



## Tax-exempt interest dividends by state for Vanguard municipal bond funds and Vanguard Tax-Managed Balanced Fund Admiral Shares

### Important tax information for 2016

This update provides information to help you report earnings by state from any of your Vanguard municipal bond funds and Vanguard Tax-Managed Balanced Fund on your year-end tax returns. Tax-exempt interest dividends from these funds, as reported on Form Admiral™ Shares 1099-DIV, Box 10, are taxed differently at the federal, state, and local levels, and may be subject to the alternative minimum tax.

**Federal tax treatment.** The tax-exempt interest dividends are 100% exempt from federal income tax.

**State and local tax treatment.** A portion of these dividends may be exempt from state and/or local tax, depending on where you file your return. On the reverse side, you'll find the percentage that was earned in each state or U.S. territory during 2016. If your state and/or local tax laws provide for the exemption, multiply the total income distribution shown on Form 1099-DIV, Box 10, by the appropriate percentage. This amount can be excluded, and the remaining balance should be reported on your tax return.

The tax-exempt interest dividends earned from obligations issued by U.S. territories are generally exempt from state income tax. Therefore, you may be able to add the "Outside the United States" percentages shown at the bottom of the table to your state-exempt percentage for a total exempt amount. Consult a tax advisor for more information.

**Alternative minimum tax.** Tax-exempt interest dividends from these funds may be subject to the federal alternative minimum tax. For further information, refer to "Your Vanguard tax-exempt investments and AMT" (available at [vanguard.com/taxcenter](http://vanguard.com/taxcenter) under Vanguard fund-specific tax information).

### Do you invest in a Vanguard state-specific municipal bond fund?

If so, investment income you've received may not be subject to state income tax. In addition to being 100% exempt from federal income taxes, interest dividends from Vanguard state-specific municipal bond funds (listed below) are 100% exempt from state taxes to resident shareholders of that state. *For example, if you reside in California and own shares of Vanguard California Tax-Exempt Money Market Fund, the income reported on Form 1099-DIV, Box 10, is 100% exempt from California state income tax.* Note that tax-exempt income from a state-specific municipal bond fund may be subject to state-imposed alternative minimum tax requirements, depending on the state tax laws that apply to you.

#### Funds

<u>Vanguard California Tax-Exempt Money Market Fund</u>
<u>Vanguard California Intermediate-Term Tax-Exempt Fund</u>
<u>Vanguard California Long-Term Tax-Exempt Fund</u>
<u>Vanguard Massachusetts Tax-Exempt Fund</u>
<u>Vanguard New Jersey Tax-Exempt Money Market Fund</u>
<u>Vanguard New Jersey Long-Term Tax-Exempt Fund</u>
<u>Vanguard New York Tax-Exempt Money Market Fund</u>
<u>Vanguard New York Long-Term Tax-Exempt Fund</u>
<u>Vanguard Ohio Tax-Exempt Money Market Fund</u>
<u>Vanguard Ohio Long-Term Tax-Exempt Fund</u>
<u>Vanguard Pennsylvania Tax-Exempt Money Market Fund</u>
<u>Vanguard Pennsylvania Long-Term Tax-Exempt Fund</u>

#### Questions?

Call us at 877-662-7447 Monday through Friday from 8 a.m. to 10 p.m., Eastern time. Our investment professionals can't provide tax advice; consult a qualified tax professional if your tax situation is complex or if you're uncertain about a specific IRS rule. You can also find a variety of general tax-preparation data and tools at [vanguard.com/taxcenter](http://vanguard.com/taxcenter).

