

Child Care Financing - Update

House Ways and Means
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Option for financing child care

1. Increase all corporate income tax bracket rates progressively.
 2. Increase all personal income tax brackets progressively.
 3. Expand the EITC to 100% for claimants without dependent children and 55% for claimants with dependent children.
- Considerations:
 - A broad base for ensure stable funding
 - Simplicity
 - Ensure that beneficiaries are paying into the system
 - Vertical equity/ability to pay



Business taxation: Increasing corporate tax rates



How does Vermont tax businesses?

- Vermont – like the Federal Government – treats taxes on net income/profit depending on how a business is structured
- Two Characterizations
 1. Corporations
 - Subject to the Corporate Tax.
 2. Pass-Through Businesses
 - Profits are divided amongst shareholders depending on shares of business.
 - Owners of the business pay taxes through the Personal Income Tax Code.
 - Increasing the corporate tax rate would not affect business income owners receive from pass-throughs.



Corporate Income Taxes

- Vermont currently applies an 8.5% marginal tax rate on net corporate income above \$25,000.
- Corporate income of a unitary group includes, the total net income of a parent corporation and all subsidiaries.
- Income is determined by an apportionment formula:
 - Pre-2023: a three factor formula used share of payroll, property and sales in Vermont relative to national payroll, property and sales.
 - Beginning January 2023: single factor sales apportionment
 - Tax rates apply to the net income apportioned to Vermont
- Firms with zero taxable income (roughly 70% of returns) pay the minimum tax, which ranges from \$100 to \$100,000



What would the new corporate income tax rates be?

Marginal Tax Rates				
Income Allocable to Vermont		Existing Tax Rate	New Proposed Rate	Rate Increase
\$0	\$10,000	6.0%	6.5%	+0.5%
\$10,000	\$25,000	7.0%	8.0%	+1.0%
\$25,000	and up	8.5%	10.0%	+1.5%

Minimum Annual Tax		
Vermont Gross Receipts		Minimum Tax
\$0	\$500,000	\$100
\$500,000	\$1,000,000	\$500
\$1,000,000	\$5,000,000	\$2,000
\$5,000,000	\$300,000,000	\$6,000
\$300,000,000	and up	\$100,000



Corporate income tax in other states

- 44 states have a corporate income tax.
- 15 of these states (including Vermont) have different rates that apply to different income brackets.
- The remainder levy a single tax rate on all levels of corporate income.
- Note that apportionment factors and determination of net income across states differs so looking at the rate is only part of the story.
- Vermont's current 8.5% top corporate income tax rate starts at \$25,000 of net income.
 - At \$25,000 California (8.84%), Delaware (8.7%), Illinois (9.5%), Minnesota (9.8%), and Pennsylvania (8.9%) have higher tax rates at that level.
- A corporate tax rate of 10% would be highest in the country applied to \$25,000 of net income.
- Because the top marginal rate applies to the a relatively low level of net income corporations' effective tax rate in Vermont is close or equal to the top marginal rate for companies with high net income.
- The Tax Foundation provides other useful information for comparing state CI treatment: <https://taxfoundation.org/publications/state-corporate-income-tax-rates-and-brackets/>



Estimated corporate income revenue impact changing the rates to 6.5%, 8%, and 10%.

Corporate Income Tax Projection						
Net Income Group		Filers	Change in Taxes	Current Effective Tax Rate	Proposed New Effective Tax Rate	Change in Effective Tax Rate
Negative	0	3,821	-	-	-	-
0	10,000	7,622	33,876	6.0%	6.5%	0.5%
10,001	15,000	335	24,655	6.2%	6.8%	0.6%
15,001	25,000	399	57,820	6.5%	7.2%	0.7%
25,001	50,000	516	188,387	7.2%	8.2%	1.0%
50,001	75,000	281	210,670	7.7%	8.9%	1.2%
75,001	100,000	180	202,077	8.0%	9.2%	1.3%
100,001	250,000	417	909,308	8.2%	9.6%	1.4%
250,001	500,000	213	1,082,664	8.4%	9.8%	1.5%
500,001	1,000,000	156	1,628,682	8.4%	9.9%	1.5%
1,000,001	infinity	208	15,516,092	8.5%	10.0%	1.5%
Grand Total		14,146	19,854,230			



