	9,800 - 12,200	4.00	4,900 - 6,100	8,900 - 10,400	4.0
6,200 - 7,700	12,200 - 15,000	5.00	6,100 - 7,500	10,400 - 12,000	5.0
7,700 - 10,000	15,000 - 21,000	6.00	7,500 - 9,000	12,000 - 13,250	6.0
10,000 and over	21,000 and over	7.00	9,000 - 10,500	13,250 - 15,000	7.0
			10,500 - 12,500	15,000 - 18,000	8.0
			12,500 - 16,000	18,000 - 24,000	9.0
			16,000 and over	24,000 and over	10.0
TAX CREDITS			CONTRIBUTION/CHECK-OFF		OTHER TAXES
<ul style="list-style-type: none"> • Agriculture producers • Child care expenses • Clean burning fuel vehicles • Earned income tax credit • Employer provided child care • Energy assistance fund contribution • Enterprise zones • Food service establishments providing Hepatitis A vaccines to employees • Hazardous waste control • Historic building rehabilitation • Investment/new jobs • Incentive for certain industries • Manufacturers of small wind turbines • Property tax relief (low AGI and over 65 or disabled) • Recycling facility • Sales tax relief for low-income • Small and rural businesses • Tax paid to another state • Tornado tax credit • Tourism development • Venture and rural business capital • Zero emission electric facilities 			<ul style="list-style-type: none"> • Breast cancer program • Low-income health care program • Oklahoma City bombing memorial • Organ donor education • Schools for Blind and Deaf • Silver Haired Legislature Program • Tulsa Reconciliation Education and Scholarship Trust Fund • Veterans affairs capital improvement • Wildlife diversity program 		Use tax

OREGON

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.....9% credit if low-income and 62 or over. --Public.....9% credit if low-income and 62 or over. --U.S. Civil Service*.....9% credit if low-income and 62 or over. --Military*.....9% credit if low-income and 62 or over. Active Duty Military.....Exclude \$3,000 if earned in Oregon and all if earned outside of state. Unemployment Compensation.....Same as federal. Social Security Benefits.....Exempt. State/Municipal Bond Interest.....Taxable except Oregon obligations. Miscellaneous Disability Income.....Same as federal. Lottery Winnings.....Oregon lottery winnings of \$600 or less exempt. Federal Income Taxes.....Deductible up to \$3,500. Other.....Deductions for logger's and construction worker's commuting costs, artists who make charitable art donations, deposits to and earnings from an Oregon Individual Development Account, 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 certain amounts excluded from federal AGI to take associated federal credits. Add back federal deductions for unused business credits and federal deductions for which Oregon provides tax credits. Oregon depreciation schedule. Oregon does not conform to federal provisions enacted during 2003.		<p>Standard: Single--\$1,670; Married-J/W--\$3,345; Married-S--\$1,670; Head-of-Household--\$2,695; Additional deduction for age 65 or over or blind: Single/HH--\$1,200; All Others--\$1,000</p> <p>Itemized: Federal itemized deductions.</p> <p>Major Differences From Federal Law: Taxes: State taxes not deductible. Medical Expenses: Medical expenses up to 7.5% of AGI are deductible if age 62 or over. Gambling Losses: Limited to gambling winnings taxed by Oregon.</p>												
*Income attributable to service prior to October, 1991, is exempt.														
