

**H.911: AN ACT RELATING TO CHANGES IN VERMONT'S PERSONAL INCOME
TAX AND EDUCATION FINANCING SYSTEM**

Senate Finance - Draft 1.1

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Sec.	Description
	Personal Income Tax Changes
1	Creates a Vermont personal exemption, a Vermont standard deduction, and eliminates Vermont's subtraction for itemized deductions. These changes replace Vermont's current reliance on federal definitions and its current treatment of itemized deductions. <ul style="list-style-type: none"> • The personal exemption is set at \$4150. • The standard deduction is set at \$12,000 for joint filers, \$9,000 for heads of households, and \$6000 for single filers. • Retains the current CPI index for increasing these amounts, and for Vermont's personal income tax brackets.
2	Lowers Vermont's marginal rates for personal income taxes and collapses the top two income tax brackets. The brackets and rates would change from: <ul style="list-style-type: none"> • five brackets of 3.55%, 6.8%, 7.8%, 8.8% and 8.95% to • four brackets of 3.35%, 6.6%, 7.6%, and 8.6%.
3	Creates a charitable donation tax credit, which is equal to 5% of the first \$10,000 in charitable contributions claimed at the federal level.
4	Increases the size of Vermont's earned income tax credit. It is increased from 32 percent of the federal credit to 35 percent of the federal credit.
1, 5, and 6	Exclude taxable Social Security benefits from State taxation for joint filers with federal adjusted gross income of \$60,000 or less, and single filers with federally adjusted gross income of \$45,000 or less, with phase-outs above those amounts.
7	Contains the annual linkage language to the federal statutes for taxable year 2017.
	Education Financing Changes
8-9	Sets the parameters for fiscal year 2019: <ul style="list-style-type: none"> • The property dollar equivalent yield is \$XXX. • The income dollar equivalent yield is \$XXX. • The nonresidential property tax rate is \$XXX.
10	Makes a technical change in how the rates are calculated for purposes of the Commissioner's December 1 recommendations.
11	Effective dates.

