

Senate Income Tax Plan
Component Summary

1) eliminate the state and local income tax deduction = **\$14.5 million**

- same as House Passed
- affects virtually all itemizers (approximately 92K taxpayers)
- average tax increase \$167, most is \$448

2) cap mortgage interest deduction at \$12,000, indexed by housing prices = **\$5.6 million**

- affects ~ 12,800 taxpayers
- average increase is \$438

\$12,000 Mortgage Interest Cap			
AGI Category	Tax Difference	# Affected	Average Increase
Neg/None/Missing	47,664	163	292
Under 25,000	498,375	372	1,340
25,000 - 49,999	371,713	982	379
50,000 - 74,999	236,017	1,737	136
75,000 - 99,999	371,698	2,311	161
100,000 - 124,999	480,858	1,990	242
125,000 - 149,999	424,254	1,393	305
150,000 - 199,999	656,232	1,591	412
200,000 - 299,999	781,578	1,214	644
300,000 - 499,999	668,632	632	1,058
500,000 - 999,999	405,146	279	1,452
1,000,000 +	651,685	97	6,718
Resident Total	5,593,854	12,761	438

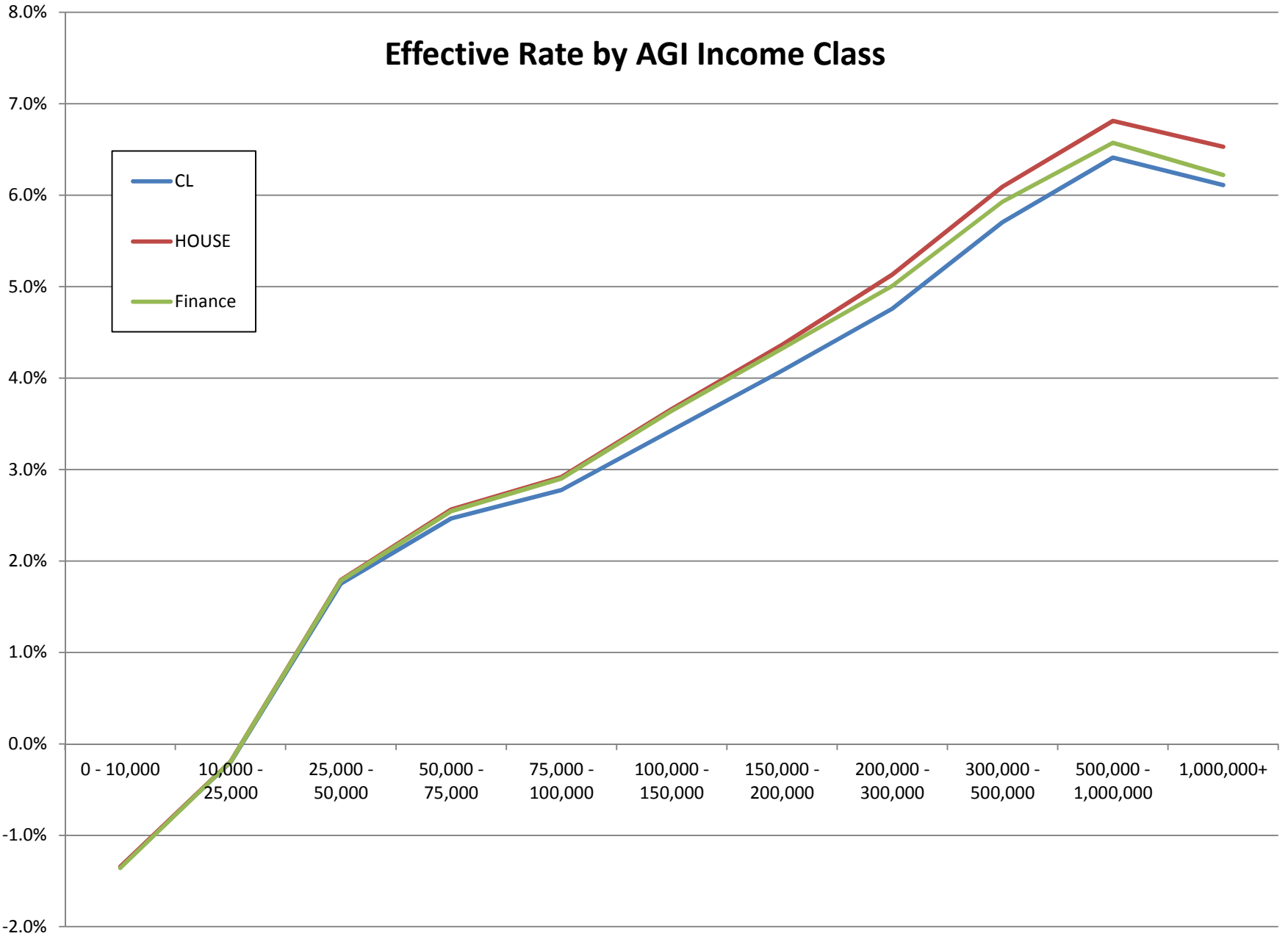
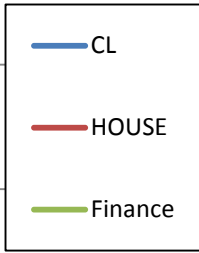
3) charitable deduction limited to VT donees (registered with the Tax) = **\$2.5 million**