TAX RATES AND BRACKETS		EXEMPTIONS (TAX CREDITS)												
<p><u>Taxable Income Brackets</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Single/Married-S</th> <th style="text-align: center;">Married-J/HH</th> <th style="text-align: center;">Marginal Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 2,550</td> <td style="text-align: center;">\$0 - 5,100</td> <td style="text-align: center;">5%</td> </tr> <tr> <td style="text-align: center;">2,550 - 6,350</td> <td style="text-align: center;">5,100 - 12,700</td> <td style="text-align: center;">7</td> </tr> <tr> <td style="text-align: center;">6,350 and over</td> <td style="text-align: center;">12,700 and over</td> <td style="text-align: center;">9</td> </tr> </tbody> </table>		Single/Married-S	Married-J/HH	Marginal Tax Rates	\$0 - 2,550	\$0 - 5,100	5%	2,550 - 6,350	5,100 - 12,700	7	6,350 and over	12,700 and over	9	Single/HH \$147 Married-J 294 Married-S..... 147 Severely disabled 147 Dependent..... 147 Handicapped children 147
Single/Married-S	Married-J/HH	Marginal Tax Rates												
\$0 - 2,550	\$0 - 5,100	5%												
2,550 - 6,350	5,100 - 12,700	7												
6,350 and over	12,700 and over	9												
TAX CREDITS	TAX CREDITS (continued)	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 Division contribution • Claim of right credit • Dependent care assistance • Donated crops • Earned income tax credit • Elderly or disabled • Electronic commerce zone investment • Employer scholarship • Farmworker housing • 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 underprotective forest land • Reservation enterprise zone • Residential energy • Retirement income • 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 • Habitat for Humanity • Nongame wildlife • Oregon Coast Aquarium • Oregon Head Start • Oregon Human Society • Oregon Veterans' Home • Planned Parenthood of Oregon • Salvation Army • St. Vincent de Paul Society of Oregon • SMART (early literacy program) • SOLV (clean water ways and neighborhoods) • STOP Domestic and Sexual Violence • The Nature Conservancy • Doernbecher Children's Hospital Foundation 												
	<p>OTHER TAXES</p> <p style="text-align: center;">None</p>													

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. Business/Rent/Farm State schedules. 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.</p> <p>Pension/Retirement Income</p> <p>--Private Exempt. --Public..... Exempt. --U.S. Civil Service Exempt. --Military..... Exempt. Active Duty Military Exempt if stationed outside of state. Unemployment Compensation..... Exempt. Social Security Benefits Exempt. State/Municipal Bond Interest..... Taxable except Pennsylvania obligations.</p> <p>Miscellaneous</p> <p>Disability Income Exempt. Lottery Winnings Pennsylvania winnings exempt. Federal Income Taxes..... Not deductible. Other State treatment of moving expenses, employee business expenses, and depreciation. Exclude qualified distributions from a PA Tuition Account and certain scholarships. Also exclude personal use of employer-owned property, and qualified MSA contributions and distributions. 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 2.8% 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 • Jobs creation • Research and development • Tax forgiveness credit for lower income taxpayers • Taxes paid to other states or countries 	<ul style="list-style-type: none"> • Breast and cervical cancer research fund • Korea/Vietnam Memorial, Inc. • Organ donor awareness trust fund • U.S. Olympic Committee, PA Division • 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--\$4,750; Married-J--\$7,950; Married-S--\$3,975; HH--\$7,000. Itemized: Same as federal.																																			
Interest/Dividend.....	Exempts U.S. government bonds.																																							
Business/Rent/Farm	Same as federal.																																							
Capital Gains & Losses	Same as federal.																																							
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State/Municipal Bond Interest.....	Taxable except Rhode Island obligations.																																							
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, family education accounts, 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																																			
