

H.828 – Personal Income Tax Surcharge

House Ways & Means Committee

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Overview

- H.828 would place a 3% surcharge on adjusted gross income above \$500,000.
- The surcharge would be levied on adjusted gross income (AGI) and be adjusted for inflation each year.
- The tax would be effective retroactively for tax year 2024.
- <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0828/H-0828%20As%20Introduced.pdf>



Personal income tax data, 2022

- 1,059 returns with AGI of \$1 million or more represented 2,752 exemptions or individuals
- 1,059 returns with AGI of \$1 million or more accounted for
 - 0.32% of all VT tax returns
 - 11.3% of all VT AGI
 - 20.0% of all net VT personal income tax paid



Personal income tax data, 2022

- 3,560 returns with AGI of \$500,000 or more represented 9,347 exemptions or individuals
- 3,560 returns with AGI of \$500,000 or more accounted for
 - 1.1% of all VT tax returns
 - 16.7% of all VT AGI
 - 34.8% of all net VT personal income tax paid



Table 1. Personal Income Tax Returns for \$500,000+ and Millionaires, Tax Year 2022

All Vermont Resident Returns				
# returns	% returns	% VT AGI	% net VT tax	
\$500,000+				
3,560	1.1%	16.7%	30.4%	
\$1,000,000+				
1,059	0.3%	10.6%	20.0%	
Ages 65+ Only				
\$500,000+				
989	0.3%	4.8%	8.7%	
\$1,000,000+				
324	0.1%	3.2%	5.9%	
Source: Vermont Department of Taxes, Income Tax data.				

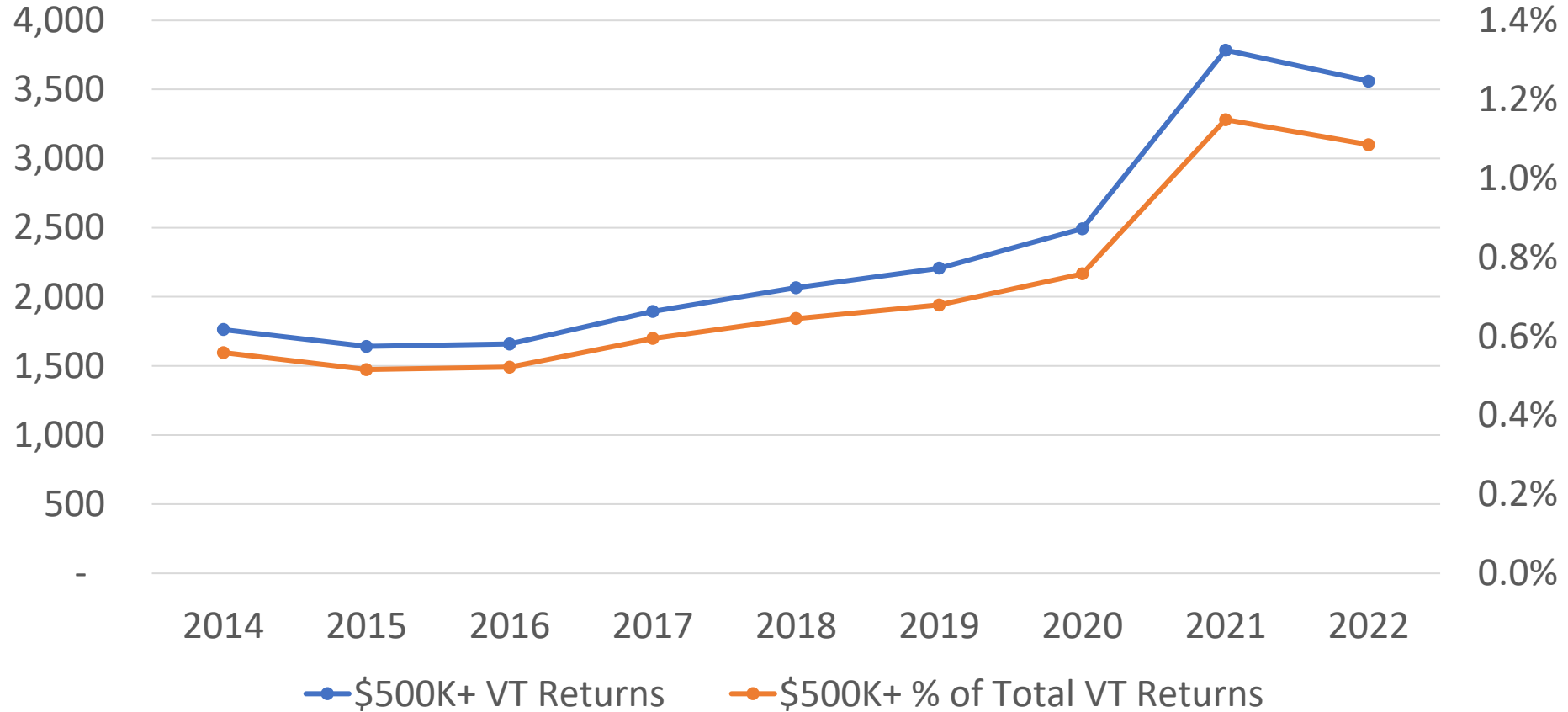


2014 to 2022 \$500K+ AGI Vermont Personal Income Statistics (nominal dollars)