- Assumption of 15% of all contributions
- ~ 67,000 itemizers claiming charitable contributions
- see attached sheet on current law charitable deductions and 50 state comparison

4) minimum tax = 3% of AGI for Taxpayers with incomes greater than \$150,000 = **\$1.0 million**

- Affects about 430 taxpayers
- Average increase is \$2,319 per taxpayer

Effective Rate by AGI Income Class



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Eliminate the State and Local Income Tax Deduction, Cap Mortgage Interest Deduction at \$12,000, Charitable Deduction to VT Donees, Apply a 3% Minimum Tax for Taxpayers with AGI > \$150K

AGI INCOME BRACKET				Tax (millions)			Effective Tax Rate			Returns with a Tax Increase		
AGI Income Brackets	%	# of Returns	Current Law AGI	Current Law	Proposal	Change	Current Law	Proposal	Change	# with Tax Increase	Increase (Millions)	Average Increase (\$)
0 - 10,000	18%	54,537	259,236,702	-3.5	-3.5	0.0	-1.4%	-1.4%	0.0%	42	0.0	81
10,000 - 25,000	21%	66,280	1,144,727,418	-2.3	-2.2	0.1	-0.2%	-0.2%	0.0%	3,054	0.1	24
25,000 - 50,000	25%	76,559	2,766,888,238	48.5	49.3	0.8	1.8%	1.8%	0.0%	15,095	0.8	54
50,000 - 75,000	14%	43,842	2,701,187,832	66.6	68.8	2.2	2.5%	2.5%	0.1%	18,304	2.2	118
75,000 - 100,000	9%	27,732	2,394,272,764	66.5	69.5	3.0	2.8%	2.9%	0.1%	16,056	3.0	188
100,000 - 150,000	7%	22,481	2,688,023,509	92.2	97.9	5.7	3.4%	3.6%	0.2%	17,722	5.7	324
150,000 - 200,000	2%	6,744	1,151,749,226	47.0	49.8	2.8	4.1%	4.3%	0.2%	5,956	2.8	470
200,000 - 300,000	1%	4,198	1,001,143,251	47.7	50.1	2.5	4.8%	5.0%	0.2%	3,823	2.5	653
300,000 - 500,000	1%	1,962	731,944,927	41.8	43.4	1.6	5.7%	5.9%	0.2%	1,801	1.6	905
500,000 - 1,000,000	0%	829	552,869,774	35.4	36.4	0.9	6.4%	6.6%	0.2%	758	0.9	1,193
1,000,000+	0%	355	1,235,788,671	75.5	76.9	1.4	6.1%	6.2%	0.1%	295	1.4	4,613
Resident subtotal	85%	310,389	16,340,198,419	515.3	536.3	21.0	3.2%	3.3%	0.1%	82,906	21.0	253
Non Resident subtotal	15%	56060	26,016,903,503	55.0	56.9	1.9	0.2%	0.2%	0.0%	15,159	1.9	128
ALL		366,449	42,357,101,922	570.3	593.2	22.9				98,065	22.9	234

Not a FISCAL YEAR ANALYSIS

between 3% to 5% adjustment for timing and portion of revenue realized in October 2016 (FY17)

FY 2016 Revenue Analysis **22.0**

INCOME DECILES				Tax (millions)			Effective Tax Rate			Returns with a Tax Increase		
Top of income group	Dec	# of Returns	Current Law AGI	Current Law	Proposal	Change	Current Law	Proposal	Change	# with Tax Increase	Increase (Millions)	Average Increase (\$)
29,880	10	144,574	1,634,011,890	-0.3	-0.1	0.2	0.0%	0.0%	0.0%	5,108	0.2	30
44,325	20	44,611	1,634,046,859	29.3	29.7	0.4	1.8%	1.8%	0.0%	9,015	0.4	48
59,336	30	31,750	1,634,011,914	37.9	38.9	1.0	2.3%	2.4%	0.1%	11,085	1.0	92
74,585	40	24,507	1,634,022,518	41.1	42.5	1.4	2.5%	2.6%	0.1%	10,999	1.4	127
90,690	50	19,880	1,634,071,391	43.9	45.7	1.8	2.7%	2.8%	0.1%	10,877	1.8	164
111,056	60	16,343	1,634,079,683	49.8	52.6	2.8	3.0%	3.2%	0.2%	11,256	2.8	252
143,293	70	13,078	1,634,111,511	57.5	61.2	3.6	3.5%	3.7%	0.2%	10,591	3.6	343
217,751	80	9,521	1,633,949,183	67.1	71.1	4.0	4.1%	4.4%	0.2%	8,382	4.0	475
582,880	90	5,229	1,633,810,237	87.6	91.4	3.8	5.4%	5.6%	0.2%	4,805	3.8	787
Infinity	100	896	1,634,083,232	101.4	103.4	2.0	6.2%	6.3%	0.1%	788	2.0	2,500
Resident subtotal		310,389	16,340,198,419	515.3	536.3	21.0	3.2%	3.3%	0.1%	82,906	21.0	253
Non Resident subtotal		56,060	26,016,903,503	55.0	56.9	1.9						

