

Income tax reform proposals

Provision	Current Law	Administration	House Passed	Senate Passed	COC Proposal 5/11/18
Starting point for taxable income calculation	Adjusted Gross Income	Adjusted Gross Income			
Standard or Itemized Deductions	Either Federal Standard Deduction or Federal itemized deductions carry through to Vermont taxes.	Vermont Standard Deduction only: \$6000 single, \$12,000 married, \$9000 HoH			
Personal Exemptions	None	\$4000 per exemption	\$4150 per exemption	\$4050 per exemption	\$4150 per exemption
Charitable Contributions	Deducted from taxable income after taking deduction on Federal return. Only available to itemizers.	5% credit on all charitable contributions, available to itemizers and non-itemizers	5% credit on charitable contributions up to \$10,000, available to itemizers and non-itemizers	Same as Administration	5% credit on charitable contributions up to \$20,000, available to itemizers and non-itemizers
Income tax rates	3.55%, 6.8%, 7.8%, 8.8%, 8.95%	Lowers all brackets by 0.2%. (3.35%, 6.6%, 7.6%, 8.6%, 8.75%)	Collapses top two brackets and lowers all brackets by 0.2% (3.35%, 6.6%, 7.6%, 8.6%)	Lowers bottom 3 brackets by 0.2% and top 2 brackets by 0.1% (3.35%, 6.6%, 7.6%, 8.7%, 8.85%)	Collapses top two brackets and lowers all brackets (3.35%, 6.6%, 7.6%, 8.75%)
Earned Income Tax Credit	32% of the Federal EITC	Expands EITC to 35% of Federal EITC			36%
Social Security taxation	No Vermont exemption beyond the Federal exemption	AGI Up to \$45,000 (single) and \$60,000 (married), 100% exemption. Phased out over the next \$10,000 in income. Phased in over 3 years.	AGI Up to \$45,000 (single) and \$60,000 (married), 100% exemption. Phased out over the next \$10,000 in income	Same as House	same
Bonus Depreciation	Bonus depreciation must be added back to Vermont taxable income	Repeal of addback	No change to current law	Same as House	same
FY2019 total revenue impact relative to current law (in millions)	N/A	-\$31.80	-\$29.40	-\$28.92	-29.24
Future year costs	N/A	FY2020: \$-34.54 FY2021: \$-37.33	FY2020: \$-29.99 FY2021: \$-30.59	FY2020: \$-29.50 FY2021: \$-30.09	

Summary of Income Tax Impacts: H.911 (CoC Agreement)

*****Relative to 2017 Vermont Tax Law*****

(Note: All estimates are on a calendar year basis)

AGI Bracket	Total Tax Change of H.911 (In Millions of Dollars)	Average Change in Taxes	Change in Effective Tax Rate from H.911	Percent of 2014 Taxable Returns
\$0 - \$5,000	-\$0.08	-\$15.48	-0.14%	2.0%
\$5,000 - \$10,000	-\$0.23	-\$17.07	-0.15%	4.5%
\$10,000 - \$15,000	-\$0.46	-\$25.77	-0.18%	6.1%
\$15,000 - \$20,000	-\$0.60	-\$32.52	-0.17%	6.4%
\$20,000 - \$25,000	-\$0.72	-\$36.30	-0.16%	6.7%
\$25,000 - \$30,000	-\$0.88	-\$43.21	-0.16%	6.6%
\$30,000 - \$35,000	-\$0.99	-\$49.06	-0.16%	6.3%
\$35,000 - \$40,000	-\$1.12	-\$56.05	-0.16%	5.8%
\$40,000 - \$45,000	-\$1.20	-\$64.27	-0.16%	5.0%
\$45,000 - \$50,000	-\$1.18	-\$71.92	-0.16%	4.4%
\$50,000 - \$60,000	-\$1.56	-\$52.68	-0.11%	7.5%
\$60,000 - \$75,000	-\$0.87	-\$23.85	-0.04%	9.0%
\$75,000 - \$100,000	-\$0.29	-\$8.36	-0.01%	11.1%
\$100,000 - \$125,000	\$0.88	\$37.11	0.03%	6.7%
\$125,000 - \$150,000	\$1.03	\$73.96	0.06%	3.7%
\$150,000 - \$200,000	\$1.48	\$110.57	0.07%	3.5%
\$200,000 - \$300,000	\$2.51	\$274.65	0.13%	2.4%
\$300,000 - \$500,000	\$1.05	\$225.59	0.07%	1.3%
\$500,000 - Infinity	\$5.06	\$1,187.69	0.05%	1.3%
Totals	\$1.81	\$9.71	0.00%	100%

Note: Estimates are based upon 2014 tax year data

