

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

Important tax information for 2023

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 12, 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. State requirements are complex, so you should consider consulting a tax advisor for your specific state's treatment of tax-exempt interest dividends. On table 2, you'll find the percentage earned in each state or U.S. territory during 2023. If your state and/or local tax laws provide for the exemption, multiply the total income distribution shown on Form 1099-DIV, Box 12, 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.

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)" available at investor.vanguard.com/taxes/.

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 12, 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.

TABLE 1: VANGUARD STATE-SPECIFIC MUNICIPAL BOND FUNDS	Percentage of income from specified states	Percentage of income from other states
California Intermediate-Term Tax-Exempt Fund	100%	0.00%
California Long-Term Tax-Exempt Fund	100	0.00
California Municipal Money Market Fund	100	0.00
Massachusetts Tax-Exempt Fund	100	0.00
New Jersey Long-Term Tax-Exempt Fund	100	0.00
New York Long-Term Tax-Exempt Fund	100	0.00
New York Municipal Money Market Fund	100	0.00
Ohio Long-Term Tax-Exempt Fund	100	0.00
Pennsylvania Long-Term Tax-Exempt Fund	100	0.00

Questions?

Call us at 877-662-7447 Monday through Friday from 8 a.m. to 8 p.m., Eastern time. Vanguard cannot provide tax advice, and nothing herein should be considered tax advice. You should consult your own tax advisor regarding your specific situation including if you're uncertain about the interpretation of a specific tax regulation. Although Vanguard aims to ensure the accuracy of the information contained in this supplement, we cannot guarantee that the information herein will not be subject to change or that a tax authority might disagree with the information herein or any tax position taken by a taxpayer in reliance upon the information in this supplement. You can also find a variety of general tax-related data and tools at investor.vanguard.com/taxes/.

