

H.911: Senate Finance Proposals

Proposal 1

H.911 As Passed the House

- 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 \$10,000
- 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 Administration Social Security proposal
 - For AGI up to \$45,000 (single), and \$60,000 (married), 100% exemption of Social Security benefits from taxation

Proposal 1 (Differences highlighted in bold)

- Starts with Federal AGI as base
- Creates a Vermont Standard Deduction
- Creates Vermont Personal Exemptions
 - **Equal to \$4100 per exemption**
- Introduces a 5% charitable credit for all charitable contributions
 - **Does not cap eligible contributions**
- Leaves the addback for bonus depreciation
- Expands the Earned Income Tax Credit
 - From 32% to 35% of Federal EITC
- **Does not collapse the top two income tax brackets**
- **Lowers income tax rates**
 - **By 0.2% for the first three brackets**
 - **By 0.05% for the top two rates (new rates: 8.75% and 8.9%)**
- Creates an exemption for taxable social security benefits
 - 100% of Administration Social Security proposal
 - For AGI up to \$45,000 (single), and \$60,000 (married), 100% exemption of Social Security benefits from taxation

Income Tax Impacts: Proposal 1 vs H.911 (House Passed)											
Relative to 2017 Tax Law											
		Total Tax Change (in Millions)				Average Tax Change				Change in Effective Tax Rates^a	
AGI Group		H.911 (House Passed)	Proposal 1		H.911 (House Passed)	Proposal 1		H.911 (House Passed)	Proposal 1		
\$0	\$5,000	-\$0.05	-\$0.05		-\$11.45	-\$11.43		-0.11%	-0.11%		
\$5,000	\$10,000	-\$0.15	-\$0.15		-\$11.58	-\$11.55		-0.10%	-0.10%		
\$10,000	\$15,000	-\$0.31	-\$0.29		-\$18.21	-\$17.30		-0.13%	-0.13%		
\$15,000	\$20,000	-\$0.42	-\$0.40		-\$24.09	-\$22.64		-0.13%	-0.12%		
\$20,000	\$25,000	-\$0.54	-\$0.51		-\$28.80	-\$26.91		-0.13%	-0.12%		
\$25,000	\$30,000	-\$0.70	-\$0.66		-\$36.67	-\$34.51		-0.13%	-0.13%		
\$30,000	\$35,000	-\$0.83	-\$0.79		-\$44.15	-\$41.82		-0.14%	-0.13%		
\$35,000	\$40,000	-\$0.97	-\$0.93		-\$52.66	-\$50.26		-0.15%	-0.14%		
\$40,000	\$45,000	-\$1.05	-\$1.01		-\$62.08	-\$59.59		-0.16%	-0.15%		
\$45,000	\$50,000	-\$1.04	-\$1.01		-\$70.42	-\$67.92		-0.16%	-0.15%		
\$50,000	\$60,000	-\$1.36	-\$1.29		-\$51.56	-\$48.69		-0.10%	-0.10%		
\$60,000	\$75,000	-\$0.72	-\$0.66		-\$22.17	-\$20.09		-0.04%	-0.03%		
\$75,000	\$100,000	-\$0.18	-\$0.12		-\$5.40	-\$3.71		-0.01%	-0.01%		
\$100,000	\$125,000	\$0.96	\$0.94		\$42.65	\$41.82		0.04%	0.04%		
\$125,000	\$150,000	\$1.10	\$1.01		\$83.08	\$76.26		0.06%	0.06%		
\$150,000	\$200,000	\$1.58	\$1.35		\$124.35	\$106.17		0.08%	0.07%		
\$200,000	\$300,000	\$2.51	\$2.19		\$288.80	\$251.37		0.13%	0.11%		
\$300,000	\$500,000	\$0.63	\$0.48		\$143.67	\$109.33		0.04%	0.03%		
\$500,000	Infinity	\$1.64	\$2.05		\$404.94	\$507.84		-0.02%	-0.02%		
Total		\$0.09	\$0.13		\$2.99	\$3.13		-0.01%	-0.01%		

