

Eliminate the State and Local Income Tax Deduction - ADMINISTRATION PROPOSAL

AGI INCOME BRACKET

AGI Income Brackets	# of Returns	Current Law AGI	Tax (millions)			Returns with a Tax Increase		
			Current Law	Proposal	Change	# with Tax Increase	Increase (Millions)	Average Increase (\$)
Under 25,000	125,687	1,116,330,226	13.3	13.3	0.1	3,026	0.1	20
25,000 - 50,000	76,559	2,766,888,238	55.0	55.7	0.6	14,994	0.6	43
50,000 - 75,000	43,842	2,701,187,832	66.7	68.5	1.8	18,296	1.8	96
75,000 - 100,000	27,732	2,394,272,764	66.6	69.0	2.4	16,058	2.4	152
100,000 - 125,000	14,897	1,655,484,365	54.3	56.9	2.6	11,365	2.6	233
125,000 - 150,000	7,584	1,032,539,144	38.1	39.9	1.8	6,359	1.8	281
150,000 - 175,000	4,196	676,978,991	27.0	28.1	1.1	3,693	1.1	304
175,000 - 200,000	2,548	474,770,236	19.9	20.7	0.8	2,276	0.8	337
200,000 - 250,000	2,832	629,107,193	28.8	29.8	0.9	2,552	0.9	355
250,000 - 500,000	3,328	1,103,980,985	60.6	61.8	1.2	3,075	1.2	398
500,000 - 1,000,000	829	552,869,774	35.4	35.7	0.3	761	0.3	411
1,000,000+	355	1,235,788,671	75.5	75.7	0.1	296	0.1	414
Resident subtotal	310,389	16,340,198,419	541.4	555.2	13.8	82,751	13.8	167
Non Resident subtotal	56,060	26,016,903,503			0.7			
				Total	14.5			

VT 2011 Income Tax with pep pease post-EITC default

Plan ONLY mortgage

Returns

All

2011

AGI

Tax/Classifier

Residents

ALL

AGI

Returns with a Tax Increase

Dollars	# Returns	\$ Increase (Millions)	Average (\$)
25000	67	0.01	75
50000	899	0.11	117
75000	1,825	0.25	137
100000	2,377	0.40	167
125000	2,069	0.51	248
150000	1,469	0.46	315
175000	943	0.37	397
200000	729	0.34	462
250000	853	0.51	600
500000	1,070	1.03	959
1000000	286	0.42	1,453
Infinity	108	0.66	6,147
Totals	12,695	5.06	399