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">Taxable Income Brackets</th> <th style="text-align: center; border-bottom: 1px solid black;">Marginal</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Single</th> <th style="text-align: center; border-bottom: 1px solid black;">Married-J/Widow(er)</th> <th style="text-align: center; border-bottom: 1px solid black;">Married-S</th> <th style="text-align: center; border-bottom: 1px solid black;">Head-of-Household</th> <th style="text-align: center; border-bottom: 1px solid black;">Tax Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 28,400</td> <td style="text-align: center;">\$0 - 47,450</td> <td style="text-align: center;">\$0 - 23,725</td> <td style="text-align: center;">\$0 - 38,050</td> <td style="text-align: center;">3.75%</td> </tr> <tr> <td style="text-align: center;">28,400 - 68,800</td> <td style="text-align: center;">47,450 - 114,650</td> <td style="text-align: center;">23,725 - 57,325</td> <td style="text-align: center;">38,050 - 98,250</td> <td style="text-align: center;">7.00</td> </tr> <tr> <td style="text-align: center;">68,800 - 143,500</td> <td style="text-align: center;">114,650 - 174,700</td> <td style="text-align: center;">57,325 - 87,350</td> <td style="text-align: center;">98,250 - 159,100</td> <td style="text-align: center;">7.75</td> </tr> <tr> <td style="text-align: center;">143,500 - 311,950</td> <td style="text-align: center;">174,700 - 311,950</td> <td style="text-align: center;">87,350 - 155,975</td> <td style="text-align: center;">159,100 - 311,950</td> <td style="text-align: center;">9.00</td> </tr> <tr> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">155,975 and over</td> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">9.90</td> </tr> </tbody> </table>					Taxable Income Brackets				Marginal	Single	Married-J/Widow(er)	Married-S	Head-of-Household	Tax Rate	\$0 - 28,400	\$0 - 47,450	\$0 - 23,725	\$0 - 38,050	3.75%	28,400 - 68,800	47,450 - 114,650	23,725 - 57,325	38,050 - 98,250	7.00	68,800 - 143,500	114,650 - 174,700	57,325 - 87,350	98,250 - 159,100	7.75	143,500 - 311,950	174,700 - 311,950	87,350 - 155,975	159,100 - 311,950	9.00	311,950 and over	311,950 and over	155,975 and over	311,950 and over	9.90	Same as federal.
Taxable Income Brackets				Marginal																																				
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\$0 - 28,400	\$0 - 47,450	\$0 - 23,725	\$0 - 38,050	3.75%																																				
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68,800 - 143,500	114,650 - 174,700	57,325 - 87,350	98,250 - 159,100	7.75																																				
143,500 - 311,950	174,700 - 311,950	87,350 - 155,975	159,100 - 311,950	9.00																																				
311,950 and over	311,950 and over	155,975 and over	311,950 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 (continued)			CONTRIBUTION/CHECK-OFF																																			
<ul style="list-style-type: none"> • Alcohol used as fuel • Certain contributions to community development corporations • Certain employer payroll taxes • Certain municipal bonds to improve public schools • Child and dependent care expenses • Child day care assistance and development • 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 • Historical commercial building • Historical residence • Income taxes paid to other states • Investment 		<ul style="list-style-type: none"> • ISO certification • Increasing research activities • Indian employment • Jobs training expenses • Low-income housing • Mortgage interest • New York/liberty zone • Nonconventional source fuel • 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 paint removal • Residential renewable energy system • Rhode Island income tax • Small business guaranty fee 			<ul style="list-style-type: none"> • Childhood disease victims' fund • Council on the Arts • Drug program account • Electoral system contribution • 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
<u>Major Differences from Federal Law</u>		
Interest/Dividend.....	Exempts U.S. government obligations.	Standard: Single--\$4,750; Married-J--\$7,950; Married-S--\$3,975; HH--\$7,000. Itemized: Same as federal. Major Differences from Federal Law: <u>Taxes:</u> State income taxes not deductible. <u>Miscellaneous:</u> Expenses related to military reserve income are not deductible.
Business/Rent/Farm	Out-of-state losses/gains are not deductible/taxable.	
Capital Gains & Losses	44% exclusion for long-term (more than 1 year) gains.	
Pension/Retirement Income		
--Private	\$3,000/person exclusion (under 65); \$10,000/person (over 65).	
--Public.....	\$3,000/person exclusion (under 65); \$10,000/person (over 65).	
--U.S. Civil Service	\$3,000/person exclusion (under 65); \$10,000/person (over 65).	
--Military.....	\$3,000/person exclusion (under 65); \$10,000/person (over 65). Portion attributable to reserve or National Guard service is exempt.	
Active Duty Military	Federal combat zone exclusion and exemption for Reserve and National Guard training pay.	
Unemployment Compensation.....	Same as federal.	
Social Security Benefits	Exempt.	
State/Municipal Bond Interest.....	Taxable except South Carolina obligations.	
Miscellaneous		
Disability Income	Exempt.	
Lottery Winnings	Same as federal.	
Federal Income Taxes.....	Not deductible.	
