

**Spec. Sess. H.13: AN ACT RELATING TO MAKING APPROPRIATIONS FOR
THE SUPPORT OF GOVERNMENT**

Tax Sections -- Section by Section Summary

Sec.	Personal Income Tax Changes
H.1	<p>Creates a Vermont personal exemption, a Vermont standard deduction, and eliminates Vermont’s subtraction for itemized deductions. These changes replace Vermont’s current reliance on federal definitions and its current treatment of itemized deductions.</p> <ul style="list-style-type: none"> • The personal exemption is set at \$4150. • The standard deduction is set at \$12,000 for joint filers, \$9,000 for heads of households, and \$6000 for single filers. • Retains the current CPI index for increasing these amounts, and for Vermont’s personal income tax brackets.
H.2	<p>Lowers Vermont’s marginal rates for personal income taxes and collapses the top two income tax brackets. The brackets and rates would change from:</p> <ul style="list-style-type: none"> • five brackets of 3.55%, 6.8%, 7.8%, 8.8% and 8.95% to • four brackets of 3.35%, 6.6%, 7.6%, and 8.75%.
H.3	<p>Creates a charitable donation tax credit, which is equal to 5% of the first \$20,000 in charitable contributions claimed at the federal level.</p>
H.4	<p>Increases the size of Vermont’s earned income tax credit. It is increased from 32 percent of the federal credit to 36 percent of the federal credit.</p>
H.1 H.5 H.6	<p>Exclude taxable Social Security benefits from State taxation for joint filers with federal adjusted gross income of \$60,000 or less, and single filers with federally adjusted gross income of \$45,000 or less, with phase-outs above those amounts.</p>
H.7	<p>Contains the annual linkage language to the federal statutes for in effect on December 31, 2017.</p>
Revenue Allocation Changes	
H.8- H.10	<p>Reallocates certain Education Fund and General Fund revenues.</p> <ul style="list-style-type: none"> • Eliminates the General Fund Transfer and moves several Education Fund expenses to the General Fund, including adult education programs, Community High School of Vermont, and the renter rebate, and reappraisal and listing account. • Commits all the revenue from the sales and use tax, and 25 percent of the meals and rooms tax to the Education Fund. • Requires the Joint Fiscal Office to report by 2024 on the impact of the changes in the act related to the General Fund and Education Fund.

H.11	Establishes a default property dollar equivalent yield and income dollar equivalent yield in statute.
H.12	Effective dates.