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H.297

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, Vyhovsky 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

1 It is hereby enacted by the General Assembly of the State of Vermont:

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

3 (7) If the federal adjusted gross income of the taxpayer exceeds
4 \$500,000.00, then a surcharge in addition to the rates under subdivisions (1)–
5 (6) of this subsection shall be imposed as follows:

6	<u>If adjusted gross income is:</u>	<u>The additional tax is:</u>
7	<u>Over \$500,000.00 but</u>	<u>1% of the amount</u>
8	<u>not over \$1,500,000.00</u>	<u>of adjusted gross income</u>
9		<u>over \$500,000.00</u>
10	<u>Over \$1,500,000.00 but</u>	<u>\$15,000.00 plus 3%</u>
11	<u>not over \$1,750,000.00</u>	<u>of the amount of</u>
12		<u>adjusted gross income</u>
13		<u>over \$1,500,000.00</u>
14	<u>Over \$1,750,000.00</u>	<u>\$22,500.00 plus 3.5%</u>
15		<u>of the amount of</u>
16		<u>adjusted gross income</u>
17		<u>over \$1,750,000.00</u>

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

19 § 5828b. EARNED INCOME TAX CREDIT

20 (a) A resident individual or part-year resident individual who is entitled to
21 an earned income tax credit granted under the laws of the United States shall

1 be entitled to a credit against the tax imposed for each year by section 5822 of
2 this title. The credit shall be ~~36~~ 52 percent of the earned income tax credit
3 granted to the individual under the laws of the United States, multiplied by the
4 percentage that the individual's earned income that is earned or received
5 during the period of the individual's residency in this State bears to the
6 individual's total earned income.

7 * * *

8 Sec. 3. EFFECTIVE DATE

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