Other	Deductions 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 rescue squad/Haz-Mat members; and \$15,000 for persons over 65 (offset by any other retirement deduction).	
TAX RATES AND BRACKETS		EXEMPTIONS
<u>Taxable Income Brackets</u>	<u>Marginal Tax Rates</u>	Same as federal.
\$0 - 2,460	2.5%	Additional exemption for children under 6..... \$3,050
2,460 - 4,920	3.0	
4,920 - 7,380	4.0	
7,380 - 9,840	5.0	
9,840- 12,300	6.0	
12,300 and over	7.0	
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Base closure • Child and dependent care • Community development • Conservation contribution • Drip/trickle irrigation systems • Economic impact zone • Employer child care • Family independence payments • Historic structure • Minority contractor business • Motion picture • New jobs • Nursing home • Palmetto seed capital • Retirement plan contribution • Scenic river • Taxes paid to another state • Tuition • Two wage earner (married couple) • Water resources 	<ul style="list-style-type: none"> • Children's trust fund • Drug awareness resistance fund • Eldercare trust fund • Endangered wildlife fund • First steps fund • Litter control fund • Organ donor trust fund • Police chaplains fund • Veterans' trust fund • War between states 	None

TENNESSEE

Filing System: Joint

TAX BASE: INTEREST AND DIVIDENDS		DEDUCTIONS
<p style="text-align: center;"><u>Major Differences from Federal Law</u></p> <p>Interest/Dividend.....Exempts U.S. government bonds. Interest on certificates of deposit, passbook accounts, savings 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>Business/Rent/FarmExempt.</p> <p>Capital Gains & LossesExempt (with the exception of capital gains from the sale of mutual funds).</p> <p>Pension/Retirement Income</p> <p>--PrivateExempt.</p> <p>--Public.....Exempt.</p> <p>--U.S. Civil ServiceExempt.</p> <p>--Military.....Exempt.</p> <p>Active Duty MilitaryExempt.</p> <p>Unemployment Compensation.....Exempt.</p> <p>Social Security BenefitsExempt.</p> <p>State/Municipal Bond Interest.....Taxable except Tennessee obligations.</p> <p>Miscellaneous</p> <p>Disability IncomeExempt.</p> <p>Lottery WinningsExempt.</p> <p>Federal Income Taxes.....Not deductible.</p> <p>OtherTaxable 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><u>Exempt from Taxation if:</u> Quadriplegic or blind. Age 65 or over and total gross income under \$16,200 (\$27,000 if married-joint).</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: <u>Taxes:</u> 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.		
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, and adoption expenses. Add back federal election of interest and dividends of a minor child.		
TAX RATES AND BRACKETS			EXEMPTIONS
<u>Taxable Income Brackets</u>			
<u>Single/Married-S</u>	<u>Married-J/HH</u>		<u>Marginal Tax Rates</u>
\$0 - 863	\$0 - 1,726	2.3%	
863 - 1,726	1,726 - 3,450	3.3	
1,726 - 2,588	3,450 - 5,176	4.2	
2,588 - 3,450	5,176 - 6,900	5.2	
3,450 - 4,313	6,900 - 8,626	6.0	
4,313 and over	8,626 and over	7.0	
		Single/HH/MS..... \$2,288 Married-J 4,576 Dependent..... 2,288 Disabled adult or child..... 2,288 Exemptions phase-out once AGI exceeds: \$104,625 MS; \$139,500 S; \$174,400 HH; \$209,250 MJ	
TAX CREDITS	CONTRIBUTION/CHECK-OFF	OTHER TAXES	
<ul style="list-style-type: none"> • Agricultural off-highway gas tax • At-home parent • Clean fuel vehicle • Employers who hire disabled persons • Enterprise zone • Historic preservation • Income tax paid to another state • Low-income housing • Mineral production withholding tax • Nonresident shareholders withholding credit • Recycling market development zones • Renewable energy systems • 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 • Nonprofit school district foundation 	<ul style="list-style-type: none"> • Recapture of low-income housing credit • Use tax 	

VERMONT

Filing System: Joint

TAX BASE: FEDERAL TAXABLE INCOME		DEDUCTIONS																																			
Major Differences from Federal Law																																					
Interest/Dividend.....	Exempts U.S. government bonds.	Standard: Same as federal. Itemized: 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.																																				