Summary: Corporations

- C-Corporation businesses pay corporate income tax on their net income.
- Of the roughly 14,000 CI taxpayers in Vermont, about 200 of the highest earning companies would pay approximately \$15.5 million of the estimated revenue increase.
- C- Corporations with net income greater than \$25,000 would account for approximately 14% of total filers and pay approximately 99% of total corporate taxes.
- C-Corporations with net income greater than \$1 million would pay approximately 77% of all corporate income taxes.



Not all businesses pay corporate income taxes

- As mentioned, pass-through businesses pay taxes through the personal income tax code.
- These businesses often also have employees that would have access to childcare and would receive benefits from a State funded child care system (i.e. employees would be less likely to need to miss work because of lack of child care).
- In order to raise revenue from pass-through businesses a change to the personal income tax code would need to be made.

Existing pass-through business tax revenue

- In 2019, 58,580 VT resident returns reported \$895 million in sole-proprietorship business income
 - Represents 4% of total Vermont AGI on income tax forms
- In 2019, 20,500 VT resident returns reported \$1.0 billion in s-corporation/partnership income
 - Represents 4.6% of total Vermont AGI on income tax forms
- JFO Pass-through Issue Brief estimated that in FY 2020, pass-through returns generated at least \$110 million in Vermont personal income tax revenue
 - Represents about 12% of personal income tax revenues
 - An estimated 6.7% of available General Fund revenues in FY 2020



Summary: Pass-Through Businesses

- Most pass-throughs are small and most pay modest amounts of tax on their profits, if any.
 - Most pass throughs are small and benefit from the lower rates in the personal income tax code.
 - Many pass throughs (estimated about a third) report no taxable income.
- The tax base, however, is driven by a very small number of very large and/or profitable pass-throughs
- The number of pass-through businesses and amount of income generated by these businesses has increased sharply in the past 30 years
- Because pass-through income is subject to personal income taxes, a simple way to raise revenue from these businesses is to raise personal income tax rates.
 - Targeting only pass-through income would require complex changes to Vermont's tax code.



Increasing Personal Income Tax Rates Progressively



What would the new brackets be?

Filing Status: Single			
AGI		Existing Marginal Tax Rate	Proposed Marginal Tax Rate
\$0	\$42,150	3.35%	3.65%
\$42,150	\$102,200	6.60%	7.30%
\$102,200	\$213,150	7.60%	8.30%
\$213,150	and up	8.75%	9.60%

Filing Status: Married Filing Jointly			
AGI		Existing Marginal Tax Rate	Proposed Marginal Tax Rate
\$0	\$70,450	3.35%	3.65%
\$70,450	\$173,300	6.60%	7.30%
\$173,300	\$259,500	7.60%	8.30%
\$259,500	and up	8.75%	9.60%

Filing Status: Head of Household			
AGI		Existing Marginal Tax Rate	Proposed Marginal Tax Rate
\$0	\$56,500	3.35%	3.65%
\$56,500	\$145,950	6.60%	7.30%
\$145,950	\$236,350	7.60%	8.30%
\$236,350	and up	8.75%	9.60%

Filing Status: Married Filing Separately			
AGI		Existing Marginal Tax Rate	Proposed Marginal Tax Rate
\$0	\$35,225	3.35%	3.65%
\$35,225	\$85,150	6.60%	7.30%
\$85,150	\$129,750	7.60%	8.30%
\$129,750	and up	8.75%	9.60%



How is this different than what we saw last week?

-Percentage Points v. Percent

- Last week we looked at increasing each tax bracket rate by 0.5% *percentage points*.
- This resulted in a higher *percent* increase in taxes on lower brackets
- JFO was asked to develop a more progressive increase that increase each bracket by a similar *percent*.