^aEffective Tax Rate changes are for residents only

Note: Model based upon 2014 tax year data

Proposal 2

H.911 As Passed the House

- 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 \$10,000
- 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 Administration Social Security proposal
 - For AGI up to \$45,000 (single), and \$60,000 (married), 100% exemption of Social Security benefits from taxation

Proposal 2 (Differences highlighted in bold)

- Starts with Federal AGI as base
- Creates a Vermont Standard Deduction
- Creates Vermont Personal Exemptions
 - **Equal to \$4050 per exemption**
- Introduces a 5% charitable credit for all charitable contributions
 - **Does not cap eligible contributions**
- Leaves the addback for bonus depreciation
- Expands the Earned Income Tax Credit
 - From 32% to 35% of Federal EITC
- **Does not collapse the top two income tax brackets**
- **Lowers income tax rates**
 - **By 0.2% for the first three brackets**
 - **By 0.1% for the top two rates (new rates: 8.7% and 8.85%)**
- Creates an exemption for taxable social security benefits
 - 100% of Administration Social Security proposal
 - For AGI up to \$45,000 (single), and \$60,000 (married), 100% exemption of Social Security benefits from taxation

Income Tax Impacts: Proposal 2 vs H.911 (House Passed) Relative to 2017 Tax Law								
AGI Group		Total Tax Change (in Millions)		Average Tax Change		Change in Effective Tax Rates ^a		
		H.911 (House Passed)	Proposal 2	H.911 (House Passed)	Proposal 2	H.911 (House Passed)	Proposal 2	
\$0	\$5,000	-\$0.05	-\$0.05	-\$11.45	-\$11.42	-0.11%	-0.11%	
\$5,000	\$10,000	-\$0.15	-\$0.15	-\$11.58	-\$11.54	-0.10%	-0.10%	
\$10,000	\$15,000	-\$0.31	-\$0.28	-\$18.21	-\$16.37	-0.13%	-0.12%	
\$15,000	\$20,000	-\$0.42	-\$0.37	-\$24.09	-\$21.18	-0.13%	-0.12%	
\$20,000	\$25,000	-\$0.54	-\$0.48	-\$28.80	-\$25.02	-0.13%	-0.11%	
\$25,000	\$30,000	-\$0.70	-\$0.62	-\$36.67	-\$32.31	-0.13%	-0.12%	
\$30,000	\$35,000	-\$0.83	-\$0.75	-\$44.15	-\$39.41	-0.14%	-0.12%	
\$35,000	\$40,000	-\$0.97	-\$0.89	-\$52.66	-\$47.75	-0.15%	-0.14%	
\$40,000	\$45,000	-\$1.05	-\$0.97	-\$62.08	-\$56.82	-0.16%	-0.15%	
\$45,000	\$50,000	-\$1.04	-\$0.97	-\$70.42	-\$64.80	-0.16%	-0.15%	
\$50,000	\$60,000	-\$1.36	-\$1.21	-\$51.56	-\$44.77	-0.10%	-0.09%	
\$60,000	\$75,000	-\$0.72	-\$0.55	-\$22.17	-\$15.75	-0.04%	-0.03%	
\$75,000	\$100,000	-\$0.18	\$0.07	-\$5.40	\$1.98	-0.01%	0.00%	
\$100,000	\$125,000	\$0.96	\$1.13	\$42.65	\$50.35	0.04%	0.05%	
\$125,000	\$150,000	\$1.10	\$1.12	\$83.08	\$84.95	0.06%	0.07%	
\$150,000	\$200,000	\$1.58	\$1.45	\$124.35	\$114.95	0.08%	0.07%	
\$200,000	\$300,000	\$2.51	\$2.28	\$288.80	\$257.91	0.13%	0.12%	
\$300,000	\$500,000	\$0.63	\$0.33	\$143.67	\$75.55	0.04%	0.01%	
\$500,000	Infinity	\$1.64	\$0.91	\$404.94	\$225.64	-0.02%	-0.05%	
Total		\$0.09	\$0.01	\$2.99	\$2.64	-0.01%	-0.01%	

