

Per our conversation from this morning, here is some information on annuities and taxing them. These are entirely based upon data from DFR. National Life may give you some different numbers on their annuities business.

How many annuities are sold in Vermont?

As of 2016, there were a total of \$560 million in annuities sold in Vermont. These are from both National Life and other companies selling into Vermont.

How much would we raise if we removed the exemption entirely (putting a 2% tax on annuities)?

Removing the exemption for annuities from the premiums tax would subject them to a 2% tax rate. This would raise a total of \$11.1 million for the State of Vermont, based upon this 2016 data. This \$11.1 million includes about \$37,000 from National Life.

How much would we raise if we put a 1% tax on annuities?

We would raise about \$5.6 million. About \$18,000 would come from National Life.

What would the rate need to be if you wanted to raise \$4 million?

About 70 basis points (0.7%)

How much would National Life have to pay in “reciprocity” payments if we started taxing annuities?

These are payments to other states

If we taxed it at 2%: about \$1.05 million

If we taxed it at 1%: about \$650,000

If we taxed it at 0.7%: about \$400,000

Which states tax annuities?

Here is a list of states that tax annuities. DFR’s understanding is that qualified annuities are those that are eligible for pension funds. Non-qualified is otherwise. As you can see, most states have a tax below 2%.

State	Qualified	Non-Qualified
California	0.50%	2.35%
Florida	1.00%	1.00%
Maine	0.00%	2.00%
Nevada	0.00%	3.50%
Puerto Rico	1.00%	1.00%
South Dakota	0.00%	1.25%
Texas	0.04%	0.04%
West Virginia	1.00%	1.00%
Wyoming	0.00%	1.00%