Flat Rate Increase of 0.5%					Progressive Rate Increase				
Bracket	Current Marginal Rate	Proposed Rate with Flat Rate Increase of 0.5%	Percentage Point Increase	Percent Increase	Bracket	Current Marginal Rate	Proposed Rate with Progressive Rate Increase	Percentage Point Increase	Percent Increase
1	3.35%	3.85%	0.50%	15%	1	3.35%	3.65%	0.30%	9%
2	6.60%	7.10%	0.50%	8%	2	6.60%	7.30%	0.70%	11%
3	7.50%	8.00%	0.50%	7%	3	7.50%	8.30%	0.80%	11%
4	8.75%	9.25%	0.50%	6%	4	8.75%	9.60%	0.85%	10%



Refresher on marginal tax rates

- For MFJ filers the first \$70,450 would be taxed at a rate of 3.65%
 - AGI from \$70,450 to \$173,300 would be taxed at 7.3%
 - AGI from \$173,300 to \$259,500 would be taxed at 8.3%
 - All income above \$259,500 would be taxed at 9.6%
- Suppose you were to only change the tax rate to the top two brackets.
 - That would only affect taxes collected on AGI above \$173,300 and leave all income below that level untouched.
 - Only increasing the rate on the top two brackets would greatly reduce the base and require a much higher rate increase to raise the same amount of revenue.

Filing Status: Married Filing Jointly			
AGI		Existing Marginal Tax Rate	Proposed Marginal Tax Rate
\$0	\$70,450	3.35%	3.65%
\$70,450	\$173,300	6.60%	7.30%
\$173,300	\$259,500	7.60%	8.30%
\$259,500	and up	8.75%	9.60%

- **High income tax payers pass through all four tax brackets.**
- **Increasing the tax rates on the lowest brackets also affects high income taxpayers.**



Income tax rates in other states

- 43 states and D.C. have income taxes
- 30 of those states and D.C. levy-graduated income taxes with the number of brackets varying by state. The remaining 13 states that tax income have flat tax structures.
- For more information on other states the Tax Foundation is a useful resource: <https://taxfoundation.org/state-income-tax-rates-2023/>



Top marginal tax rates in other states

- Under this proposal the Vermont top marginal rate would increase to 9.60% which would be among the highest in the country but not the highest.
 - Oregon (9.9%), California (13.3%), Minnesota (9.85%), New York (10.9%), D.C. (10.75%) and New Jersey (10.75%) would all still have higher top marginal rates.
 - California, D.C. and New Jersey levy their top marginal rate on income above \$1 million and New York levies their top marginal rate on income above \$25 million.
 - Oregon and Minnesota would be the new closest state equivalents with top marginal rate applying to income above similar thresholds to Vermont.
 - <https://taxfoundation.org/state-income-tax-rates-2023/>



Top marginal rates don't tell the whole story

- Top marginal rates do not tell the full story. More important is effective rates by AGI, which take into account different income brackets, credits and exemptions across states.
- For example, Maine has a lower top marginal rate, but the effective rate in Vermont is lower at all AGI levels. Maine's lowest marginal rate is 5.8%.
- Vermont also has income tax credits which offset tax liability for many low-income taxpayers.
- Greater detail on how this proposal will affect personal income tax liability and effective tax rates will be looked after we talk about the EITC changes.



Expanding the EITC

Expanding the EITC to 55% for claimants with children and 100% for claimants without children



Quick EITC reminders

- If a Vermont taxpayer is eligible and receives a federal EITC they are entitled to a refundable credit worth 38% of that amount when they file their state return.
- The EITC was last increased in 2022 from 36% to 38%.
- The annual value of EITC received by Vermont taxpayers is estimated to be \$28.0 million in FY2024.
- EITC is especially helpful for taxpayers with children, particularly head of household filers.
- EITC is designed to also offset the impact of regressive taxes on Vermont.
- For greater detail on the Vermont EITC see the 2023 Vermont Tax Expenditure Reviews Report <https://ljfo.vermont.gov/assets/Subjects/Tax-Expenditure-Reports/11b4d43c7d/2023-Tax-Expenditure-Reviews-Report.pdf>



