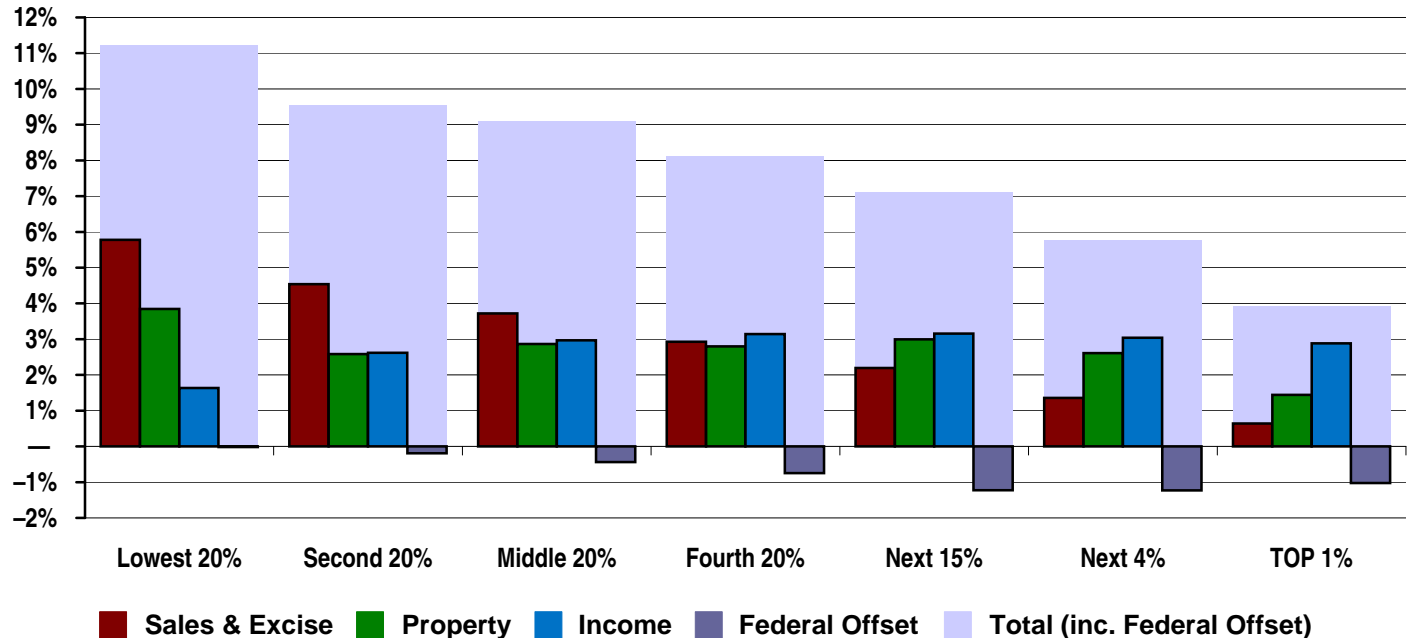


Pennsylvania

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$19,000	\$19,000 – \$35,000	\$35,000 – \$56,000	\$56,000 – \$89,000	\$89,000 – \$175,000	\$175,000 – \$428,000	\$428,000 or more
Average Income in Group	\$10,500	\$26,500	\$45,200	\$70,900	\$119,300	\$257,100	\$1,369,600
Sales & Excise Taxes	5.8%	4.5%	3.7%	2.9%	2.2%	1.4%	0.6%
General Sales—Individuals	2.1%	2.0%	1.8%	1.5%	1.2%	0.8%	0.4%
Other Sales & Excise—Ind.	2.0%	1.2%	0.8%	0.6%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.3%	1.1%	0.8%	0.6%	0.4%	0.2%
Property Taxes	3.8%	2.6%	2.9%	2.8%	3.0%	2.6%	1.4%
Property Taxes on Families	3.8%	2.5%	2.8%	2.7%	2.9%	2.4%	0.8%
Other Property Taxes	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%	0.6%
Income Taxes	1.6%	2.6%	3.0%	3.1%	3.2%	3.0%	2.9%
Personal Income Tax	1.6%	2.6%	2.9%	3.1%	3.1%	2.9%	2.5%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.4%
TOTAL TAXES	11.3%	9.7%	9.6%	8.9%	8.3%	7.0%	5.0%
Federal Deduction Offset	-0.0%	-0.2%	-0.4%	-0.7%	-1.2%	-1.2%	-1.0%
TOTAL AFTER OFFSET	11.2%	9.5%	9.1%	8.1%	7.1%	5.8%	3.9%