VT 2011 Income Tax with pep pease post-EITC default

ONLY charitable piece

Returns

All

2011

AGI

Tax/Classifier

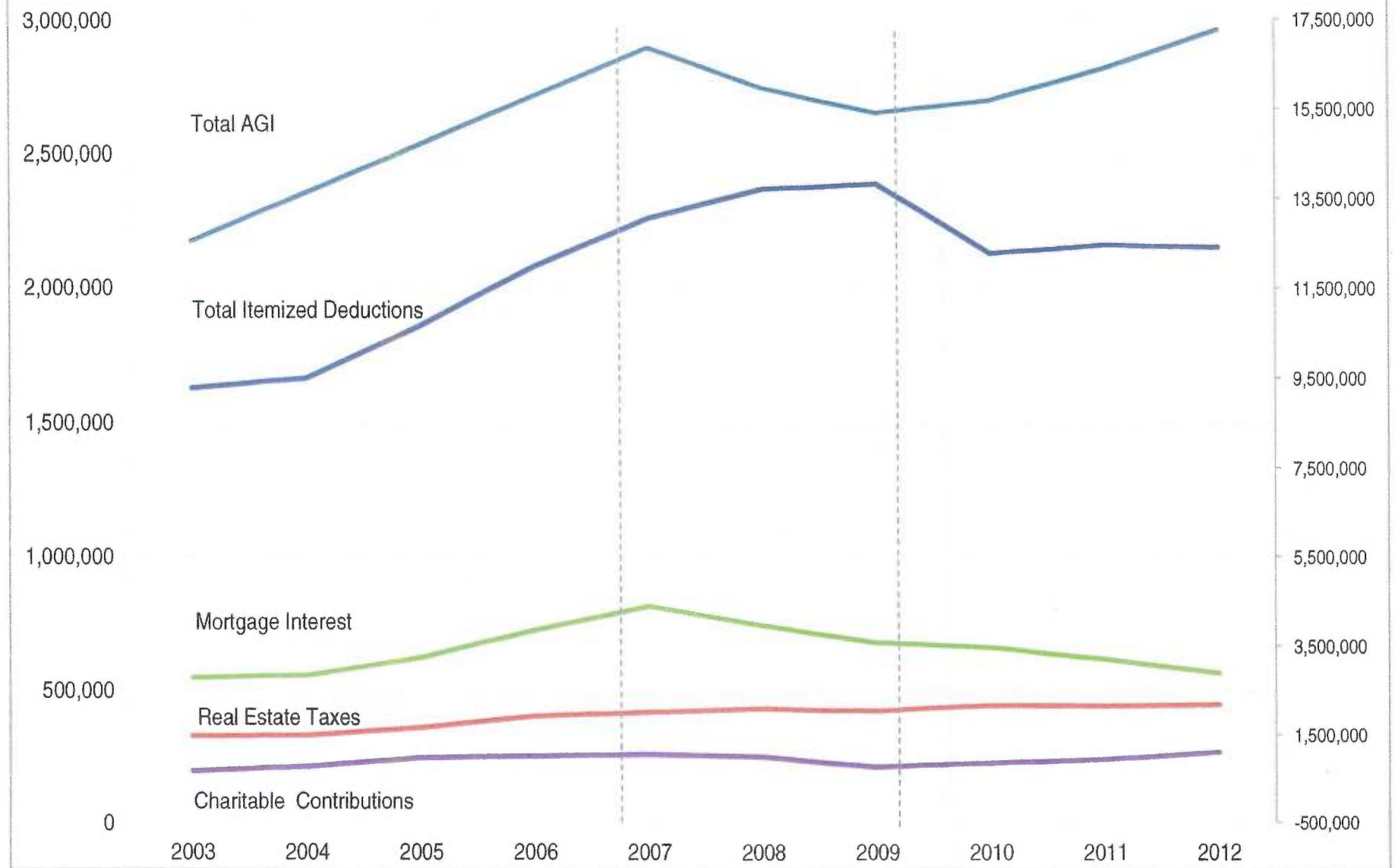
Residents

ALL

AGI

Dollars	Returns with a Tax Decrease			Returns with a Tax Increase			Total Tax Change		
	# Returns	\$ Decrease (Millions)	Average (\$)	# Returns	\$ Increase (Millions)	Average (\$)	# Returns	\$ Change (Millions)	Average (\$)
25000	26	0.00	-32.7	1,804	0.06	33.28	1,830	0.1	32
50000	104	-0.01	-77.2	8,474	0.32	38.12	8,578	0.3	37
75000	197	-0.02	-90.7	12,104	0.74	61.26	12,301	0.7	59
100000	129	-0.01	-97.9	11,842	0.96	80.86	11,971	0.9	79
125000	33	0.00	-71.5	9,233	1.08	116.67	9,266	1.1	116
150000	15	0.00	-215.1	5,576	0.81	145.67	5,591	0.8	145
175000	10	0.00	-65.3	3,342	0.58	172.56	3,352	0.6	172
200000	12	0.00	-63.4	2,076	0.48	229.30	2,088	0.5	228
250000	13	0.00	-96.4	2,370	0.71	299.96	2,383	0.7	298
500000	15	0.00	-299.9	2,895	1.41	485.41	2,910	1.4	481
1000000	10	-0.01	-640.1	717	0.66	920.65	727	0.7	899
Infinity	31	-0.02	-560.9	264	1.77	6705.09	295	1.8	5,942
Totals	595	-0.08	-127.6	60,697	9.57	157.68	61,292	9.5	155