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	Exempt if earned outside Vermont or first \$2,000 for certain National Guard members.																																				
Unemployment Compensation.....	Same as federal.																																				
Social Security Benefits	Same as federal.																																				
State/Municipal Bond Interest.....	Taxable except Vermont obligations.																																				
Miscellaneous																																					
Disability Income	Same as federal.																																				
Lottery Winnings	Vermont lottery prizes exempt.																																				
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.																																		
<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 - 28,400</td> <td style="text-align: center;">\$0 - 47,450</td> <td style="text-align: center;">\$0 - 23,725</td> <td style="text-align: center;">\$0 - 38,050</td> <td style="text-align: center;">3.6%</td> </tr> <tr> <td style="text-align: center;">28,400 - 68,800</td> <td style="text-align: center;">47,450 - 114,650</td> <td style="text-align: center;">23,725 - 57,325</td> <td style="text-align: center;">38,050 - 98,250</td> <td style="text-align: center;">7.2</td> </tr> <tr> <td style="text-align: center;">68,800 - 143,500</td> <td style="text-align: center;">114,650 - 174,700</td> <td style="text-align: center;">57,325 - 87,350</td> <td style="text-align: center;">98,250 - 159,100</td> <td style="text-align: center;">8.5</td> </tr> <tr> <td style="text-align: center;">143,500 - 311,950</td> <td style="text-align: center;">174,700 - 311,950</td> <td style="text-align: center;">87,350 - 155,975</td> <td style="text-align: center;">159,100 - 311,950</td> <td style="text-align: center;">9.0</td> </tr> <tr> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">155,975 and over</td> <td style="text-align: center;">311,950 and over</td> <td style="text-align: center;">9.5</td> </tr> </tbody> </table>			Taxable Income Brackets				Marginal	Single	Married-J	Married-S	Head-of-Household	Tax Rates	\$0 - 28,400	\$0 - 47,450	\$0 - 23,725	\$0 - 38,050	3.6%	28,400 - 68,800	47,450 - 114,650	23,725 - 57,325	38,050 - 98,250	7.2	68,800 - 143,500	114,650 - 174,700	57,325 - 87,350	98,250 - 159,100	8.5	143,500 - 311,950	174,700 - 311,950	87,350 - 155,975	159,100 - 311,950	9.0	311,950 and over	311,950 and over	155,975 and over	311,950 and over	9.5
Taxable Income Brackets				Marginal																																	
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TAX CREDITS		CONTRIBUTION/CHECK-OFF	OTHER TAXES																																		
<ul style="list-style-type: none"> • Affordable housing • Alternative minimum tax credit • 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 • Exports • Farm income averaging credit • Financial services • High-tech business credit • Historic rehabilitation • Homeowner/rent property tax rebate • Investment credit • Payroll tax • Platform lifts, elevator and sprinkler systems • Qualified sale of mobile home • Research and development • Taxes paid to other state or Canadian province • Workforce development 		<ul style="list-style-type: none"> • Campaign fund • Children's trust fund • Nongame wildlife fund 	<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/FarmSame as federal. Capital Gains & LossesSame as federal. Pension/Retirement Income --PrivateSame as federal. --Public.....Same as federal. --U.S. Civil ServiceSame as federal. --Military.....Exempt for a retiree with a Congressional Medal of Honor. Active Duty MilitaryFederal combat zone exclusion. 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 BenefitsExempt. State/Municipal Bond Interest.....Taxable except Virginia obligations. Miscellaneous Disability IncomeDeduction of up to \$20,000/person. Lottery WinningsVirginia lottery prizes of less than \$600 exempt. Federal Income Taxes.....Not deductible. OtherExclusions of: \$6,000 per person for taxpayers age 62 to 64 (\$12,000 per person 65 or older); \$1,000 per child for foster parents; and the salary for an employee with an annual salary from a federal or state job of less than \$15,000. Deductions for child and dependent care expenses, long-term care health insurance premiums, agricultural product donations, Avian influenza indemnification payments, income from peanut quota buyouts, bone marrow donor screening fees, charitable mileage, work opportunity wages, teacher tuition costs, and contributions to Virginia college savings plans.		<p>Standard: Single/HH--\$3,000; Married-J--\$5,000; Married-S--\$2,500.</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.....\$800 Married-J.....1,600 Married-S.....800 Dependent800 Age 65 and over.....800 Blind.....800 Complete exemption for single taxpayers with AGI under \$5,000 (\$8,000 Married-J).										