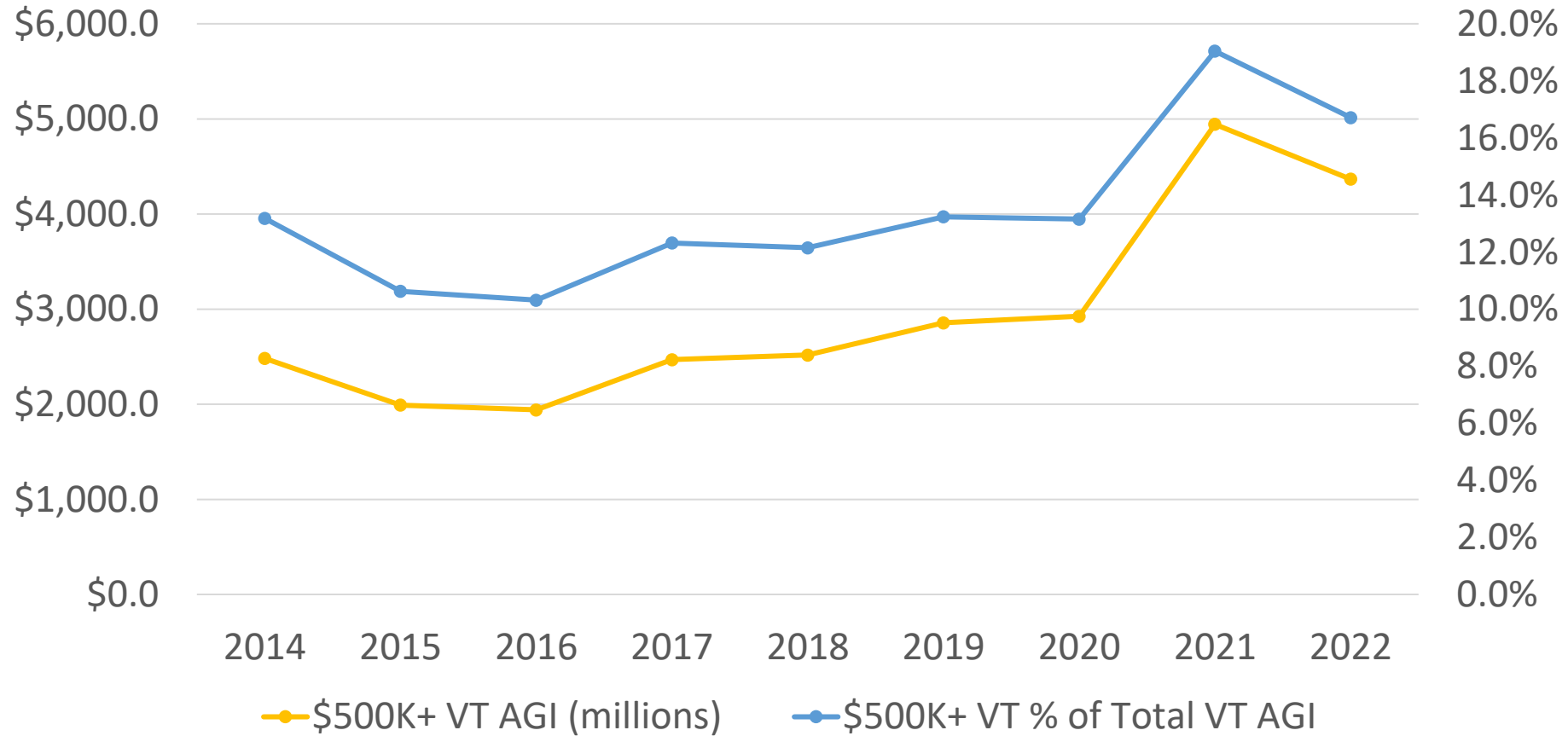
	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$500K+ VT Returns	1,762	1,641	1,658	1,894	2,065	2,207	2,492	3,784	3,560
\$500K+ % of Total VT Returns	0.6%	0.5%	0.5%	0.6%	0.6%	0.7%	0.8%	1.1%	1.1%
\$500K+ VT AGI (millions)	\$2,482.1	\$1,990.6	\$1,941.6	\$2,469.5	\$2,518.3	\$2,856.6	\$2,924.9	\$4,943.9	\$4,366.7
\$500K+ VT % of Total VT AGI	13.2%	10.6%	10.3%	12.3%	12.2%	13.2%	13.2%	19.0%	16.7%
\$500K+ VT Net Taxes (millions)	\$155.4	\$130.8	\$126.1	\$162.1	\$194.7	\$224.5	\$233.2	\$396.3	\$346.5
\$500K+ % of Total VT Net Taxes	23.9%	20.0%	19.2%	22.4%	26.1%	28.3%	28.6%	38.2%	34.8%



