

# Committee Bill 26-0804

House Committee on Ways and Means

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April 28, 2026



## 2024 Vermont Personal Income Tax Returns - Dollars

AGI Income Bracket	Returns	Adjusted Gross Income (AGI)	Vermont Taxable Income	Vermont Tax	Adjusted Vermont Tax	NonRef Credits	Ref Credits	Net Vermont Tax	ETR
Negative	2,126	-129,389,981	2,636,471	180,500	180,500	*	137,403	17,076	NA
0 - 4999	18,940	38,870,065	347,751	16,735	16,733	*	1,046,342	-1,031,319	-2.7%
5000 - 9999	16,585	124,479,360	3,467,351	121,686	120,078	3,512	2,284,834	-2,168,268	-1.8%
10000 - 14999	15,445	192,208,699	20,145,172	680,145	668,890	29,306	3,869,946	-3,230,362	-1.7%
15000 - 19999	13,450	234,373,402	52,287,654	1,735,729	1,692,155	49,351	4,492,741	-2,849,937	-1.2%
20000 - 24999	12,450	279,927,034	85,287,254	2,821,342	2,737,564	78,468	4,800,954	-2,141,858	-0.8%
25000 - 29999	12,248	336,971,511	126,740,490	4,203,048	4,080,134	92,184	4,436,984	-449,034	-0.1%
30000 - 34999	13,147	427,558,506	191,497,531	6,384,419	6,216,771	125,084	4,145,535	1,946,152	0.5%
35000 - 39999	14,138	530,604,530	273,868,027	9,127,919	8,899,880	162,775	3,779,148	4,957,957	1.0%
40000 - 44999	14,601	620,308,108	346,178,374	11,529,229	11,298,726	217,841	3,218,582	7,862,303	1.3%
45000 - 49999	14,589	692,663,677	411,567,216	13,704,017	13,428,397	239,829	2,327,143	10,861,425	1.6%
50000 - 59999	26,246	1,439,857,295	925,709,463	30,899,560	30,362,104	569,731	2,868,080	26,924,293	1.9%
60000 - 74999	30,749	2,062,723,823	1,433,622,210	51,591,620	50,742,939	1,018,147	2,807,854	46,916,938	2.3%
75000 - 99999	34,709	3,008,259,676	2,241,441,772	87,321,534	85,955,698	2,094,773	4,003,225	79,857,700	2.7%
100000 - 124999	24,922	2,792,435,673	2,150,235,715	86,046,946	84,572,984	2,293,332	3,924,212	78,355,440	2.8%
125000 - 149999	18,094	2,473,488,213	1,975,096,896	87,284,845	85,933,383	2,898,333	2,664,250	80,370,800	3.3%
150000 - 199999	20,591	3,540,931,957	2,940,606,768	145,204,312	142,830,786	4,818,685	1,354,314	136,657,787	3.9%
200000 - 299999	14,736	3,527,106,682	3,074,065,649	171,334,716	167,180,769	6,752,265	661,347	159,767,157	4.6%
300000 - 499999	7,561	2,851,559,803	2,595,089,847	169,609,951	164,778,667	8,936,868	316,804	155,524,995	5.6%
500000 - 999999	3,126	2,073,568,609	1,944,863,288	146,035,955	141,795,728	10,824,381	109,644	130,861,703	6.5%
1,000,000 +	1,325	3,706,623,738	3,573,098,393	301,880,798	275,743,184	23,150,495	28,382	252,564,307	7.4%
<b>State Total</b>	<b>329,778</b>	<b>30,825,130,380</b>	<b>24,367,853,292</b>	<b>1,327,715,006</b>	<b>1,279,236,070</b>	<b>64,355,360</b>	<b>53,277,724</b>	<b>1,161,575,255</b>	<b>3.9%</b>
Out of State	52,703	31,858,058,335	30,381,174,560	2,497,118,854	100,511,261	766,486	428,925	99,315,850	NA
All Returns	382,481	62,683,188,715	54,749,027,852	3,824,833,860	1,379,747,331	65,121,846	53,706,649	1,260,891,105	3.9%



