1	H.789
2	Introduced by Representatives Donovan of Burlington, Cina of Burlington,
3	Hooper of Burlington, Howard of Rutland City, Lanpher of
4	Vergennes, Masland of Thetford, O'Sullivan of Burlington,
5	Sullivan of Burlington, Troiano of Stannard, and Yacovone of
6	Morristown
7	Referred to Committee on
8	Date:
9	Subject: Taxation; income tax; surcharge
10	Statement of purpose of bill as introduced: This bill proposes to impose a two
11	percent surcharge on income over \$500,000.00, in order to help reduce the
12	unfunded accrued liability in the Vermont State Employees Retirement Fund.
13 14	An act relating to imposing an income tax surcharge to reduce State retirement liabilities
15	It is hereby enacted by the General Assembly of the State of Vermont:
16	Sec. 1. 32 V.S.A. § 435(b) is amended to read:
17	(b) The General Fund shall be composed of revenues from the following
18	sources:
	* * *
19	the state of

1	(5) Individual income taxes levied pursuant to chapter 151 of this title,
2	except for revenue transferred pursuant to subdivision 5822(a)(7) of this title;
3	* * *
4	Sec. 2. 32 V.S.A. § 5822(a)(7) is added to read:
5	(7) If the federal adjusted gross income of the taxpayer exceeds
6	\$500,000.00, then the rate of taxation under subdivisions (1)–(6) of this
7	subsection on income over that amount shall be increased by two percent.
8	Each year on July 1, the Office of Finance and Management shall estimate the
9	amount of revenue raised under this subdivision in the prior taxable year, and
10	that same amount shall be transferred from the General Fund and divided
11	equally between the Vermont State Employees' Postemployment Benefits
12	Trust Fund established by 3 V.S.A. § 479a and the Vermont Teachers'
13	Retirement Fund established by 16 V.S.A. § 1944.
14	Sec. 3. EFFECTIVE DATE
15	This act shall take effect on January 1, 2021 and apply to taxable year 2021
16	and after.