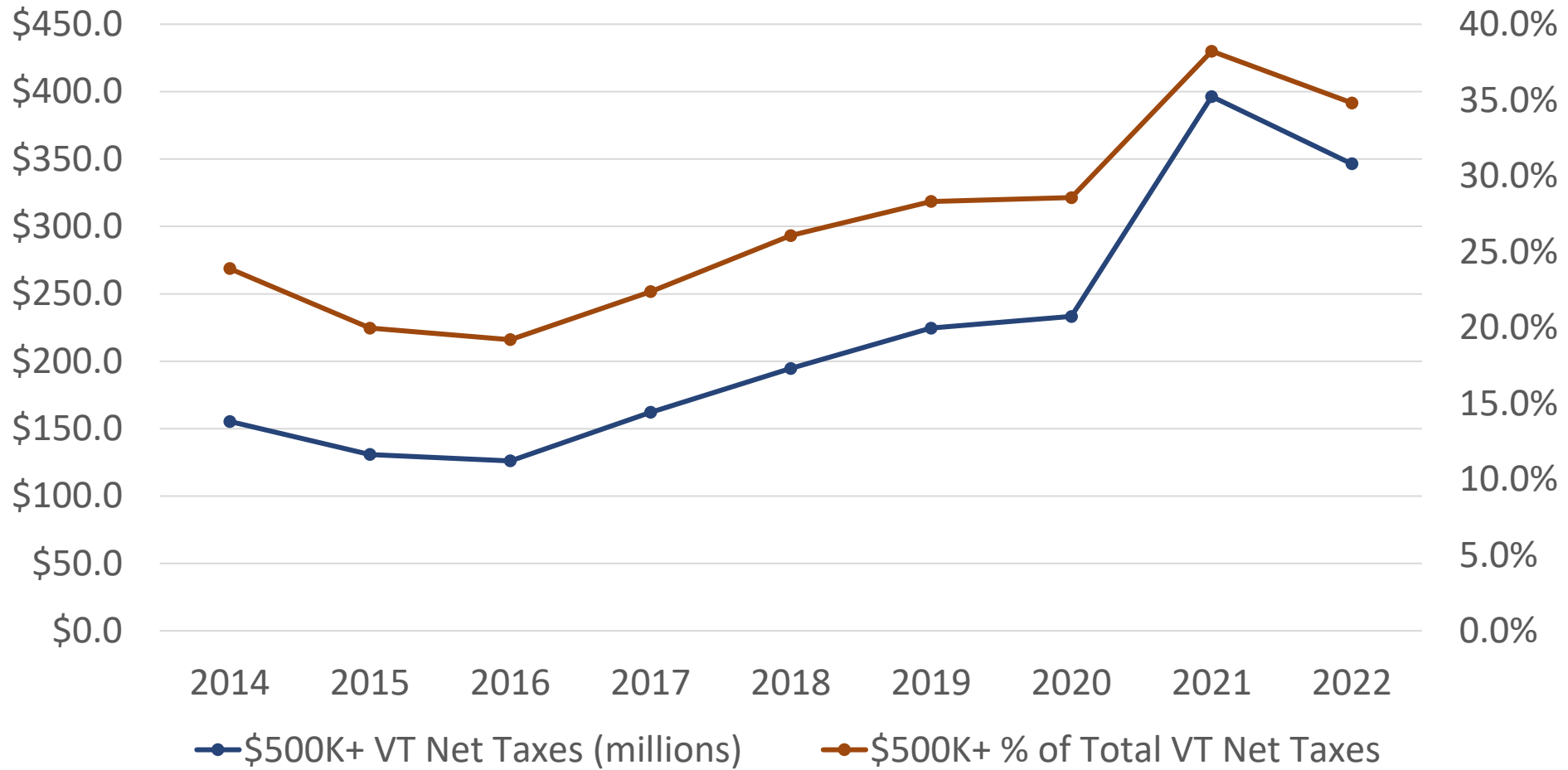
\$500K+ Returns



\$500K+ VT AGI



\$500K+ Net Taxes



Tax Year 2024 Revenue Estimate

- January 2024 consensus forecast estimates a 5.7% decrease in personal income revenues in FY2024 and a 0.5% decrease in FY2025.
- JFO's preliminary estimate for FY2025 is \$71.4 million pending updated data.



Resources

- Vermont Department of Taxes, Tax Year 2022 Income Tax Statistics, state spreadsheet and percentiles spreadsheet
 - <https://tax.vermont.gov/data-and-statistics/income-tax>