The EITC in other states

- Currently, 31 states and D.C. have a state EITC
- Compared to other states that structure their EITC like Vermont, at the current 38% we trail only D.C. (70% to 100%) and New Jersey (40%).
- Other states like California and Minnesota base their EITC based on income and are not linked to the federal EITC, but their effective percentage of the federal EITC is about 45% in each.
- South Carolina provides an EITC equal to 125% of the federal EITC but is *nonrefundable*.
- For more information: <https://www.taxpolicycenter.org/statistics/state-eitc-percentage-federal-eitc>



Eligibility Criteria: Federal Level

- Three primary criteria need to be met to qualify for the federal EITC:
 - Filers are required to have earned income (wages, salaries, tips, etc.).
 - Filers must be within certain AGI ranges.

AGI Thresholds for the 2022 Tax Year		
Children or Relatives Claimed	Filing as Single, Head of Household, or Widowed	Filing as Married Filing Jointly
Zero	\$16,480	\$22,610
One	\$43,492	\$49,622
Two	\$49,399	\$55,529
Three or more	\$53,057	\$59,187

- Filers cannot have investment income greater than \$10,300 in tax year 2022.



Credit Amounts: Federal Level

- Maximum credit amounts vary based on the number of dependent children claimed.

Tax Year 2022 Maximum EITC Amounts	
Children or Relatives Claimed	Maximum Credit Amount
Zero	\$560
One	\$3,733
Two	\$6,164
Three or more	\$6,935



Expanding the EITC by more for claimants without children?

- These taxpayers are both low income and do not have children so they will not directly benefit from childcare.
- Other states do the same:
 - Maine provides 12% for claimants with children and 25% for those without.
 - Maryland provides 45% for claimants with children and 100% for those without.
 - D.C. provides 70% for claimants with children and 100% for those without.
- The federal government also temporarily expanded the EITC for single childless filers in 2021.
- As outlined in the 2023 JFO Tax Expenditure Reviews Report childless claimants receive significantly less support from the EITC.
<https://ljfo.vermont.gov/assets/Subjects/Tax-Expenditure-Reports/11b4d43c7d/2023-Tax-Expenditure-Reviews-Report.pdf>



Combined increase in tax rates and EITC expansion – All Filers

Total Returns							
AGI		Returns	Total AGI (millions)	Change in Taxes Paid	Effective Tax Rate Current - Residents Only	Effective Tax Rate Proposed - Residents Only	Effective Tax Rate Change - Residents Only
\$0	\$25,000	132,885	\$1,095.75	-\$7.80	-0.82%	-1.65%	-0.83%
\$25,000	\$50,000	73,030	\$2,747.63	-\$0.79	1.24%	1.20%	-0.04%
\$50,000	\$75,000	58,328	\$3,595.28	\$7.07	2.30%	2.51%	0.21%
\$75,000	\$100,000	38,656	\$3,349.09	\$8.79	2.86%	3.14%	0.28%
\$100,000	\$125,000	27,455	\$3,072.17	\$8.73	3.11%	3.42%	0.31%
\$125,000	\$150,000	20,200	\$2,763.48	\$9.02	3.52%	3.88%	0.36%
\$150,000	\$175,000	14,020	\$2,266.56	\$8.08	3.88%	4.28%	0.40%
\$175,000	\$200,000	9,287	\$1,736.21	\$6.59	4.16%	4.60%	0.44%
\$200,000	\$250,000	11,143	\$2,475.11	\$9.87	4.49%	4.96%	0.47%
\$250,000	\$500,000	15,342	\$5,126.90	\$21.14	5.27%	5.82%	0.55%
\$500,000	\$1,000,000	4,780	\$3,251.18	\$11.99	6.10%	6.74%	0.64%
\$1,000,000	and up	3,636	\$57,019.42	\$24.20	6.39%	7.08%	0.69%
Total Changes		408,762	\$88,498.78	\$106.89	3.73%	4.07%	0.69%