POPULATION DECILES				Tax (millions)			Effective Tax Rate			Returns with a Tax Increase		
Deciles	Dec	# of Returns	Current Law AGI	Current Law	Proposal	Change	Current Law	Proposal	Change	# with Tax Increase	Increase (Millions)	Average Increase (\$)
4,496	10	31,038	(232,368,450)	-0.7	-0.6	0.0	0.3%	0.3%	0.0%	*	*	*
10,563	20	31,038	231,408,511	-3.3	-3.3	0.0	-1.4%	-1.4%	0.0%	*	*	*
17,266	30	31,038	431,335,378	-3.7	-3.6	0.0	-0.9%	-0.8%	0.0%	997	0.0	20
24,634	40	31,038	647,861,206	1.4	1.4	0.0	0.2%	0.2%	0.0%	1,902	0.0	26
32,851	50	31,039	888,476,299	10.7	10.9	0.1	1.2%	1.2%	0.0%	3,625	0.1	39
43,176	60	31,037	1,171,969,018	21.8	22.1	0.3	1.9%	1.9%	0.0%	6,729	0.3	49
57,385	70	31,038	1,549,272,822	35.4	36.3	0.9	2.3%	2.3%	0.1%	10,383	0.9	87
76,529	80	31,038	2,064,325,249	52.0	53.7	1.8	2.5%	2.6%	0.1%	13,920	1.8	126
107,332	90	31,038	2,798,327,403	79.9	83.8	3.9	2.9%	3.0%	0.1%	18,957	3.9	208
Infinity	100	31,047	6,789,590,982	321.8	335.6	13.9	4.7%	4.9%	0.2%	26,321	13.9	527
Resident subtotal		310,389	16,340,198,419	515.3	536.3	21.0	3.2%	3.3%	0.1%	82,906	21	253
Non Resident subtotal		56,060	26,016,903,503	55.0	56.9	1.9						

TY 2011 Pease-adjusted Vermont Resident Charitable Deductions Claimed

Size of Charitable Deduction	# of Returns	% of Returns	Total Amount	% of Contributions	Average Contribution
< \$1000	33,268	50%	13,604,732	6%	409
\$1000 to \$5,000	24,475	37%	56,643,021	26%	2,314
\$5,000 to \$10,000	5,485	8%	38,055,955	17%	6,938
\$10,000 to \$20,000	2,217	3%	29,871,631	14%	13,474
\$20,000 to \$50,000	756	1%	22,109,500	10%	29,245
\$50K+	292	0%	57,769,166	26%	197,840
Total	66,493	100%	218,054,006	100%	3,279

TY 2011 Not Pease-adjusted Vermont Resident Charitable Deductions Claimed

Size of Charitable Deduction	# of Returns	% of Returns	Total Amount	% of Contributions	Average Contribution
\$0 - \$1000	33,215	50%	13,581,166	6%	409
\$1000 to \$5,000	24,428	37%	56,517,789	25%	2,314
\$5,000 to \$10,000	5,521	8%	38,333,419	17%	6,943
\$10,000 to \$20,000	2,229	3%	30,021,171	13%	13,468
\$20,000 to \$50,000	791	1%	23,058,157	10%	29,151
\$50K+	309	0%	62,554,307	28%	202,441
Total	66,493	100%	224,066,009	100%	3,370