TAX RATES AND BRACKETS		CONTRIBUTION/CHECK-OFF										
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<u>Taxable Income Brackets</u>	<u>Marginal Tax Rates</u>											
\$0 - 3,000	2.00%											
3,000 - 5,000	3.00											
5,000 - 17,000	5.00											
17,000 and over	5.75											
TAX CREDITS	TAX CREDITS											
<ul style="list-style-type: none"> • Agricultural best management practices • Coal field employment enhancement • Conservation tillage equipment • Day care facility investment • Disabled home accessibility • Employers hiring TANF recipients • Employers of disabled individuals (carryforward only) • Enterprise zone • Fertilizer and pesticide application equipment • Foreign source retirement income • Investments • Low-income • Low-income housing 	<ul style="list-style-type: none"> • Major business facility job tax credit • Worker retraining • Natural waterway buffers • Neighborhood assistance • Political contributions • Preservation of land • Recyclable materials processing equipment • Rent reduction program • Spousal tax adjustment • Tax paid to other states • Trust beneficiary accumulated distribution • Vehicle emissions testing equipment • Waste motor oil burning equipment 											
	OTHER TAXES											
	<ul style="list-style-type: none"> • Use tax 											

WEST VIRGINIA

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	Generally same as federal.*		
--Public.....	Police or firemen exempt. 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.		
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. West Virginia does not conform to federal provisions enacted during 2003.		
*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.			
TAX RATES AND BRACKETS			EXEMPTIONS
<u>Taxable Income Brackets</u>		<u>Marginal Tax Rates</u>	Each federal exemption \$2,000 Surviving spouse..... 2,000 Dependent or another person's return..... 500
<u>Single/Married-J/HH</u>	<u>Married-S</u>		
\$0 - 10,000	\$0 - 5,000	3.0%	
10,000 - 25,000	5,000 - 12,500	4.0	
25,000 - 40,000	12,500 - 20,000	4.5	
40,000 - 60,000	20,000 - 30,000	6.0	
60,000 and over	30,000 and over	6.5	
		CONTRIBUTION/CHECK-OFF	OTHER TAXES
<ul style="list-style-type: none"> • Adoption expenses • Economic development (general economic opportunity, corporate headquarters relocation, small business, coal loading, industrial expansion, strategic research and development, manufacturing investment) • Alternative fuel vehicles • Employment credits (West Virginia military incentive, natural gas jobs retention) • Environmental agricultural equipment • Historic rehabilitation • Income tax paid to other states • Neighborhood investment • Utilities low-income rate reduction • West Virginia capital company 		<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> <p>Interest/Dividend.....Exempts U.S. government bonds.</p> <p>Business/Rent/Farm.....Same as federal, except state farm loss provision.</p> <p>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.</p> <p>Pension/Retirement Income</p> <p>--Private.....Same as federal.</p> <p>--Public.....Exclusion if member of certain systems prior to 1964.</p> <p>--U.S. Civil Service.....Exclusion if member of system prior to 1964.</p> <p>--Military.....Exempt.</p> <p>Active Duty Military.....Same as federal.</p> <p>Unemployment Compensation.....Limited exclusion as provided under 1986 federal law.</p> <p>Social Security Benefits.....Up to 50% are taxable.</p> <p>State/Municipal Bond Interest.....Taxable except certain Wisconsin obligations.</p> <p>Miscellaneous</p> <p>Disability Income.....Exclusion of up to \$5,200 per year.</p> <p>Lottery Winnings.....Same as federal.</p> <p>Federal Income Taxes.....Not deductible.