

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

Important tax information for 2020

This tax 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 1099-DIV, Box 11, 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 earned in each state or U.S. territory during 2020. If your state and/or local tax laws provide for the exemption, multiply the total income distribution shown on Form 1099-DIV, Box 11, by the appropriate percentage. You can exclude this amount and report the remaining balance 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 more information, refer to "Your Vanguard tax-exempt investments and the alternative minimum tax (AMT)" (visit investor.vanguard.com/taxes/, select **State-specific tax information**, and choose **Fund-specific tax information**).

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

If so, investment income 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) may be exempt from state taxes to resident shareholders of that state, except where noted. *For example, if you reside in California and own shares of Vanguard California Municipal Money Market Fund, the income reported on Form 1099-DIV, Box 11, 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.

Vanguard funds	Percentage of income from specified states	Percentage of income from other states
California Intermediate-Term Tax-Exempt	100%	—
California Long-Term Tax-Exempt	100	—
California Municipal Money Market	100	—
Massachusetts Tax-Exempt	100	—
New Jersey Long-Term Tax-Exempt	100	—
New Jersey Municipal Money Market	97.25	2.75
New York Long-Term Tax-Exempt	100	—
New York Municipal Money Market	100	—
Ohio Long-Term Tax-Exempt	100	—
Pennsylvania Long-Term Tax-Exempt	100	—
Pennsylvania Municipal Money Market	100	—

Questions?

Call us at 877-662-7447 Monday through Friday from 8 a.m. to 8 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 investor.vanguard.com/taxes/.

(over)

Tax-exempt interest dividends by state for 2020

State	Municipal 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	Tax-Exempt Bond Index Fund
Alabama	0.29%	1.81%	2.86%	1.37%	1.32%	1.24%	1.17%	0.42%
Alaska	0.37	0.17	0.40	0.12	0.15	0.09	0.11	0.03
Arizona	0.88	1.44	1.81	1.82	1.27	1.17	1.93	1.54
Arkansas	0.12	0.01	0.39	0.24	0.10	0.13	0.40	0.03
California	2.17	4.91	5.01	9.86	11.45	8.44	9.53	15.58
Colorado	2.39	1.48	1.53	1.97	2.53	3.03	2.08	1.67
Connecticut	0.86	3.03	2.38	1.40	0.54	1.03	1.70	1.37
Delaware	0.27	0.32	0.13	0.08	0.22	0.06	0.22	0.17
District of Columbia	1.54	0.23	0.16	0.89	1.71	1.57	1.04	1.95
Florida	4.61	2.37	3.59	5.01	4.50	6.18	5.27	3.84
Georgia	2.26	4.16	2.68	2.74	2.85	2.42	2.55	1.82
Hawaii	0.65	0.74	0.57	1.04	1.03	0.50	1.31	0.90
Idaho	0.07	0.06	0.14	0.07	0.27	0.08	0.10	0.02
Illinois	3.87	8.19	9.10	7.44	7.22	10.16	7.17	6.59
Indiana	1.50	1.00	1.27	1.19	1.33	1.82	1.41	0.47
Iowa	0.33	0.41	0.55	0.38	0.29	0.60	0.41	0.19
Kansas	0.47	0.22	0.47	0.51	0.33	0.74	0.51	0.17
Kentucky	0.29	1.48	2.43	1.43	1.01	0.97	1.49	0.55
Louisiana	1.12	1.15	1.60	0.91	0.93	1.43	0.74	0.97
Maine	0.20	0.06	0.14	0.11	0.22	0.22	0.03	0.00
Maryland	1.42	3.27	2.61	2.44	2.30	1.51	2.27	1.73
Massachusetts	3.85	3.12	2.32	2.58	3.12	2.62	2.35	4.74
Michigan	4.07	1.71	2.72	3.24	3.07	3.39	3.09	1.41
Minnesota*	0.74	0.54	0.98	0.81	1.15	0.72	0.90	0.39
Mississippi	0.58	0.61	0.44	0.42	0.25	0.23	0.53	0.19
Missouri	2.01	0.63	0.58	0.92	1.29	1.45	0.91	0.34
Montana	0.00	0.10	0.14	0.11	0.17	0.00	0.01	0.00
Nebraska	1.13	0.38	0.64	0.58	0.45	0.40	0.73	0.56
Nevada	1.44	1.12	1.18	1.17	0.71	0.18	1.49	0.75
New Hampshire	0.63	0.11	0.14	0.24	0.32	0.41	0.20	0.01
New Jersey	6.64	6.14	6.92	4.47	4.10	7.06	4.51	7.34
New Mexico	0.51	0.64	0.67	0.27	0.65	0.29	0.44	0.04
New York	8.54	15.22	12.41	14.60	13.54	8.07	13.15	21.97
North Carolina	1.85	1.61	1.15	0.73	1.23	0.87	0.68	0.87
North Dakota	0.05	0.05	0.03	0.04	0.12	0.16	0.05	0.00
Ohio	4.09	3.01	2.89	3.25	4.51	3.65	3.15	1.46
Oklahoma	0.05	0.23	0.40	0.42	0.55	0.79	0.46	0.40
Oregon	0.99	0.85	0.38	0.91	1.00	0.34	0.54	0.79
Pennsylvania	1.17	5.01	5.36	5.08	6.08	7.03	5.29	4.17
Rhode Island	0.03	0.08	0.48	0.16	0.17	0.50	0.14	0.06
South Carolina	2.92	1.03	1.60	1.12	1.70	1.66	1.17	1.03
South Dakota	0.03	0.05	0.11	0.15	0.21	0.28	0.32	0.00
Tennessee	3.83	1.57	1.97	1.06	1.61	1.20	2.08	0.36
Texas	20.35	13.66	10.97	8.92	7.45	6.86	9.57	9.60
Utah	0.46	0.56	0.28	0.38	0.46	0.57	0.61	0.41
Vermont	0.09	0.02	0.02	0.09	0.03	0.25	0.05	0.01
Virginia	0.83	2.35	1.42	2.04	1.26	1.87	1.44	1.11
Washington	2.15	2.09	1.96	2.72	0.95	1.20	2.06	2.60
West Virginia	1.10	0.41	0.26	0.57	0.61	0.47	0.48	0.08
Wisconsin	4.08	0.67	1.16	1.57	1.46	2.67	1.61	0.71
Wyoming	0.09	0.02	0.11	0.04	0.00	0.00	0.13	0.00

Outside the United States

American Samoa	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00
Guam	0.00	0.09	0.20	0.20	0.15	0.38	0.26	0.00
Northern Mariana Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Puerto Rico	0.00	0.56	0.70	0.66	0.52	1.18	0.61	0.00
Virgin Islands	0.00	0.00	0.02	0.00	0.00	0.17	0.00	0.00

Notes:

- The information provided above applies to all share classes of a fund, including ETFs.
- The percentage of assets that each of the Vanguard municipal bond funds and Vanguard Tax-Managed Balanced Fund have invested in each state and U.S. territory at the end of 2020 can be found in the "State-specific tax information" area of our Tax Center at investor.vanguard.com/taxes/.
- *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 2020. Therefore, all tax-exempt interest dividends from these funds are subject to Minnesota state income tax.