

1 S.59

2 Introduced by Senators Hooker, Hardy, Lyons, Pollina and Ram

3 Referred to Committee on

4 Date:

5 Subject: Taxation; income tax; surcharge

6 Statement of purpose of bill as introduced: This bill proposes to impose a
7 surcharge of three percent on income over \$500,000.00 to reduce the unfunded
8 accrued liability in the retirement funds for Vermont teachers and State
9 employees.

10 An act relating to an income tax surcharge to reduce State retirement
11 liabilities

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

13 Sec. 1. 32 V.S.A. § 435(b) is amended to read:

14 (b) The General Fund shall be composed of revenues from the following
15 sources:

16 * * *

17 (5) Individual income taxes levied pursuant to chapter 151 of this title,
18 except for the surcharge imposed and transferred pursuant to subdivision
19 5822(a)(7) of this title;

20 * * *

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

2 (7) If the federal adjusted gross income of the taxpayer exceeds
3 \$500,000.00, then the rate of taxation under subdivisions (1)–(6) of this
4 subsection on income over that amount shall be increased by three percent.
5 Each year on July 1, the Office of Finance and Management shall estimate the
6 amount of revenue raised under this subdivision in the prior taxable year and
7 that same amount shall be transferred from the General Fund and deposited in
8 equal shares in the Vermont State Employees’ Postemployment Benefits Trust
9 Fund established by 3 V.S.A. § 479a and the Vermont Teachers’ Retirement
10 Fund established by 16 V.S.A. § 1944.

11 Sec. 3. EFFECTIVE DATE

12 This act shall take effect on January 1, 2022 and shall apply to taxable year
13 2022 and after.