

H.621

Introduced by Representatives Waszazak of Barre City, Yacovone of  
Morristown, and Bluemle of Burlington

Referred to Committee on

Date:

Subject: Taxation; income tax; personal income tax; tax brackets

Statement of purpose of bill as introduced: This bill proposes to create two  
new personal income tax brackets.

An act relating to personal income tax brackets

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

Sec. 1. 32 V.S.A. § 5822 is amended to read:

§ 5822. TAX ON INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS

(a) A tax is imposed for each taxable year upon the taxable income earned  
or received in that year by every individual, estate, and trust, subject to income  
taxation under the laws of the United States, in an amount determined by the  
following tables, and adjusted as required under this section:

(1) Married individuals filing joint returns and surviving spouses:

If taxable income is:

The tax is:

Not over ~~\$64,600.00~~ \$84,700.00

3.35% of taxable income

Over ~~\$64,600.00~~ \$84,700.00 but

~~\$2,164.00~~ \$2,837.00 plus 6.6% of the

1	not over <del>\$156,150.00</del> <u>\$204,750.00</u>	amount of taxable income over
2		<del>\$64,600.00</del> <u>\$84,700.00</u>
3	Over <del>\$156,150.00</del> <u>\$204,750.00</u> but	<del>\$8,206.00</del> <u>\$10,761.00</u> plus 7.6% of
4	not over <del>\$237,950.00</del> <u>\$312,050.00</u>	the amount of taxable income over
5		<del>\$156,150.00</del> <u>\$204,750.00</u>
6	Over <del>\$237,950.00</del> <u>\$312,050.00</u> but	<del>\$14,423.00</del> <u>\$18,916.00</u>
7	<u>not over \$500,000.00</u>	plus 8.75% of the amount of taxable
8		income over <del>\$237,950.00</del>
9		<u>\$312,050.00</u>
10	<u>Over \$500,000.00 but not over</u>	<u>\$35,361.00 plus 11.75% of the</u>
11	<u>\$1,000,000.00</u>	<u>amount of taxable income over</u>
12		<u>\$500,000.00</u>
13	<u>Over \$1,000,000.00</u>	<u>\$94,111.00 plus 13.75% of the</u>
14		<u>amount of taxable income over</u>
15		<u>\$1,000,000.00</u>
16	(2) Heads of households:	
17	If taxable income is:	The tax is:
18	Not over <del>\$51,850.00</del> <u>\$68,000.00</u>	3.35% of taxable income
19	Over <del>\$51,850.00</del> <u>\$68,000.00</u> but	<del>\$1,737.00</del> <u>\$2,278.00</u> plus 6.6% of the
20	not over <del>\$133,850.00</del> <u>\$175,500.00</u>	amount of taxable income over
21		<del>\$51,850.00</del> <u>\$64,200.00</u>

1	Over <del>\$133,850.00</del> <u>\$175,500.00</u> but	<del>\$7,149.00</del> <u>\$9,373.00</u> plus 7.60% of
2	not over <del>\$216,700.00</del> <u>\$284,150.00</u>	the amount of taxable income over
3		<del>\$133,850.00</del> <u>\$175,500.00</u>
4	Over <del>\$216,700.00</del> <u>\$284,150.00</u>	<del>\$13,446.00</del> <u>\$17,630.00</u> plus 8.75% of
5	<u>but not over \$455,300.00</u>	the amount of taxable income over
6		<del>\$216,700.00</del> <u>\$284,150.00</u>
7	<u>Over \$455,300.00 but not over</u>	<u>\$32,606.00</u> plus 11.75% of the
8	<u>\$910,600.00</u>	<u>amount of taxable income over</u>
9		<u>\$455,300.00</u>
10	<u>Over \$910,600.00</u>	<u>\$86,103.00</u> plus 13.75% of the
11		<u>amount of taxable income over</u>
12		<u>\$910,600.00</u>
13	(3) Unmarried individuals (other than surviving spouse or head of	
14	household):	
15	If taxable income is:	The tax is:
16	Not over <del>\$38,700.00</del> <u>\$50,750.00</u>	3.35% of taxable income
17	Over <del>\$38,700.00</del> <u>\$50,750.00</u> but	<del>\$1,296.00</del> <u>\$1,700.00</u> plus 6.6% of the
18	not over <del>\$93,700.00</del> <u>\$122,850.00</u>	amount of taxable income over
19		<del>\$38,700.00</del> <u>\$50,750.00</u>
20	Over <del>\$93,700.00</del> <u>\$122,850.00</u> but	<del>\$4,926.00</del> <u>\$6,459.00</u> plus 7.6% of the
21	not over <del>\$195,450.00</del> <u>\$256,300.00</u>	amount of taxable income over