## Tax-exempt interest dividends by state for 2016

State	Tax-Exempt Money Market Fund	Short-Term Tax-Exempt Fund	Limited-Term Tax-Exempt Fund	Intermediate-Term Tax-Exempt Fund	Long-Term Tax-Exempt Fund	High-Yield Tax-Exempt Fund	Tax-Managed Balanced Fund Admiral Shares	Tax-Exempt Bond Index Fund
Alabama	0.25%	0.71%	0.42%	0.84%	1.31%	1.09%	0.35%	0.86%
Alaska	0.46	0.38	0.45	0.14	0.18	0.19	0.21	0.24
Arizona	1.18	1.00	1.36	2.15	1.14	0.97	2.58	1.14
Arkansas	0.00	0.15	0.24	0.11	0.08	0.16	0.16	0.02
California	3.21	11.26	10.99	12.41	17.25	13.55	14.89	15.44
Colorado	2.59	1.41	1.00	1.44	1.55	1.83	1.47	0.80
Connecticut	1.07	3.35	2.34	1.34	0.68	0.43	1.03	1.17
Delaware	0.08	0.13	0.31	0.06	0.03	0.04	0.11	0.27
District of Columbia	1.21	0.18	0.19	0.35	0.95	0.78	0.45	1.34
Florida	3.59	4.37	4.43	6.02	8.36	5.79	4.28	3.66
Georgia	1.32	3.75	2.86	2.23	2.07	1.74	1.81	1.86
Hawaii	0.71	0.36	0.98	0.71	1.05	0.71	1.63	0.77
Idaho	0.51	0.19	0.09	0.09	0.19	0.19	0.01	0.02
Illinois	4.84	4.57	5.22	7.44	8.73	10.17	7.11	6.83
Indiana	2.70	0.78	1.27	1.32	1.62	2.33	1.23	0.38
Iowa	0.12	0.17	0.65	0.42	0.40	1.04	0.37	0.11
Kansas	0.82	0.14	0.48	0.68	0.43	0.69	0.92	0.28
Kentucky	1.40	1.42	0.77	0.68	0.80	0.73	0.82	0.55
Louisiana	0.55	1.42	0.88	1.12	0.67	1.65	0.81	0.77
Maine	0.00	0.04	0.09	0.05	0.11	0.07	0.11	0.00
Maryland	1.71	3.24	3.28	2.01	1.15	0.95	2.50	2.18
Massachusetts	2.47	2.81	3.57	3.08	2.31	0.96	2.80	4.96
Michigan	2.97	2.75	2.76	3.23	2.58	3.60	2.83	1.89
Minnesota*	0.61	0.72	0.79	1.08	0.73	0.61	0.93	0.46
Mississippi	0.77	0.22	0.19	0.32	0.50	0.16	0.42	0.25
Missouri	2.83	0.73	0.90	1.03	1.01	0.96	0.93	0.34
Montana	0.04	0.02	0.10	0.02	0.04	0.00	0.01	0.00
Nebraska	1.25	0.55	0.83	0.42	0.30	0.31	0.56	0.33
Nevada	1.56	0.40	0.38	0.96	0.75	0.41	1.56	1.01
New Hampshire	0.16	0.06	0.11	0.13	0.31	0.19	0.28	0.07
New Jersey	3.75	5.38	6.38	4.33	3.76	8.45	4.23	9.46
New Mexico	0.64	0.69	0.61	0.21	0.38	0.12	0.36	0.05
New York	10.95	14.39	13.01	15.49	14.24	10.26	14.86	19.77
North Carolina	2.08	1.48	1.31	1.09	0.98	0.61	1.35	1.32
North Dakota	0.12	0.02	0.06	0.01	0.00	0.00	0.00	0.00
Ohio	2.47	1.96	4.22	2.48	1.33	1.96	1.91	1.66
Oklahoma	0.20	0.22	0.12	0.24	0.02	0.28	0.13	0.03
Oregon	0.73	0.94	0.53	0.69	0.45	0.20	0.45	0.48
Pennsylvania	1.17	5.21	5.58	4.56	4.78	5.28	5.43	3.74
Rhode Island	0.26	0.34	0.44	0.30	0.30	0.32	0.03	0.04
South Carolina	0.75	0.53	1.21	1.14	1.61	1.40	1.04	1.65
South Dakota	0.27	0.03	0.02	0.05	0.16	0.20	0.23	0.00
Tennessee	2.87	1.43	1.88	1.08	0.92	1.28	1.86	0.26
Texas	7.33	12.97	8.85	10.08	8.57	9.64	9.03	10.21
Utah	0.45	0.30	0.44	0.33	0.27	0.34	0.31	0.58
Vermont	0.11	0.04	0.01	0.04	0.00	0.16	0.00	0.02
Virginia	1.25	1.62	2.10	1.39	1.33	1.82	1.24	0.77
Washington	1.45	2.61	2.73	2.84	1.75	1.14	2.46	2.20
West Virginia	0.50	0.18	0.24	0.32	0.55	0.32	0.09	0.01
Wisconsin	5.26	1.11	1.38	0.93	1.25	2.60	1.27	0.82
Wyoming	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.07
<b>Outside the United States</b>								
Guam	0.00%	0.01%	0.06%	0.04%	0.00%	0.18%	0.36%	0.00%
Puerto Rico	0.00	0.00	0.00	0.24	0.07	1.31	0.24	0.00
Virgin Islands	0.00	0.16	0.27	0.06	0.11	0.25	0.13	0.00

### Notes:

- The information provided above applies to all share classes of a fund.
- The percentage of assets that each of the Vanguard municipal bond funds and Vanguard Tax-Managed Balanced Fund Admiral Shares have invested in each state and U.S. territory at the end of 2016 can be found at [vanguard.com/taxcenter](http://vanguard.com/taxcenter) under **State-specific tax information**.

\*Minnesota requires that 95% of the tax-exempt interest dividends be derived from Minnesota source obligations in order for the income to be exempt from state tax. None of the funds met this criterion for 2016. Therefore, all tax-exempt interest dividends from these funds are subject to Minnesota state income tax.