# Personal income tax data, 2024

- 3,298 returns with AGI of \$586,634 or more represented 8,496 exemptions or individuals
- 3,298 returns with AGI of \$586,634 or more accounted for:
  - 1% of all VT tax returns
  - 16.7% of all VT AGI
  - 29.8% of all net VT personal income tax paid

<b>Personal Income Tax Returns for Top 1%, Tax Year 2024</b>			
<b>All Vermont Resident Returns</b>			
<b># Returns</b>	<b>% Returns</b>	<b>%VT AGI</b>	<b>% Net VT Tax</b>
3,298	1.0%	16.7%	29.8%



# Top 1% Returns - 2018 to 2024

<b>Top 1% Vermont Resident Filers (2018-2024)</b>						
<b>Year</b>	<b>Count</b>	<b>AGI Start for Percentile</b>	<b>Total AGI</b>	<b>% Share of AGI</b>	<b>Total Net VT Taxes</b>	<b>% Share of Net VT Taxes</b>
2018	3,203	403,561	3,294,823,669	15%	204,771,154	27%
2019	3,250	403,561	3,717,500,195	17%	232,621,175	29%
2020	3,288	432,174	3,686,264,098	16%	228,717,717	28%
2021	3,295	537,687	5,211,559,990	19%	337,067,490	33%
2022	3,281	520,544	4,562,204,855	17%	294,584,203	30%
2023	3,291	527,595	4,322,340,406	15%	283,477,802	28%
2024	3,298	586,634	5,157,021,652	17%	345,905,453	30%



# Personal income tax data, 2024

## Personal Income Tax Returns for \$500,000+ and Millionaires, Tax Year 2024

### All Vermont Resident Returns

# returns	% returns	% VT AGI	% net VT tax
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\$500,000+			
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4,451	1.3%	18.8%	33.0%
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\$1,000,000+			
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1325	0.4%	12.0%	21.7%
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### Ages 65+ Only

\$500,000+			
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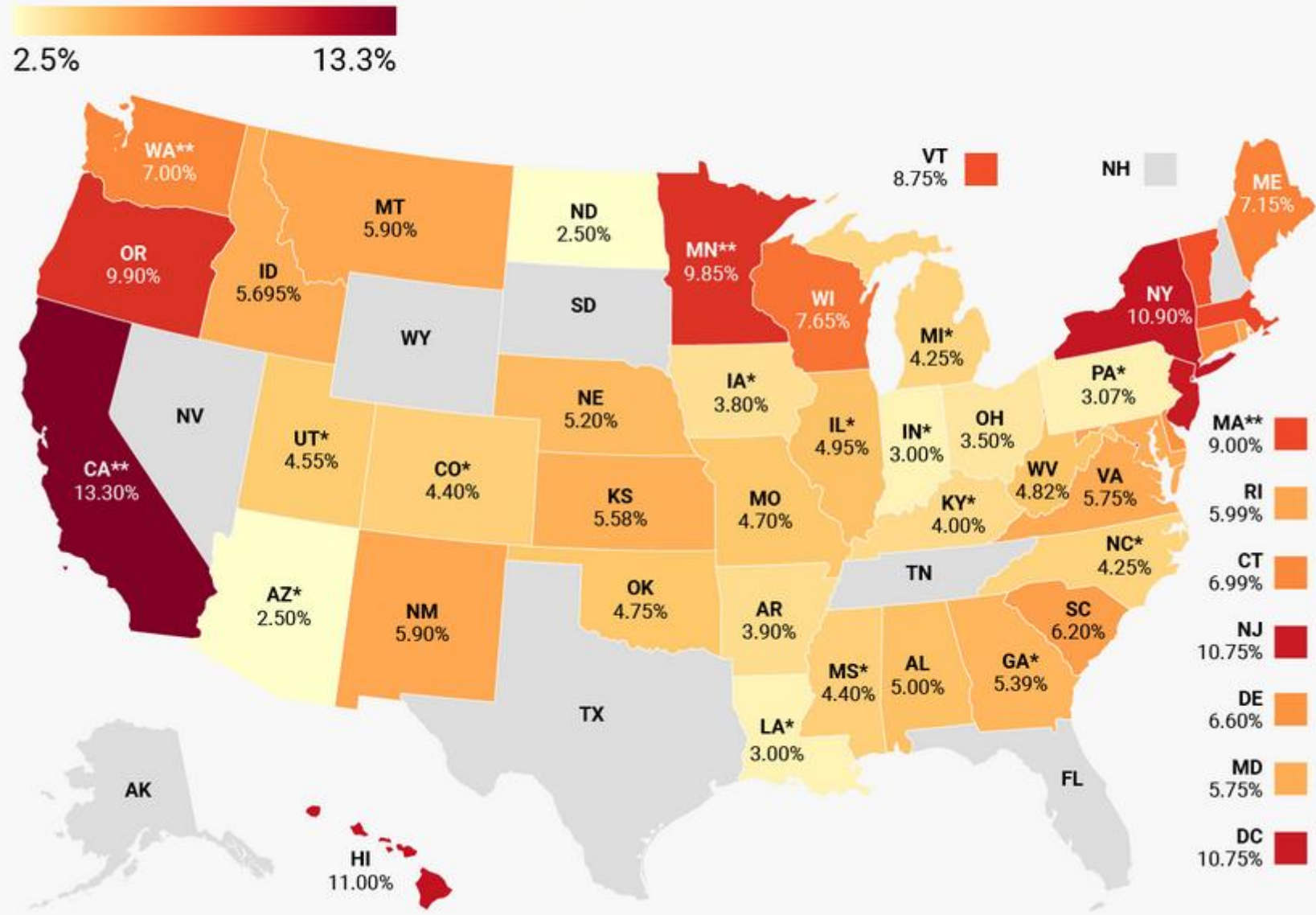
1,421	0.4%	7.5%	12.7%
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\$1,000,000+			
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445	0.1%	5.0%	9.1%
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# Top Marginal State Individual Income Tax Rates (as of January 1, 2025)