Vermont Residents' Major Itemized Deductions 2003 to 2012 in Current Dollars



Vermont SOI Data	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
	In thousands of dollars										Compound Growth Rate
Itemized Deductions Total											
Number	89,939	91,509	94,853	99,570	102,157	97,424	92,356	96,470	95,489	92,660	0.3%
Amount	1,624,722	1,663,898	1,859,632	2,079,848	2,258,813	2,366,481	2,385,858	2,127,181	2,159,006	2,151,373	2.8%
		2.4%	11.8%	11.8%	8.6%	4.8%	0.8%	-10.8%	1.5%	-0.4%	
Real Estate Taxes											
Number	84,791	86,037	88,933	93,295	95,589	91,077	86,530	90,738	89,170	86,590	0.2%
Amount	326,012	329,769	361,594	404,314	419,616	429,741	422,323	444,353	443,459	449,203	3.3%
		1.2%	9.7%	11.8%	3.8%	2.4%	-1.7%	5.2%	-0.2%	1.3%	
Mortgage Interest											
Number	76,805	77,807	80,546	84,547	86,629	79,626	74,560	77,614	75,805	72,810	-0.5%
Amount	544,206	555,458	622,853	724,998	814,327	740,412	675,362	659,843	617,088	566,007	0.4%
		2.1%	12.1%	16.4%	12.3%	-9.1%	-8.8%	-2.3%	-6.5%	-8.3%	
Charitable Contributions											
Number	73,395	74,167	76,211	76,567	75,439	71,301	67,575	70,218	69,193	67,520	-0.8%
Amount	193,308	212,733	247,578	252,823	259,869	247,162	209,069	224,560	240,597	269,093	3.4%
		10.0%	16.4%	2.1%	2.8%	-4.9%	-15.4%	7.4%	7.1%	11.8%	
AGI total	12,524,941	13,620,210	14,703,594	15,779,630	16,858,991	15,950,073	15,391,243	15,678,234	16,394,126	17,263,683	3.3%
		8.7%	8.0%	7.3%	6.8%	-5.4%	-3.5%	1.9%	4.6%	5.3%	
	As a percentage of AGI										
Itemized Deductions Total	13.0%	12.2%	12.6%	13.2%	13.4%	14.8%	15.5%	13.6%	13.2%	12.5%	
Real Estate Taxes	2.6%	2.4%	2.5%	2.6%	2.5%	2.7%	2.7%	2.8%	2.7%	2.6%	
Mortgage Interest	4.3%	4.1%	4.2%	4.6%	4.8%	4.6%	4.4%	4.2%	3.8%	3.3%	
Charitable Contributions	1.5%	1.6%	1.7%	1.6%	1.5%	1.5%	1.4%	1.4%	1.5%	1.6%	

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

TY11 Resident Itemizers (after federal Pease limitation)

Income Class	Count of itemizers	Average Charitable Deduction
Neg/None/Missing	1,317	1
Under 25,000	7,648	806
25,000 - 49,999	16,297	913
50,000 - 74,999	18,619	1,239
75,000 - 99,999	16,359	1,601
100,000 - 124,999	11,659	1,950
125,000 - 149,999	6,621	2,419
150,000 - 199,999	6,205	3,303
200,000 - 299,999	3,943	5,563
300,000 - 499,999	1,825	9,061
500,000 - 999,999	776	17,473
1,000,000 +	304	119,101
Total	91,573	2,378

TY11 Resident Itemizers (after federal Pease limitation)

Population Decile	Count of itemizers	Average Charitable Deduction
10	2,098	106
20	1,462	627
30	2,458	826
40	3,017	1,011
50	4,357	978
60	7,213	839
70	10,739	1,041
80	13,971	1,324
90	19,119	1,653
90-95th	12,778	2,177
95-99th	11,459	4,004
99-100th	2,902	22,842
Total	91,573	2,378

Itemized Deduction Provisions by State (Tax Year 2013)

Source: Wisconsin Legislative Fiscal Bureau (Grey area not yet verified)