Combined increase in tax rates and EITC expansion – Married Filing Jointly Filers

Married Filing Jointly Filers							
AGI		Returns	Total AGI (millions)	Change in Taxes Paid	Effective Tax Rate Baseline - Residents Only	Effective Tax Rate Alternative - Residents Only	Effective Tax Rate Change - Residents Only
\$0	\$25,000	14,416	\$133.99	-\$1.38	-1.43%	-2.62%	-1.19%
\$25,000	\$50,000	12,640	\$481.76	-\$1.24	-0.14%	-0.43%	-0.29%
\$50,000	\$75,000	15,701	\$987.37	\$0.98	1.40%	1.50%	0.10%
\$75,000	\$100,000	18,297	\$1,603.37	\$3.04	2.17%	2.38%	0.21%
\$100,000	\$125,000	18,454	\$2,074.27	\$4.91	2.67%	2.93%	0.26%
\$125,000	\$150,000	15,683	\$2,148.17	\$6.48	3.27%	3.61%	0.34%
\$150,000	\$175,000	11,561	\$1,869.85	\$6.39	3.71%	4.09%	0.38%
\$175,000	\$200,000	7,820	\$1,462.46	\$5.44	4.04%	4.47%	0.43%
\$200,000	\$250,000	9,512	\$2,113.00	\$8.30	4.38%	4.84%	0.46%
\$250,000	\$500,000	12,979	\$4,334.42	\$17.61	5.19%	5.73%	0.54%
\$500,000	\$1,000,000	4,086	\$2,779.99	\$10.08	6.01%	6.65%	0.64%
\$1,000,000	and up	3,080	\$29,791.04	\$20.00	6.14%	6.82%	0.68%
Total Changes		144,229	\$49,779.69	\$80.61	4.05%	4.45%	0.80%



Combined increase in tax rates and EITC expansion – Single Filers

Single Filers							
AGI		Returns	Total AGI (millions)	Change in Taxes Paid	Effective Tax Rate Baseline - Residents Only	Effective Tax Rate Alternative - Residents Only	Effective Tax Rate Change - Residents Only
\$0	\$25,000	107,493	\$842.94	-\$2.31	0.38%	0.06%	-0.32%
\$25,000	\$50,000	49,500	\$1,855.58	\$2.90	1.97%	2.14%	0.17%
\$50,000	\$75,000	34,540	\$2,111.44	\$5.23	2.76%	3.02%	0.26%
\$75,000	\$100,000	16,203	\$1,388.35	\$4.81	3.66%	4.03%	0.37%
\$100,000	\$125,000	7,086	\$785.87	\$3.11	4.17%	4.60%	0.43%
\$125,000	\$150,000	3,536	\$481.36	\$2.03	4.52%	4.99%	0.47%
\$150,000	\$175,000	1,898	\$306.29	\$1.32	4.83%	5.33%	0.50%
\$175,000	\$200,000	1,152	\$215.02	\$0.91	4.94%	5.44%	0.50%
\$200,000	\$250,000	1,319	\$293.00	\$1.27	5.28%	5.82%	0.54%
\$250,000	\$500,000	1,914	\$643.01	\$2.85	5.71%	6.30%	0.59%
\$500,000	\$1,000,000	573	\$389.85	\$1.61	6.58%	7.27%	0.69%
\$1,000,000	and up	464	\$26,863.00	\$3.49	7.64%	8.46%	0.82%
Total Changes		225,678	\$36,175.71	\$27.22	3.39%	3.69%	0.32%