TABLE 2: TAX-EXEMPT INTEREST DIVIDENDS BY STATE FOR 2023

STATE	Municipal Money Market Fund	Ultra-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	Short-Term Tax Exempt Bond ETF
Alabama	0.14%	4.87%	5.31%	3.04%	2.26%	2.57%	3.31%	0.58%	1.49%
Alaska	1.18	0.11	0.34	0.19	0.18	0.13	0.28	0.10	0.03
Arizona	0.62	1.37	1.25	1.53	1.37	1.30	1.87	1.39	1.49
Arkansas	0.12	0.07	0.30	0.18	0.09	0.43	0.33	0.02	0.11
California ¹	0.65	8.74	6.63	8.63	9.12	9.35	8.44	15.20	15.65
Colorado	3.73	1.27	1.79	1.86	2.57	2.89	1.72	1.63	0.77
Connecticut	3.27	1.66	1.38	1.01	0.59	0.72	1.05	1.66	2.99
Delaware	0.01	0.16	0.07	0.19	0.13	0.09	0.24	0.21	0.03
District of Columbia	2.13	1.52	0.97	0.99	1.80	1.66	0.83	1.57	1.17
Florida	4.76	2.89	3.50	4.54	5.40	6.05	4.39	3.47	2.57
Georgia	2.15	4.33	4.20	3.58	2.99	2.74	3.23	1.75	2.17
Hawaii	0.50	0.35	0.22	0.69	0.71	0.20	0.54	0.44	0.84
Idaho	0.04	0.04	0.07	0.12	0.37	0.14	0.09	0.06	0.09
Illinois ²	6.91	8.71	9.09	7.15	5.66	7.66	6.84	6.32	6.99
Indiana ³	0.76	0.56	1.17	1.07	0.93	0.83	1.16	0.50	0.45
Iowa	0.36	0.09	0.26	0.26	0.13	0.30	0.47	0.08	0.10
Kansas	0.12	0.52	0.37	0.33	0.11	0.45	0.44	0.28	0.36
Kentucky	0.25	1.77	2.19	1.53	0.77	1.15	1.26	0.22	0.36
Louisiana	0.48	1.15	1.29	1.07	0.56	1.00	0.96	0.72	1.24
Maine	0.26	0.07	0.09	0.13	0.39	0.57	0.18	0.10	—
Maryland	1.55	1.61	1.67	1.24	1.88	1.41	1.24	1.81	3.97
Massachusetts	2.53	0.75	1.43	1.71	4.27	2.05	1.85	4.48	2.76
Michigan	3.07	1.88	2.47	3.30	2.39	1.79	2.55	1.62	1.31
Minnesota ¹	2.79	1.19	1.08	0.87	0.95	0.68	1.26	0.32	1.23
Mississippi	0.51	0.45	0.37	0.36	0.12	0.19	0.39	0.11	0.24
Missouri	3.43	1.09	1.25	1.11	1.58	1.63	1.09	0.39	0.31
Montana	0.05	0.11	0.12	0.10	0.15	0.03	0.09	—	—
Nebraska	1.62	0.41	0.92	0.82	0.65	0.65	0.53	0.38	0.19
Nevada	1.51	0.68	0.41	1.12	0.76	0.25	1.04	0.74	1.02
New Hampshire	0.14	0.12	0.08	0.16	0.17	0.20	0.07	0.02	0.03
New Jersey	0.60	4.82	6.15	4.44	3.70	5.04	4.01	6.10	6.35
New Mexico	0.19	0.36	0.67	0.29	0.53	0.21	0.33	0.20	0.52
New York	15.40	12.51	12.65	14.01	14.83	10.76	13.05	23.93	17.28
North Carolina	1.15	1.61	1.05	0.65	1.16	0.81	0.56	0.79	1.17
North Dakota	0.08	0.05	0.14	0.08	0.19	0.23	0.09	0.03	—
Ohio	4.22	3.86	2.55	2.69	3.11	3.43	2.13	1.79	2.25
Oklahoma	0.13	0.23	0.35	0.38	0.48	0.57	0.44	0.36	0.60
Oregon	1.29	0.49	0.62	0.95	2.04	1.29	1.07	1.04	0.79
Pennsylvania	3.46	4.44	4.88	5.35	5.87	8.64	6.02	3.60	3.87
Rhode Island	0.28	0.18	0.34	0.25	0.10	0.36	0.11	0.14	0.14
South Carolina	1.47	1.19	1.48	1.30	1.08	1.24	1.43	0.95	0.45
South Dakota	0.39	0.04	0.24	0.16	0.20	0.21	0.27	0.01	0.01
Tennessee	2.41	1.90	1.97	1.52	1.34	1.27	2.20	0.52	0.42
Texas	14.62	10.40	8.45	10.38	8.98	7.06	11.62	9.60	9.29
Utah ⁴	1.41	0.25	0.29	0.45	1.39	0.94	0.75	0.70	0.59
Vermont	0.10	0.02	0.01	0.09	0.11	0.16	0.07	0.14	—
Virginia	2.64	1.30	0.93	1.43	1.79	1.50	1.02	1.33	1.63
Washington	1.80	2.74	2.06	2.63	0.90	1.45	3.16	2.57	4.04
West Virginia	0.40	0.14	0.19	0.52	0.42	0.45	0.39	0.04	—
Wisconsin	1.98	2.58	2.15	1.57	1.34	2.83	1.58	0.77	1.12
Wyoming	0.32	0.07	0.10	0.05	—	—	0.04	0.06	—

**OUTSIDE THE
UNITED STATES**

American Samoa	—	—	—	—	—	0.06	—	—	—
Guam	—	0.10	0.23	0.27	0.14	0.35	0.23	—	—
Northern Mariana Islands	—	—	—	—	—	—	—	—	—
Puerto Rico	—	2.32	2.42	1.96	1.60	2.32	1.90	—	—
Virgin Islands	—	0.04	0.02	0.02	—	0.25	0.01	—	—

Notes:

The information provided above applies to all share classes of a fund, including ETFs (exchange-traded funds).

¹As of February 28, 2023, the name of the Vanguard Short-Term Tax-Exempt Fund was changed to Vanguard Ultra-Short-Term Tax-Exempt Fund.

²California and Minnesota require funds to meet in-state minimum threshold to be exempt from state tax. The funds in Table 2 do not meet this criteria.

³Illinois does not exempt the portion of dividends from state or local obligations held indirectly through a mutual fund.

⁴Interest earned from a direct obligation of another state or political subdivision acquired before January 1, 2012 is exempt from Indiana income tax. For mutual funds, Indiana has provided informal guidance that the exemption applies to shares acquired before January 1, 2012.

⁵See state-specific insert for information regarding exemption.