1		<del>\$93,700.00</del> <u>\$122,850.00</u>
2	Over <del>\$195,450.00</del> <u>\$256,300.00</u> but	<del>\$12,659.00</del> <u>\$16,601.00</u> plus 8.75% of
3	<u>not over \$410,650.00</u>	the amount of taxable income over
4		<del>\$195,450.00</del> <u>\$256,300.00</u>
5	<u>Over \$410,650.00 but not over</u>	<u>\$30,108.00</u> plus 11.75% of the
6	<u>\$821,350.00</u>	<u>amount of taxable income over</u>
7		<u>\$410,650.00</u>
8	<u>Over \$821,350.00</u>	<u>\$78,362.00</u> plus 13.75% of the
9		<u>amount of taxable income over</u>
10		<u>\$821,350.00</u>
11	(4) Married individuals filing separate returns:	
12	If taxable income is:	The tax is:
13	Not over <del>\$32,300.00</del> <u>\$42,350.00</u>	3.35% of taxable income
14	Over <del>\$32,300.00</del> <u>\$42,350.00</u> but	<del>\$1,082.00</del> <u>\$1,419.00</u> plus 6.6% of the
15	not over <del>\$78,075.00</del> <u>\$102,375.00</u>	amount of taxable income over
16		<del>\$32,300.00</del> <u>\$42,350.00</u>
17	Over <del>\$78,075.00</del> <u>\$102,375.00</u> but	<del>\$4,103.00</del> <u>\$5,380.00</u> plus 7.6% of the
18	not over <del>\$118,975.00</del> <u>\$156,025.00</u>	amount of taxable income over
19		<del>\$78,075.00</del> <u>\$102,375.00</u>
20	Over <del>\$118,975.00</del> <u>\$156,025.00</u> but	<del>\$7,212.00</del> <u>\$9,458.00</u> plus 8.75% of
21	<u>not over \$250,000.00</u>	the amount of taxable income over

1		<del>\$118,975.00</del> <u>\$156,025.00</u>
2	<u>Over \$250,000.00 but not over</u>	<u>\$17,681.00 plus 11.75% of the</u>
3	<u>\$500,000.00</u>	<u>amount of taxable income over</u>
4		<u>\$250,000.00</u>
5	<u>Over \$500,000.00</u>	<u>\$47,056.00 plus 13.75% of the</u>
6		<u>amount of taxable income over</u>
7		<u>\$500,000.00</u>
8	(5) Estates and trusts:	
9	If taxable income is:	The tax is:
10	<del>\$2,600.00</del> <u>\$3,400.00</u> or less	3.35% of taxable income
11	Over <del>\$2,600.00</del> <u>\$3,400.00</u> but	<del>\$87.00</del> <u>\$114.00</u> plus 6.6% of the
12	not over <del>\$6,100.00</del> <u>\$8,000.00</u>	amount of taxable income over
13		<del>\$2,600.00</del> <u>\$3,400.00</u>
14	Over <del>\$6,100.00</del> <u>\$8,000.00</u> but	<del>\$318.00</del> <u>\$418.00</u> plus 7.6% of the
15	not over <del>\$9,350.00</del> <u>\$12,250.00</u>	amount of taxable income over
16		<del>\$6,100.00</del> <u>\$8,000.00</u>
17	Over <del>\$9,350.00</del> <u>\$12,250.00</u>	<del>\$565.00</del> <u>\$741.00</u> plus 8.75% of the
18		amount of taxable income over
19		<del>\$9,350.00</del> <u>\$12,250.00</u>

20 (6) If the federal adjusted gross income of the taxpayer exceeds

21 \$150,000.00, then the tax calculated under this subsection shall be the greater

1 of the tax calculated under subdivisions (1)–(5) of this subsection or three  
2 percent of the taxpayer’s federal adjusted gross income.

3 (b) As used in this section:

4 (1) “Married individuals,” “surviving spouse,” “head of household,”  
5 “unmarried individual,” “estate,” and “trust” have the same meaning as under  
6 the Internal Revenue Code.

7 (2) The amounts of taxable income shown in the tables in this section  
8 shall be adjusted annually for inflation by the Commissioner of Taxes using  
9 the Consumer Price Index adjustment percentage, in the manner prescribed for  
10 inflation adjustment of federal income tax tables for the taxable year by the  
11 Commissioner of Internal Revenue, beginning with taxable year ~~2003~~ 2026;  
12 provided, however, notwithstanding 26 U.S.C. § 1(f)(3), that as used in this  
13 subdivision, “consumer price index” means the last Consumer Price Index for  
14 All Urban Consumers published by the U.S. Department of Labor.

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16 Sec. 2. EFFECTIVE DATE

17 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on  
18 January 1, 2026, and apply to taxable years beginning on and after January 1,  
19 2026.