# Proposal #1



# Proposal #1

- This proposal would raise approximately \$75 million via changes to the top marginal bracket and rate.
- Would make it so no one would have to pay more than 10% of their MAGI for premiums for a qualified health benefit plan and increase the Qualified Medicare Beneficiary Program income threshold from 150% to 200% of the FPL. This would have a combined cost of \$75 million.
- Would establish the Vermont Investment Proceeds Tax using the federal NIIT as a template at a rate of 3.45% to generate approximately \$42 million.
- Create a credit for small businesses equal to 12% of the value of insurance premiums covered by the employer with an estimate cost of \$42 million.



# Existing Rates and Brackets

Filing Status: Married Filing Jointly			Filing Status: Married Filing Separately		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	84,700	3.35%	-	42,350	3.35%
84,700	204,750	6.60%	42,350	102,375	6.60%
204,750	312,050	7.60%	102,375	156,025	7.60%
312,050	-	8.75%	156,025	-	8.75%
Filing Status: Single			Filing Status: Head of Household		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	50,750	3.35%	-	68,000	3.35%
50,750	122,850	6.60%	68,000	175,500	6.60%
122,850	256,300	7.60%	175,500	284,150	7.60%
256,300	-	8.75%	284,150	-	8.75%



# Proposed New Brackets

Filing Status: Married Filing Jointly			Filing Status: Married Filing Separately		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	84,700	3.35%	-	42,350	3.35%
84,700	204,750	6.60%	42,350	102,375	6.60%
204,750	586,625	7.60%	102,375	293,313	7.60%
586,625	-	12.40%	293,313	-	12.40%
Filing Status: Single			Filing Status: Head of Household		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	50,750	3.35%	-	68,000	3.35%
50,750	122,850	6.60%	68,000	175,500	6.60%
122,850	481,825	7.60%	175,500	534,175	7.60%
481,825	-	12.40%	534,175	-	12.40%

- These proposed new top marginal tax brackets are estimated to generate approximately \$75 million in additional revenue starting in fiscal year 2028.



