

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

Senate Finance - Draft 2.2

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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 \$4050. • 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. The rates would change from: <ul style="list-style-type: none"> • 3.55%, 6.8%, 7.8%, 8.8% and 8.95% to • 3.35%, 6.6%, 7.6%, 8.7% and 8.85%.
3	Creates a charitable donation tax credit, which is equal to 5% of the 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.
8	Requires Legislative Council to report on continuing implementation of federal tax reform.
	Education Financing Changes
9-10	Sets the parameters for fiscal year 2019: <ul style="list-style-type: none"> • The property dollar equivalent yield is \$9,863. • The income dollar equivalent yield is \$11,920. • The nonresidential property tax rate is \$1.606.
11	Makes a technical change in how the rates are calculated for purposes of the

	Commissioner's December 1 recommendations.
12-13	Requires statewide education property tax to be billed separately from any other tax on the municipal tax bills.
14	Effective dates.