

1 H.391

2 Introduced by Representatives Pellett of Chester and Marek of Newfane

3 Referred to Committee on

4 Date:

5 Subject: Taxation; income taxes; employee payroll tax

6 Statement of purpose: This bill proposes to create a state payroll tax of 6.2
7 percent on gross state annual incomes above the amount at which wage earners
8 no longer pay Social Security taxes (currently \$102,000.00).

9 An act relating to state payroll taxes

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 32 V.S.A. § 5822a is added to read:

12 § 5822a. PAYROLL TAX

13 (a) In addition to other taxes, there is hereby imposed on the income of
14 every individual a tax equal to 6.2 percent of such individual's annualized
15 gross wages that exceed the Social Security wage base, as set annually by the
16 federal government, as determined by the commissioner of taxes.

17 (b) In addition to other taxes, there is hereby imposed on every employer
18 an excise tax equal to 6.2 percent of the wages paid with respect to
19 employment by him, her, or it that exceed the Social Security wage base, as set

1 annually by the federal government, as determined by the commissioner of
2 taxes.

3 (c) The tax imposed by subsections (a) and (b) of this section shall be
4 collected by the employer of the taxpayer by deducting the amount of the tax
5 from the wages as and when they are paid.

6 (d) Indemnification of employer. Every employer required to deduct the
7 tax shall be liable for the payment of the tax, and shall be indemnified against
8 the claims and demands of any person for the amount of the payment made by
9 the employer.

10 (e) The tax imposed under subsections (a) and (b) of this section shall be
11 administered pursuant to the provisions of subchapter 4 of this chapter.

12 (f) For purposes of this section, the terms “wages” and “employment” shall
13 have their respective meanings as defined in Section 3121 of the Internal
14 Revenue Code of 1986, as amended.

15 Sec. 2. EFFECTIVE DATE

16 This act shall apply to wages earned on or after January 1, 2010.