State	Itemized Deductions	State Income Taxes	Mortgage Interest	Interest Expenses	Medical Expenses	Charitable Contributions	Misc. & Other Deductions
Alabama	Yes (state)	Local	State	Federal	State	50% of AGI	State
Alaska	No income tax	N/A	N/A	N/A	N/A	N/A	N/A
Arizona	Yes (federal)	Federal	Federal	Federal	State	State (Credit)	State
Arkansas	Yes (state)	Local	State	Federal	Federal	State	Federal
California	Yes (state)	None	State	Federal	Federal	50% of AGI	State
Colorado	Yes (federal)	None	Federal	Federal	Federal	Federal	Federal
Connecticut	No	None	None	None	None	None	None
Delaware	Yes (federal)	None	Federal	Federal	State	State [1]	Federal
District of Columbia	Yes (federal)	None	Federal	Federal	Federal	Federal [2]	Federal
Florida	No income tax	N/A	N/A	N/A	N/A	N/A	N/A
Georgia	Yes (federal)	State only	Federal	State	Federal	Federal	Federal
Hawaii	Yes (federal)	Federal limited	Federal	Federal	State	Federal [3]	State
Idaho	Yes (federal)	None	Federal	Federal	Federal	Federal [4]	Federal
Illinois	No	None	None	None	None	None	None
Indiana	No	None	None	None	None	None	None
Iowa	Yes (federal)	None	Federal	Federal	Federal	State [5]	State
Kansas	Yes (federal)	None	Federal	Federal	Federal	Federal limited [6]	Federal
Kentucky	Yes (state)	Local	State	Federal	State	Federal limited	Federal
Louisiana	Yes (combined)	Federal	Federal	Federal	Federal	Federal	Federal
Maine	Yes (federal)	None	Mort Ins Prem exc.	Federal	Federal	See NOTES[7]	State
Maryland	Yes (federal)	None	Federal	Federal	Federal	Federal	Federal
Massachusetts	Yes (state)	None	None	None	State	None [8]	State
Michigan	No	None	None	None	None	None	None
Minnesota	Yes (federal)	None	Federal	Federal	Federal	Federal limited	Federal
Mississippi	Yes (federal)	None	Federal	Federal	Federal	Federal	Federal
Missouri	Yes (federal)	None	Federal	Federal	Federal	State [9]	Federal
Montana	Yes (federal)	None	Federal	Federal	State	Federal	State
Nebraska	Yes (federal)	None	Federal	Federal	Federal	Federal	Federal
New Hampshire	No income tax	N/A	N/A	N/A	N/A	N/A	N/A
New Jersey	No	None	None	None	None	None	None
New Mexico	Yes (federal)	None	Federal	Federal	Federal	Federal	Federal
New York	Yes (federal)	None	Federal	Federal	State	Federal	Federal
Nevada	No income tax	N/A	N/A	N/A	N/A	N/A	N/A
North Carolina	Yes (federal)	None	Mort Ins Prem exc..	Federal	Federal	Federal	Federal
North Dakota	Yes (federal)	Federal	Federal	Federal	State	Federal	Federal
Ohio	No	None	None	None	None	None	None
Oklahoma	Yes (federal)	Federal	Federal	Federal	Federal	Federal	Federal
Oregon	Yes (federal)	None	Federal	Federal	State	Federal	State
Pennsylvania	No	None	None	None	None	None	None
Rhode Island	No	None	None	Federal	Federal	None	Federal
South Carolina	Yes (federal)	None	Federal	Federal	Federal	Federal	State
South Dakota	No income tax	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee	No	None	None	None	None	None	None
Texas	No income tax	N/A	N/A	N/A	N/A	N/A	N/A
Utah	Yes (federal)	Local	Federal	Federal	Federal	Federal	Federal
Vermont	Yes (federal)	\$5K cap	Federal	Federal	Federal	Federal	Federal
Virginia	Yes (federal)	None	Federal	Federal	Federal	Federal	Federal
Washington	No income tax	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	No	None	None	None	None	None	None
Wisconsin	Yes (5% credit)	None	*see credit	State	Federal	Federal (5% credit)	State

* Interest paid on a second home out of state, a boat or to purchase US securities not allowed. Mortgage Insurance Premiums also excluded.

Charitable Contributions

11 states with an income tax have no deduction for charitable contributions

7 states with no income tax

Exceptions:

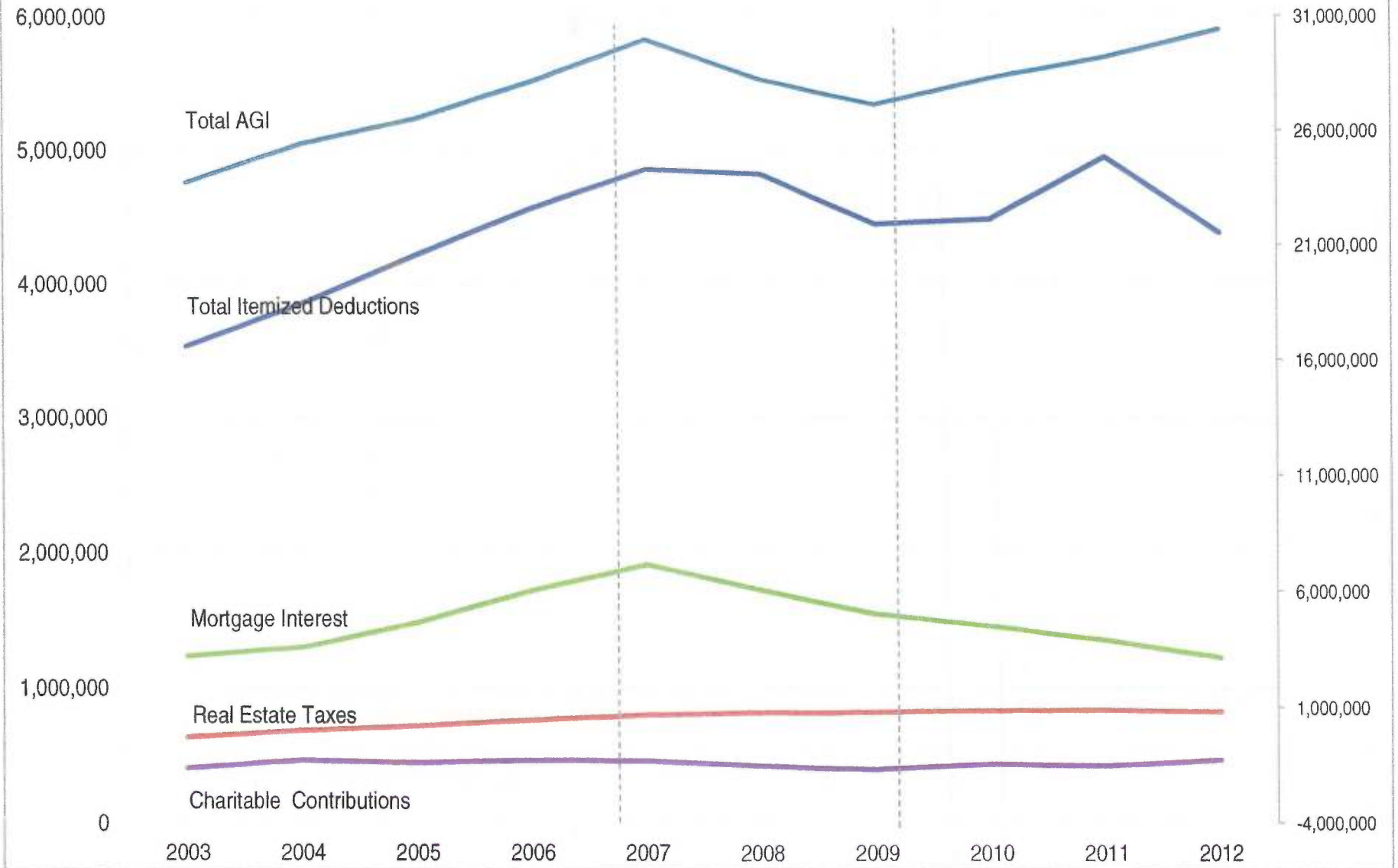
- [1] Delaware: additional charitable mileage deduction
- [2] DC total deductions limited (except medical and dental, investment interest and casualty and theft losses)
- [3] HI total deductions limited at high income levels
- [4] ID has tax credits for contributions to education entities and youth and rehab facilities
- [5] IA additional charitable mileage deduction, credit for contributions to charitable conservation commission
- [6] KS total itemized deductions reduced by 30% above threshold excluding charitable contributions
- [7] KY itemized deductions limited if income exceeds \$178,150 MFJ – 1.2 for Single excluding mortgage interest
- [8] ME **Limitation.** The total itemized deductions from Maine adjusted gross income claimed on a return may not exceed \$27,500, except the limitation does not apply to medical and dental expenses included in an individual's itemized deductions from federal adjusted gross income.
5. Charitable contributions. The following amounts in excess of the limitation on itemized deductions under subsection 4 may be claimed:
 - A. For tax years beginning in 2016, charitable contributions included in federal itemized deductions up to \$18,000; and [2013, c. 590, §1 (NEW).]
 - B. For tax years beginning on or after January 1, 2017, the amount of charitable contributions included in federal itemized deductions. [2013, c. 590, §1 (NEW).]
- [8] MA Repealed in 2002. 50% tax credit for contributions to CDCs
- [9] MO additional deduction for cultural contributions