Combined increase in tax rates and EITC expansion – HoH Filers

HoH Filers							
AGI		Returns	Total AGI (millions)	Change in Taxes Paid	Effective Tax Rate Baseline - Residents Only	Effective Tax Rate Alternative - Residents Only	Effective Tax Rate Change - Residents Only
\$0	\$25,000	9,320	\$102.75	-\$4.10	-9.40%	-13.73%	-4.33%
\$25,000	\$50,000	9,183	\$344.96	-\$2.55	-0.86%	-1.69%	-0.83%
\$50,000	\$75,000	6,355	\$389.24	\$0.57	1.91%	2.06%	0.15%
\$75,000	\$100,000	3,178	\$273.36	\$0.63	2.54%	2.78%	0.24%
\$100,000	\$125,000	1,465	\$162.00	\$0.51	3.33%	3.66%	0.33%
\$125,000	\$150,000	716	\$97.79	\$0.36	3.84%	4.24%	0.40%
\$150,000	\$175,000	386	\$62.26	\$0.24	4.15%	4.58%	0.43%
\$175,000	\$200,000	216	\$40.37	\$0.16	4.31%	4.77%	0.46%
\$200,000	\$250,000	211	\$46.77	\$0.20	4.79%	5.28%	0.49%
\$250,000	\$500,000	311	\$103.74	\$0.46	5.61%	6.18%	0.57%
\$500,000	\$1,000,000	96	\$65.32	\$0.23	6.45%	7.14%	0.69%
\$1,000,000	and up	75	\$310.14	\$0.39	7.32%	8.07%	0.75%
Total Changes		31,512	\$1,998.70	-\$2.90	1.61%	1.39%	-0.09%



Combined increase in tax rates and EITC expansion – Filers with dependents

Total Returns with dependents							
AGI		Returns	Total AGI (millions)	Change in Taxes Paid	Effective Tax Rate Current - Residents Only	Effective Tax Rate Proposed - Residents Only	Effective Tax Rate Change - Residents Only
\$0	\$25,000	14,674	\$156.47	-\$5.93	-8.90%	-13.06%	-4.16%
\$25,000	\$50,000	14,671	\$554.31	-\$4.13	-1.06%	-1.90%	-0.84%
\$50,000	\$75,000	12,668	\$785.30	\$0.79	1.61%	1.72%	0.11%
\$75,000	\$100,000	10,236	\$891.84	\$1.73	2.17%	2.38%	0.21%
\$100,000	\$125,000	8,707	\$977.04	\$2.25	2.57%	2.82%	0.25%
\$125,000	\$150,000	7,253	\$994.24	\$2.89	3.13%	3.45%	0.32%
\$150,000	\$175,000	5,618	\$909.55	\$3.05	3.57%	3.94%	0.37%
\$175,000	\$200,000	3,852	\$720.25	\$2.63	3.92%	4.33%	0.41%
\$200,000	\$250,000	4,634	\$1,028.37	\$4.00	4.27%	4.72%	0.45%
\$250,000	\$500,000	6,321	\$2,122.15	\$8.51	5.11%	5.64%	0.53%
\$500,000	\$1,000,000	2,240	\$1,527.13	\$5.14	5.93%	6.57%	0.64%
\$1,000,000	and up	1,626	\$12,620.18	\$7.67	6.32%	7.04%	0.72%
Total Changes		92,500	\$23,286.83	\$28.60	3.51%	3.79%	0.44%



