

DRAFT

Comparisons of Income Tax Proposals

As of February 27, 2018

Governor's Proposal for Income Tax

- Starts with Federal AGI as base
- Creates a Vermont Standard Deduction
- Creates Vermont Personal Exemptions
 - Equal to \$4000 per exemption
- Introduces a 5% charitable credit for all charitable contributions
- Removes the addback for bonus depreciation
- Expands the Earned Income Tax Credit
 - From 32% to 35% of Federal EITC
- Lowers income tax rates by 0.2% for each bracket
- Creates an exemption for taxable social security benefits
 - 1/3rd of the Governor's Social Security proposal

Proposal X for Income Tax (Differences highlighted in bold)

- Starts with Federal AGI as base
- Creates a Vermont Standard Deduction
- Creates Vermont Personal Exemptions
 - **Equal to \$4150 per exemption**
- Introduces a 5% charitable credit for all charitable contributions
 - **Caps eligible contributions at \$5000**
- **Leaves the addback for bonus depreciation**
- Expands the Earned Income Tax Credit
 - From 32% to 35% of Federal EITC
- **Collapses the top two income tax brackets**
- Lowers income tax rates by 0.2% for each bracket
- Creates an exemption for taxable social security benefits
 - **100% of Governor's Social Security proposal**