Introduced by Representatives Howard of Rutland City, White of Hartford, Anthony of Barre City, Burke of Brattleboro, Chase of Colchester, Cina of Burlington, Colburn of Burlington, Morris of Springfield, Mulvaney-Stanak of Burlington, Nicoll of Ludlow, Small of Winooski, Vykovsky of Essex, and Walz of Barre City

Referred to Committee on

Date:

Subject: Taxation; income tax; surcharge; earned income tax credit

Statement of purpose of bill as introduced: This bill proposes to impose a surcharge on taxpayers with more than $500,000.00 of federal adjusted gross income. The surcharge would apply at the rates of one percent, three percent, and three and one-half of a percent on the portion of the taxpayer’s adjusted gross income that exceeds the specified thresholds. The bill would also increase the Vermont Earned Income Tax Credit.

An act relating to a surcharge on income tax
It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 5822(a)(7) is added to read:

(7) If the federal adjusted gross income of the taxpayer exceeds $500,000.00, then a surcharge in addition to the rates under subdivisions (1)–(6) of this subsection shall be imposed as follows:

<table>
<thead>
<tr>
<th>If adjusted gross income is:</th>
<th>The additional tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $500,000.00 but not over $1,500,000.00</td>
<td>1% of the amount over $500,000.00</td>
</tr>
<tr>
<td>Over $1,500,000.00 but not over $1,750,000.00</td>
<td>$15,000.00 plus 3% of the amount of adjusted gross income over $1,500,000.00</td>
</tr>
<tr>
<td>Over $1,750,000.00</td>
<td>$22,500.00 plus 3.5% of the amount of adjusted gross income over $1,750,000.00</td>
</tr>
</tbody>
</table>

Sec. 2. 32 V.S.A. § 5828b is amended to read:

§ 5828b. EARNED INCOME TAX CREDIT

(a) A resident individual or part-year resident individual who is entitled to an earned income tax credit granted under the laws of the United States shall
be entitled to a credit against the tax imposed for each year by section 5822 of
this title. The credit shall be \( \frac{36}{52} \) percent of the earned income tax credit
granted to the individual under the laws of the United States, multiplied by the
percentage that the individual’s earned income that is earned or received
during the period of the individual’s residency in this State bears to the
individual’s total earned income.

* * *

Sec. 3. EFFECTIVE DATE

This act shall take effect on January 1, 2022 and apply to taxable years
starting on and after January 1, 2022.