States (& DC) that follow What is included

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

Rhode Island Residents' Major Itemized Deductions 2003 to 2012 in Current Dollars



Rhode Island SOI Data	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
	In thousands of dollars										Compound Growth Rate
Itemized Deductions Total											
Number	182,024	187,597	191,745	195,839	198,964	189,549	181,721	185,675	184,512	178,630	
Amount	3,526,143	3,850,098	4,216,453	4,556,739	4,851,672	4,812,468	4,437,724	4,476,334	4,942,256	4,375,354	2.2%
		9.2%	9.5%	8.1%	6.5%	-0.8%	-7.8%	0.9%	10.4%	-11.5%	
Real Estate Taxes											
Number	169,709	173,883	177,552	180,951	183,884	175,260	167,714	171,718	169,367	164,070	
Amount	630,833	682,909	723,215	763,424	803,554	813,736	820,059	833,150	837,790	829,005	2.8%
		8.3%	5.9%	5.6%	5.3%	1.3%	0.8%	1.6%	0.6%	-1.0%	
Mortgage Interest											
Number	155,021	158,804	162,790	165,994	168,536	157,004	149,699	151,267	148,540	143,050	
Amount	1,227,381	1,297,362	1,484,890	1,719,433	1,910,238	1,719,367	1,541,742	1,456,501	1,353,487	1,225,518	0.0%
		5.7%	14.5%	15.8%	11.1%	-10.0%	-10.3%	-5.5%	-7.1%	-9.5%	
Charitable Contributions											
Number	166,401	170,391	172,490	171,876	164,582	156,554	150,832	154,143	152,426	148,770	
Amount	399,216	463,166	447,356	463,738	462,541	420,237	394,880	436,266	425,114	469,371	1.6%
		16.0%	-3.4%	3.7%	-0.3%	-9.1%	-6.0%	10.5%	-2.6%	10.4%	
AGI total	23,700,505	25,410,961	26,529,043	28,128,464	29,957,771	28,211,010	27,102,430	28,278,810	29,193,327	30,401,656	2.5%
		7.2%	4.4%	6.0%	6.5%	-5.8%	-3.9%	4.3%	3.2%	4.1%	
	As a percentage of AGI										
Itemized Deductions Total	14.9%	15.2%	15.9%	16.2%	16.2%	17.1%	16.4%	15.8%	16.9%	14.4%	
Real Estate Taxes	2.7%	2.7%	2.7%	2.7%	2.7%	2.9%	3.0%	2.9%	2.9%	2.7%	
Mortgage Interest	5.2%	5.1%	5.6%	6.1%	6.4%	6.1%	5.7%	5.2%	4.6%	4.0%	
Charitable Contributions	1.7%	1.8%	1.7%	1.6%	1.5%	1.5%	1.46%	1.54%	1.46%	1.54%	

NOTES: RI Eliminated all Itemized Deductions in 2011 (2010 was the last year.)

Hawaii SOI Data	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
In thousands of dollars										
Itemized Deductions Total										
Number								206,540	206,481	203,620
Amount								5,238,876	5,247,455	5,258,810
		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.2%	0.2%
Real Estate Taxes										
Number								161,776	158,983	156,350
Amount								310,489	300,839	299,659
		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-3.1%	-0.4%
Mortgage Interest										
Number								152,529	149,684	146,560
Amount								2,281,046	2,159,886	2,015,173
		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-5.3%	-6.7%
Charitable Contributions										
Number								168,008	167,891	165,280
Amount								553,995	579,539	625,856
		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	4.6%	8.0%
AGI total								33,362,262	34,372,459	36,814,360
		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	3.0%	7.1%
As a percentage of AGI										
Itemized Deductions Total	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	15.7%	15.3%	14.3%
Real Estate Taxes	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.9%	0.9%	0.8%
Mortgage Interest	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	6.8%	6.3%	5.5%
Charitable Contributions	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1.66%	1.69%	1.70%

Hawaii implemented hard caps in TY2011
 Removed Charitable from the Cap in 2013