Combined increase in tax rates and EITC expansion – Filers without dependents

Total Returns without dependents							
AGI		Returns	Total AGI (millions)	Change in Taxes Paid	Effective Tax Rate Current - Residents Only	Effective Tax Rate Proposed - Residents Only	Effective Tax Rate Change - Residents Only
\$0	\$25,000	118,211	\$939.28	-\$1.87	0.60%	0.37%	-0.23%
\$25,000	\$50,000	58,359	\$2,193.32	\$3.34	1.83%	1.99%	0.16%
\$50,000	\$75,000	45,660	\$2,809.99	\$6.28	2.49%	2.73%	0.24%
\$75,000	\$100,000	28,420	\$2,457.25	\$7.05	3.11%	3.42%	0.31%
\$100,000	\$125,000	18,748	\$2,095.12	\$6.47	3.35%	3.69%	0.34%
\$125,000	\$150,000	12,947	\$1,769.25	\$6.13	3.74%	4.12%	0.38%
\$150,000	\$175,000	8,402	\$1,357.00	\$5.03	4.09%	4.51%	0.42%
\$175,000	\$200,000	5,435	\$1,015.96	\$3.96	4.34%	4.79%	0.45%
\$200,000	\$250,000	6,509	\$1,446.74	\$5.86	4.66%	5.14%	0.48%
\$250,000	\$500,000	9,021	\$3,004.75	\$12.63	5.39%	5.94%	0.55%
\$500,000	\$1,000,000	2,540	\$1,724.06	\$6.85	6.22%	6.87%	0.65%
\$1,000,000	and up	2,010	\$44,399.24	\$16.53	6.42%	7.10%	0.68%
Total Changes		316,262	\$65,211.96	\$78.26	3.83%	4.20%	0.76%



Net change if all three options were implemented



Net change in revenue if all three options were implemented

Options	Change in Revenue (million)
Increase all corporate brackets progressively	\$19.9
Increase all income brackets progressively	\$120.8
Expanding the EITC	(\$13.9)
Total Net Change	\$126.8



Fiscal Years 2029 and 2030



Increasing personal income tax rates to cover increased CCFAP reimbursements

- In fiscal year 2029 the CCFAP reimbursement rate will increase to 100% of the cost of high-quality accessible care as estimated by RAND.
- What we have just reviewed is estimated to cover costs until FY28 so JFO estimated a supplemental bump in personal income rates to cover the costs of the higher reimbursement rate.
- JFO again constructed a progressive increase effective tax year 2028 in personal income taxes to cover these increased costs.



Increasing personal income tax rates to cover increased CCFAP reimbursements

Bracket	Rates Prior to TY28	Rates Effective TY2028	Increase in Rate
Bracket 1	3.65%	3.80%	0.15%
Bracket 2	7.30%	7.50%	0.20%
Bracket 3	8.30%	8.55%	0.25%
Bracket 4	9.60%	10.05%	0.45%

- This increase in rates effective TY28 would generate an estimated **\$51.3 million** in additional revenue annually for FY29 and FY30.



Increasing personal income tax rates to cover increased CCFAP reimbursements

Total Returns							
AGI		Returns	Total AGI (millions)	Change in Taxes Paid	Effective Tax Rate Current - Residents Only	Effective Tax Rate Proposed - Residents Only	Effective Tax Rate Change - Residents Only
\$0	\$25,000	132,885	\$1,095.75	\$0.40	-1.65%	-1.61%	0.04%
\$25,000	\$50,000	73,030	\$2,747.63	\$2.02	1.20%	1.27%	0.07%
\$50,000	\$75,000	58,328	\$3,595.28	\$3.51	2.51%	2.61%	0.10%
\$75,000	\$100,000	38,656	\$3,349.09	\$3.72	3.14%	3.26%	0.12%
\$100,000	\$125,000	27,455	\$3,072.17	\$3.54	3.42%	3.54%	0.12%
\$125,000	\$150,000	20,200	\$2,763.48	\$3.40	3.88%	4.01%	0.13%
\$150,000	\$175,000	14,020	\$2,266.56	\$2.91	4.28%	4.42%	0.14%
\$175,000	\$200,000	9,287	\$1,736.21	\$2.29	4.60%	4.75%	0.15%
\$200,000	\$250,000	11,143	\$2,475.11	\$3.36	4.96%	5.12%	0.16%
\$250,000	\$500,000	15,342	\$5,126.90	\$8.07	5.82%	6.02%	0.20%
\$500,000	\$1,000,000	4,780	\$3,251.18	\$5.59	6.74%	7.04%	0.30%
\$1,000,000	and up	3,636	\$57,019.42	\$12.51	7.08%	7.44%	0.36%
Total Changes		408,762	\$88,498.78	\$51.32	4.07%	4.23%	0.33%



Thank you!