# All Resident Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$84,700	201,843	\$0.0	-	3.35%
\$84,700	\$204,750	98,541	\$0.0	-	6.60%
\$204,750	\$586,625	32,387	-\$6.8	(208.42)	7.60%
\$586,625	-	4,570	\$82.0	17,942.79	12.40%
<b>Total</b>		<b>337,341</b>	<b>\$75.2</b>		



# Married Filing Jointly Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$84,700	31,036	\$0.0	-	3.35%
\$84,700	\$204,750	58,162	\$0.0	-	6.60%
\$204,750	\$586,625	27,034	-\$5.0	(183.84)	7.60%
\$586,625	-	3,812	\$64.4	16,900.68	12.40%
<b>Total</b>		<b>120,044</b>	<b>\$59.5</b>		



# Single Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$50,750	99,361	\$0.0	-	3.35%
\$50,750	\$122,850	68,299	\$0.0	-	6.60%
\$122,850	\$481,825	14,474	-\$1.0	(71.16)	7.60%
\$481,825	-	877	\$13.0	14,855.76	12.40%
<b>Total</b>		<b>183,011</b>	<b>\$12.0</b>		



# Married Filing Separately Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$42,350	1,635	\$0.0	-	3.35%
\$42,350	\$102,375	3,195	\$0.0	-	6.60%
\$102,375	\$293,325	1,261	-\$0.1	(87.23)	7.60%
\$293,325	-	146	\$2.4	16,388.36	12.40%
<b>Total</b>		<b>6,237</b>	<b>\$2.3</b>		



# Head of Household Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$68,000	16,681	\$0.0	-	3.35%
\$68,000	\$175,500	9,621	\$0.0	-	6.60%
\$175,500	\$534,175	1,210	-\$0.2	(123.97)	7.60%
\$534,175	-	114	\$2.2	19,680.70	12.40%
<b>Total</b>		<b>27,626</b>	<b>\$2.1</b>		



# Proposed Vermont Investment Proceeds Tax



# Vermonters paying the federal NIIT

## Federal Net Investment Income Tax Distribution of Payers:

Adjusted Gross Income	\$100,000 to \$200,000	\$200,000 to \$500,000	\$500,000 to \$1,000,000	\$1,000,000 or more	Total
Estimated Number of NIIT Payers	180	8,820	2,260	970	12,230
Share of Total NIIT Payers	1.5%	72.1%	18.5%	7.9%	100%
Estimated Share of Federal NIIT Paid	0.1%	21.3%	22.4%	56.1%	100%

Source: IRS Individual Income and Tax Data, by State and Size of Adjusted Gross Income, Tax Year 2022



# Vermont Investment Proceeds Tax

- JFO estimates that the Vermont Investment Proceeds Tax proposed in this language at 3.45% would generate approximately \$41.9 million in additional revenue starting in fiscal year 2028.
- The tax would apply to roughly 12,000 taxpayers.



# Proposal 1 Summary



# Proposal 1 Summary

<b>Provisions</b>	<b>FY 2028</b>
PIT Bracket and Rate Change	75.2
VIP Tax	41.9
Qualified Health Benefit Plan and Qualified Medicare Beneficiary Program Expansions	-75.0
Employer Premium Credit	-37.8
Employer Assessment Decrease	-3.5
<b>Total</b>	<b>0.8</b>



# Proposal #2



# Proposal #2

- This proposal would reduce personal income taxes by approximately \$42.2 million via changes to the top marginal bracket, top marginal rate, and lowest marginal rate.
- Would establish the Vermont Investment Proceeds Tax using the federal NIIT as a template at a rate of 3.45% to generate approximately \$42 million.



# Existing Rates and Brackets

Filing Status: Married Filing Jointly			Filing Status: Married Filing Separately		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	84,700	3.35%	-	42,350	3.35%
84,700	204,750	6.60%	42,350	102,375	6.60%
204,750	312,050	7.60%	102,375	156,025	7.60%
312,050	-	8.75%	156,025	-	8.75%
Filing Status: Single			Filing Status: Head of Household		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	50,750	3.35%	-	68,000	3.35%
50,750	122,850	6.60%	68,000	175,500	6.60%
122,850	256,300	7.60%	175,500	284,150	7.60%
256,300	-	8.75%	284,150	-	8.75%



