

# Move Vermont from FTI to FAGI Base

All Vermont Residents, Tax Year 2015

2015 Income level	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$24,000	\$24,000 – \$43,000	\$43,000 – \$65,000	\$65,000 – \$105,000	\$105,000 – \$195,000	\$195,000 – \$435,000	\$435,000 – Or More
Average Income in Group	\$14,000	\$33,000	\$53,000	\$81,000	\$134,000	\$269,000	\$1,081,000

## Use FAGI to Calculate VT Taxable Income: No IDs (including elim of state income tax deduction)/Everyone Takes SD, Higher SD + Phaseout for Upper-Income;

Tax Change as % of Income	-1.3%	-0.5%	-0.1%	+0.2%	+0.5%	+1.1%	+0.9%
Average Tax Change	-191	-159	-29	+122	+710	+2,922	+9,575

% with Income Tax Increase	—	+5%	+47%	+50%	+73%	+99%	+99%
Avg. Tax Increase for those with increase	—	+29	+162	+424	+1,056	+2,946	+9,660
Share of Tax Increase	0%	0%	4%	11%	30%	30%	24%

% with Income Tax Cut	+100%	+95%	+53%	+50%	+27%	+1%	+1%
Avg. Tax Cut for Those w/ Cut	-191	-168	-201	-177	-239	-495	-758
Share of Tax Cut	32%	26%	18%	15%	8%	0%	0%

State Tax Change (\$1000)

+80,000

% of Taxpayers w/Increase	36%
Share of Bottom 80% with Increase	26%
Share of Top 20% with Increase	80%

% of Taxpayers w/Cut	64%
Share of Bottom 80% with Cut	74%
Share of Top 20% with Cut	20%

## Details

### Standard Deduction and Personal Exemption Amounts and Phase out

	Single/MFS	MFJ	HOH	
Standard Deduction	\$7,500	\$15,000	\$12,000	
Phase-out start	50,000	100,000	80,000	
Phase-out end	100,000	200,000	160,000	
Cliff	\$2,500	\$5,000	\$4,000	
Increment	\$375	\$750	\$600	
PE Credit	170	170	170	
Phase-out start	50,000	\$100,000	80,000	
Phase-out end	100,000	200,000	160,000	
Cliff	\$2,500	\$5,000	\$4,000	
Increment	\$8.5	\$8.5	\$8.5	

### Proposed Rate Structure

MFJ	S/MFS	HOH	Option 2
-	-	-	3.5
50,000	25,000	40,000	4.75
100,000	50,000	80,000	7.25
250,000	125,000	200,000	8.75

### Add Benefit Recapture

Taxpayers with FAGI between 300-400K gradually lose benefit of bottom brackets. At 400K AGI, all TI is taxed at 8.75%