</p> <p>Other.....50% exclusion for medical insurance costs of employees not covered by employer-provided insurance. Deductions for contributions to a college savings program, Wisconsin higher education expenses, adoption expenses, and long-term care insurance. Distributions from a passive foreign investment company are taxable. Wisconsin tax law does not conform to federal provisions enacted during 2003.</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 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: center;">\$7,790</td> <td style="text-align: center;">\$11,220-76,136</td> </tr> <tr> <td>HH</td> <td style="text-align: center;">10,060</td> <td style="text-align: center;">11,220-76,136</td> </tr> <tr> <td>Married-J</td> <td style="text-align: center;">14,030</td> <td style="text-align: center;">15,760-86,697</td> </tr> <tr> <td>Married-S</td> <td style="text-align: center;">6,660</td> <td style="text-align: center;">7,480-41,154</td> </tr> </tbody> </table> <p>Itemized:</p> <p>Itemized deduction credit of 5% after subtraction of sliding scale standard deduction.</p> <p>Major Differences from Federal Law:</p> <p><u>Taxes:</u> No credit for taxes.</p> <p><u>Interest:</u> Interest paid on a second home outside of state, a boat, or to purchase U.S. securities is not allowed.</p> <p><u>Casualty/Theft:</u> No credit for casualty and theft losses.</p> <p><u>Miscellaneous:</u> No credit.</p>			Filing Status	Standard Ded.	Income Range for Deduction Phase-Out	Single	\$7,790	\$11,220-76,136	HH	10,060	11,220-76,136	Married-J	14,030	15,760-86,697	Married-S	6,660	7,480-41,154					
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TAX RATES AND BRACKETS				EXEMPTIONS																						
<p><u>Taxable Income Brackets</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <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 style="text-align: center;">Marginal Tax Rates</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$0 - 8,430</td> <td style="text-align: center;">\$0 - 11,240</td> <td style="text-align: center;">\$0 - 5,620</td> <td style="text-align: center;">4.60%</td> </tr> <tr> <td style="text-align: center;">8,430 - 16,860</td> <td style="text-align: center;">11,240 - 22,480</td> <td style="text-align: center;">5,620 - 11,240</td> <td style="text-align: center;">6.15</td> </tr> <tr> <td style="text-align: center;">16,860 - 126,420</td> <td style="text-align: center;">22,480 - 168,560</td> <td style="text-align: center;">11,240 - 84,280</td> <td style="text-align: center;">6.50</td> </tr> <tr> <td style="text-align: center;">126,420 and over</td> <td style="text-align: center;">168,560 and over</td> <td style="text-align: center;">84,280 and over</td> <td style="text-align: center;">6.75</td> </tr> </tbody> </table>				Single/HH	Married-J	Married-S	Marginal Tax Rates	\$0 - 8,430	\$0 - 11,240	\$0 - 5,620	4.60%	8,430 - 16,860	11,240 - 22,480	5,620 - 11,240	6.15	16,860 - 126,420	22,480 - 168,560	11,240 - 84,280	6.50	126,420 and over	168,560 and over	84,280 and over	6.75	<p>Single/HH/MS..... \$700</p> <p>Married-J..... 1,400</p> <p>Dependent..... 700</p> <p>Age 65 and over..... 250</p>		
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<ul style="list-style-type: none"> • Armed forces members • Development zone • Earned income tax credit • Farmland preservation • Farmland tax relief • Historical rehabilitation • Homestead • Income taxes paid to other states • Itemized deductions • Married couple (two earner) • Property tax/rent credit • Sales tax on fuel and electricity used in manufacturing • Technology zone • Working families 		<ul style="list-style-type: none"> • Election campaign fund • Endangered resources donation • Football stadium donation 		<ul style="list-style-type: none"> • Minimum tax • Penalties on retirement plans and MSAs • Recycling surcharge on business • Use tax 																						