# Proposed New Brackets

Filing Status: Married Filing Jointly			Filing Status: Married Filing Separately		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	84,700	2.95%	-	42,350	2.95%
84,700	204,750	6.60%	42,350	102,375	6.60%
204,750	586,625	7.60%	102,375	293,313	7.60%
586,625	-	10.00%	293,313	-	10.00%
Filing Status: Single			Filing Status: Head of Household		
AGI		Marginal Tax Rate	AGI		Marginal Tax Rate
-	50,750	2.95%	-	68,000	2.95%
50,750	122,850	6.60%	68,000	175,500	6.60%
122,850	481,825	7.60%	175,500	534,175	7.60%
481,825	-	10.00%	534,175	-	10.00%

- These proposed new top marginal tax brackets are estimated to reduce PIT revenue by approximately \$42.2 million starting in fiscal year 2028.



# All Resident Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$84,700	201,843	-\$16.8	(83.28)	2.95%
\$84,700	\$204,750	98,541	-\$27.8	(282.12)	6.60%
\$204,750	\$586,625	32,387	-\$17.7	(545.90)	7.60%
\$586,625	-	4,570	\$20.1	4,394.14	10.00%
<b>Total</b>		<b>337,341</b>	<b>-\$42.2</b>		



# Married Filing Jointly Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$84,700	31,036	-\$2.0	(62.83)	2.95%
\$84,700	\$204,750	58,162	-\$19.0	(326.33)	6.60%
\$204,750	\$586,625	27,034	-\$14.5	(536.73)	7.60%
\$586,625	-	3,812	\$15.2	3,991.21	10.00%
<b>Total</b>		<b>120,044</b>	<b>-\$20.2</b>		



# Single Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$50,750	99,361	-\$3.9	(39.55)	2.95%
\$50,750	\$122,850	68,299	-\$13.3	(195.02)	6.60%
\$122,850	\$481,825	14,474	-\$4.0	(279.12)	7.60%
\$481,825	-	877	\$3.2	3,658.49	10.00%
<b>Total</b>		<b>183,011</b>	<b>-\$18.1</b>		



# Married Filing Separately Filers

AGI		Returns	Tax Change	Average Tax Change	Rate
\$0	\$42,350	1,635	-\$0.1	(30.58)	2.95%
\$42,350	\$102,375	3,195	-\$0.5	(162.75)	6.60%
\$102,375	\$293,325	1,261	-\$0.3	(261.70)	7.60%
\$293,325	-	146	\$0.7	4,631.51	10.00%
<b>Total</b>		<b>6,237</b>	<b>-\$0.2</b>		



# Head of Household Filers

<b>AGI</b>		<b>Returns</b>	<b>Tax Change</b>	<b>Average Tax Change</b>	<b>Rate</b>
\$0	\$68,000	16,681	-\$1.0	(58.15)	2.95%
\$68,000	\$175,500	9,621	-\$2.4	(247.38)	6.60%
\$175,500	\$534,175	1,210	-\$0.5	(404.96)	7.60%
\$534,175	-	114	\$0.6	5,084.21	10.00%
<b>Total</b>		<b>27,626</b>	<b>-\$3.3</b>		



# Proposed Vermont Investment Proceeds Tax



# Vermonters paying the federal NIIT

## Federal Net Investment Income Tax Distribution of Payers:

Adjusted Gross Income	\$100,000 to \$200,000	\$200,000 to \$500,000	\$500,000 to \$1,000,000	\$1,000,000 or more	Total
Estimated Number of NIIT Payers	180	8,820	2,260	970	12,230
Share of Total NIIT Payers	1.5%	72.1%	18.5%	7.9%	100%
Estimated Share of Federal NIIT Paid	0.1%	21.3%	22.4%	56.1%	100%

Source: IRS Individual Income and Tax Data, by State and Size of Adjusted Gross Income, Tax Year 2022



# Vermont Investment Proceeds Tax

- JFO estimates that the Vermont Investment Proceeds Tax proposed in this language at 3.45% would generate approximately \$41.9 million in additional revenue starting in fiscal year 2028.
- The tax would apply to roughly 12,000 taxpayers.



# Proposal 2 Summary



# Proposal 2 Summary

<b>Provisions</b>	<b>FY 2028</b>
PIT Bracket and Rate Changes	-42.2
VIP Tax	41.9
<b>Total</b>	<b>-0.3</b>



# Questions?

