

H.911 (Vetoed). Changes in Vermont's Personal Income Tax and Education Financing System

In terms of personal income taxes, the bill would have:

- created a Vermont personal exemption, standard deduction, and charitable credit to replace Vermont's current reliance on federal definitions and its current treatment of itemized deductions;
- created a charitable donation tax credit, which is equal to 5% of the first \$20,000 in charitable contributions claimed at the federal level;
- lowered Vermont's marginal rates for personal income taxes;
- increased the percentage of the earned income tax credit; and
- excluded certain taxable Social Security benefits from State taxation.

In terms of education financing, the bill would have:

- eliminated the General Fund Transfer and reallocated certain Education Fund and General Fund revenues and expenses;
- set the property dollar equivalent yield, income dollar equivalent yield and nonresidential property tax rate for fiscal year 2019;
- required statewide education property tax to be billed separately from any other tax on the municipal tax bills, and that the bills be able to be separated;
- changed how income sensitivity adjustments are calculated;
- created a Vermont Tax Structure Commission to analyze Vermont's tax structure;
- altered due dates for a recurring JFO report on tax increment financing districts; and
- created the Staff-to-Student Ratios Task Force to review current public school staff to student count ratios, established optimal target ratios for different school district configurations, and developed recommended strategies for districts to help them meet targets.

Vetoed by the Governor: May 25, 2018

Effective Date: Not applicable