States (& DC) that have Charitable Deductions

Alabama	For charitable donations other than cash or check, must also fill out IRS form 8283
Alaska	No income tax
Arizona	Tax credits are available for donations to Qualifying Charitable Organizations (listed on Dept. of Revenue website). Credit is \$200 for filing alone, \$400 for filing jointly. Otherwise, donations to other organizations are allowed as deductions.
Arkansas	Cash donations and property donations can be deducted. For donations other than cash over \$500, form 8283 must be filled out. Also, for donated property over \$5,000, form 8283 and an appraisal summary are required.
California	Generally deduction is limited to 50% of adjusted gross income, in some cases 20% or 30%. Donations of \$250 or more requires a written acknowledgement of it before claiming a charitable contribution. Noncash contributions over \$500: need form 8283. Noncash property over \$5,000: need it to be appraised.
Colorado	Checkoff Colorado program: taxpayers donate to specific charities. Taxpayers donate from their refunds or add to their tax liabilities.
Connecticut	Written acknowledgement from charity for donations over \$250.
Delaware	Most contributions are deductible; additional charitable mileage deduction
District of Columbia	Very limited contribution deductions: Anacostia River cleanup, D.C. statehood, drug prevention and children at risk
Florida	No income tax
Georgia	Deductions for certain charitable contributions allowed
Hawaii	In 2013 eliminated 2011 caps on itemized deductions to charities; very restricted in terms of what qualifies
Idaho	For individual taxpayers, the tax credit is limited to 50% of total income tax liability and max. annual credit increases to \$500 (\$1000 on joint return). For corporate taxpayers, max. is \$5000. Monetary donations minus the value of any benefits received. (As of 2011).
Illinois	No Itemization
Indiana	No Itemization
Iowa	Endow Iowa tax credit. Taxpayers can receive 25% tax credit. Tax credit can be used in conjunction with tax deduction.
Kansas	Reduced itemized deductions in 2013, but made an exception for charities
Kentucky	Generally contributions deductible for federal income taxes are also deductible for KY. Need to provide written documentation for all donations and extra information needed for donations of \$250 or more. Also, the Endow KY Tax Credit is available for up to 20% of a charitable gift to an endowment fund at a local community foundation.
Louisiana	Follows federal rules for charitable tax deductions
Maine	Charitable contributions made to organizations listed on tax form may qualify for a tax deduction if they are itemized.
Maryland	Seems to follow the IRS rules on this. Passed a tax credit this year equal to the lesser of either 25% of the eligible donation or \$50,000 for donations made to a permanent endowment fund, up to a maximum of \$250,000 in credit.
Massachusetts	Follows federal rules for charitable tax deductions, the deductions can be claimed in MA even if they are Not itemized on federal taxes.
Michigan	In 2011 almost all tax deductions were eliminated including for donations to homeless shelters, food banks and community foundations
Minnesota	When taxpayers itemize their contributions, any amount is deductible on state and federal returns (as of 2013). Non-itemizers get a charitable deduction benefit for 50% of contributions over \$500.

Mississippi	Donations to organizations that are religious, charitable, educational, scientific, or literary in purpose can be deducted. The amounts you deduct are subject to the federal limitations. Enter amount from Donations to religious, charitable, educational, scientific or literary organizations can be deducted. Subject to federal limitations.
Missouri	Restored 7 tax credits in 2013 for charitable contributions to food pantries, pregnancy resource centers, child advocacy centers, and others
Montana	Charitable endowment tax credit. 40% for individual and joint tax filers.
Nebraska	Follows federal rules for charitable tax deductions
Nevada	No income tax
New Hampshire	No taxes on wage income: does tax dividend and interest income-- No itemization
New Jersey	No itemization -- there is a line for "Qualified Conservation Contribution" on tax form
New Mexico	Follows federal rules for charitable tax deductions
New York	Limited itemized charitable tax deductions for high-income taxpayers through 2015: 25% deduction for income over \$10 million, 50% for income between \$1 million and \$10 million
North Carolina	In 2013 itemized deductions capped at \$20,000, but an exception for charitable deduction
North Dakota	Endowment and community fund tax credit: worth 40 percent of the deduction allowed by the IRS to a maximum of \$10,000 per individual taxpayer and \$20,000 for joint filers
Ohio	Follows federal rules for charitable tax deductions
Oklahoma	Follows federal rules for charitable tax deductions
Oregon	Donations to any of 1,326 participating cultural organizations will be matched to the Oregon Cultural Trust, worth a tax credit for the Cultural Trust donation of up to \$500 for individuals, \$1,000 for couples filing jointly, and \$2,500 for corporations. (Expires 2014).
Pennsylvania	No Itemization
Rhode Island	Follows federal rules for charitable tax deductions
South Carolina	State income tax is based on federal taxable income; taxpayers who itemized deductions when calculating their federal income tax must add back the deduction for state income and sales taxes when calculating SC income tax
South Dakota	No income tax
Tennessee	No taxes on wage income: does tax dividend and interest income -- No itemizations
Texas	No income tax
Utah	Follows federal itemization guidelines; also taxpayers can elect to donate to specified charitable organizations straight from tax return
Vermont	Follows federal rules for charitable tax deductions
Virginia	There is a charitable mileage deduction and Land Preservation Tax Credit, among other tax credits.
Washington	No income tax
West Virginia	No Itemization
Wisconsin	No Itemization
Wyoming	No income tax