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

Pennsylvania

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Provides a non-refundable “tax forgiveness” credit to low-income taxpayers

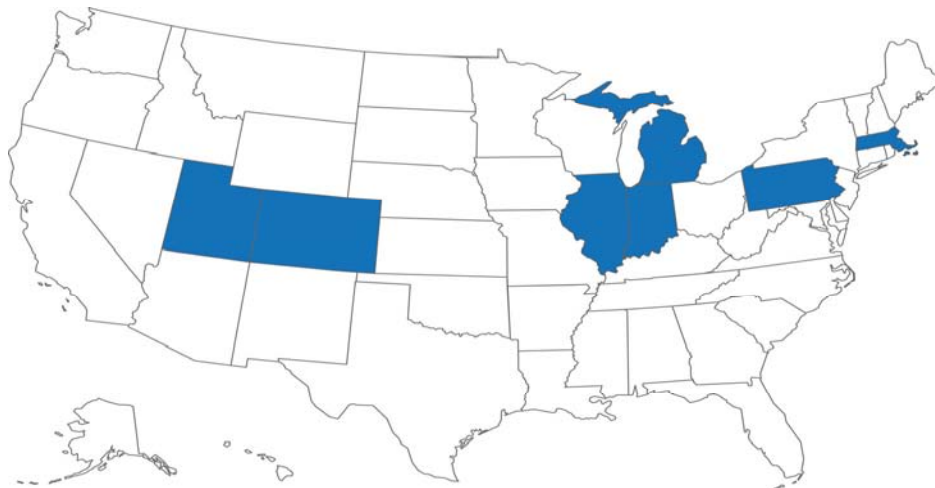
Regressive Features

- ✗ Income tax uses a single rate structure
- ✗ Fails to use combined reporting as part of its corporate income tax

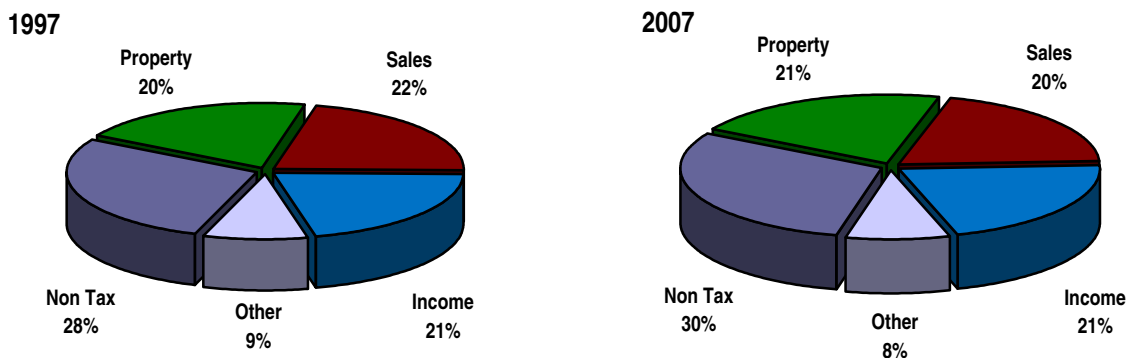
Recent Developments

- ▲ Increased cigarette taxes
- ▲ Temporarily increased certain business taxes through 2011

States with a Flat Rate Personal Income Tax



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances