

New proposed tax expenditures from Governor's Budget

- 100% exemption of military retirement pay
 - **Estimated new cost: \$2.7 million in FY2019**
- Exemption of a portion of social security benefits depending upon income
 - **Cost estimated to be \$1.9 million in FY2019, \$4 million in FY2020 and \$6.1M in FY2021.**

Table 2: Exemption by Filing Status and Income		
Filing Status	AGI	Benefit?
Single/Separate/Widows/HoH	\$0-\$45K	Full Exemption
	\$45K-\$55K	Phaseout Range
	Amounts >= \$55K	No Exemption
Married Joint Filers	\$0-\$60K	Full Exemption
	\$60K-\$70K	Phaseout Range
	Amounts >= \$70K	No Exemption

- R&D Tax Credit converted to 50% refundable
 - Currently equal to 27% of the federal tax credit. Applies to corporate and individual income tax liabilities. Not refundable
 - FY2015 tax expenditure: \$1.48 million (tax credits claimed on corporate and individual taxes)
 - **Preliminary additional estimated cost: \$1 million to \$2 million in FY2019**
- Increased downtown tax credits
 - FY2015 Tax Expenditure: \$1.73 million
 - **Preliminary additional estimated cost: \$250,000 in FY2019**
- Vermont Employment Growth Incentive enhancements
 - Enhanced incentive available for a small business, start-up business, or mission-based business. This replaces the enhanced incentive for workforce training.
 - Mission-based business: low profit company, public benefit corporation
 - Small business: less than 19 full-time employees
 - Start-up business: established within one year of application, no full time employees.
 - Business' share of new revenue growth is 90% (80% for any other business)
 - Background growth rate is reduced by 20% for the award size
 - Enhanced incentive can now be used for businesses that reduce water pollution, such as those who reduce sediment and phosphorus/nitrogen.
 - A business may elect to receive the full value of their incentive as a lump-sum, as opposed to over five years. If they fail to achieve employment objectives, money can be clawed back.
 - **Preliminary additional estimated costs: while caps on program remain the same, cost to the State is likely to increase.**
- New Homeowner Rehabilitation Tax Credit program:
 - Introduced to provide homeowners with assistance in repair and update existing housing stock.
 - **Preliminary estimated new cost: \$625,000**