^aEffective Tax Rate changes are for residents only

Note: Model based upon 2014 tax year data

Proposal 3

H.911 As Passed the House

- 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 \$10,000
- 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 Administration Social Security proposal
 - For AGI up to \$45,000 (single), and \$60,000 (married), 100% exemption of Social Security benefits from taxation

Proposal 3 (Differences highlighted in bold)

- Starts with Federal AGI as base
- Creates a Vermont Standard Deduction
- Creates Vermont Personal Exemptions
 - **Equal to \$4100 per exemption**
- Introduces a 5% charitable credit for all charitable contributions
 - **Does not cap eligible contributions**
- Leaves the addback for bonus depreciation
- Expands the Earned Income Tax Credit
 - From 32% to 35% of Federal EITC
- **Does not collapse the top two income tax brackets**
- **Lowers income tax rates**
 - **By 0.2% for the first three brackets**
 - **By 0.1% for the top two rates (new rates: 8.7% and 8.85%)**
- Creates an exemption for taxable social security benefits
 - **For AGI up to \$40,000 (single), and \$50,000 (married), 100% exemption of Social Security benefits from taxation**

Income Tax Impacts: Proposal 3 vs H.911 (House Passed)											
Relative to 2017 Tax Law											
		Total Tax Change (in Millions)				Average Tax Change				Change in Effective Tax Rates^a	
AGI Group		H.911 (House Passed)	Proposal 3		H.911 (House Passed)	Proposal 3		H.911 (House Passed)	Proposal 3		Proposal 3
\$0	\$5,000	-\$0.05	-\$0.05		-\$11.45	-\$11.43		-0.11%			-0.11%
\$5,000	\$10,000	-\$0.15	-\$0.15		-\$11.58	-\$11.56		-0.10%			-0.10%
\$10,000	\$15,000	-\$0.31	-\$0.29		-\$18.21	-\$17.30		-0.13%			-0.13%
\$15,000	\$20,000	-\$0.42	-\$0.40		-\$24.09	-\$22.64		-0.13%			-0.12%
\$20,000	\$25,000	-\$0.54	-\$0.51		-\$28.80	-\$26.91		-0.13%			-0.12%
\$25,000	\$30,000	-\$0.70	-\$0.66		-\$36.67	-\$34.50		-0.13%			-0.13%
\$30,000	\$35,000	-\$0.83	-\$0.79		-\$44.15	-\$41.82		-0.14%			-0.13%
\$35,000	\$40,000	-\$0.97	-\$0.93		-\$52.66	-\$50.24		-0.15%			-0.14%
\$40,000	\$45,000	-\$1.05	-\$0.93		-\$62.08	-\$54.92		-0.16%			-0.14%
\$45,000	\$50,000	-\$1.04	-\$0.82		-\$70.42	-\$55.65		-0.16%			-0.13%
\$50,000	\$60,000	-\$1.36	-\$0.62		-\$51.56	-\$23.77		-0.10%			-0.05%
\$60,000	\$75,000	-\$0.72	\$0.03		-\$22.17	\$1.29		-0.04%			0.00%
\$75,000	\$100,000	-\$0.18	-\$0.12		-\$5.40	-\$3.71		-0.01%			-0.01%
\$100,000	\$125,000	\$0.96	\$0.94		\$42.65	\$41.81		0.04%			0.04%
\$125,000	\$150,000	\$1.10	\$1.01		\$83.08	\$76.23		0.06%			0.06%
\$150,000	\$200,000	\$1.58	\$1.35		\$124.35	\$105.98		0.08%			0.07%
\$200,000	\$300,000	\$2.51	\$2.16		\$288.80	\$248.01		0.13%			0.11%
\$300,000	\$500,000	\$0.63	\$0.29		\$143.67	\$65.23		0.04%			0.01%
\$500,000	Infinity	\$1.64	\$0.88		\$404.94	\$218.46		-0.02%			-0.05%
Total		\$0.09	\$0.39		\$2.99	\$2.97		-0.01%			-0.01%

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Note: Model based upon 2014 tax year data