

Responding to federal actions

Making Vermont's tax system more progressive

April 16, 2026



High-income Vermonters pay a smaller share in taxes than many in the middle

Vermont state and local taxes as a share of family income, by tax, by quintile, 2024



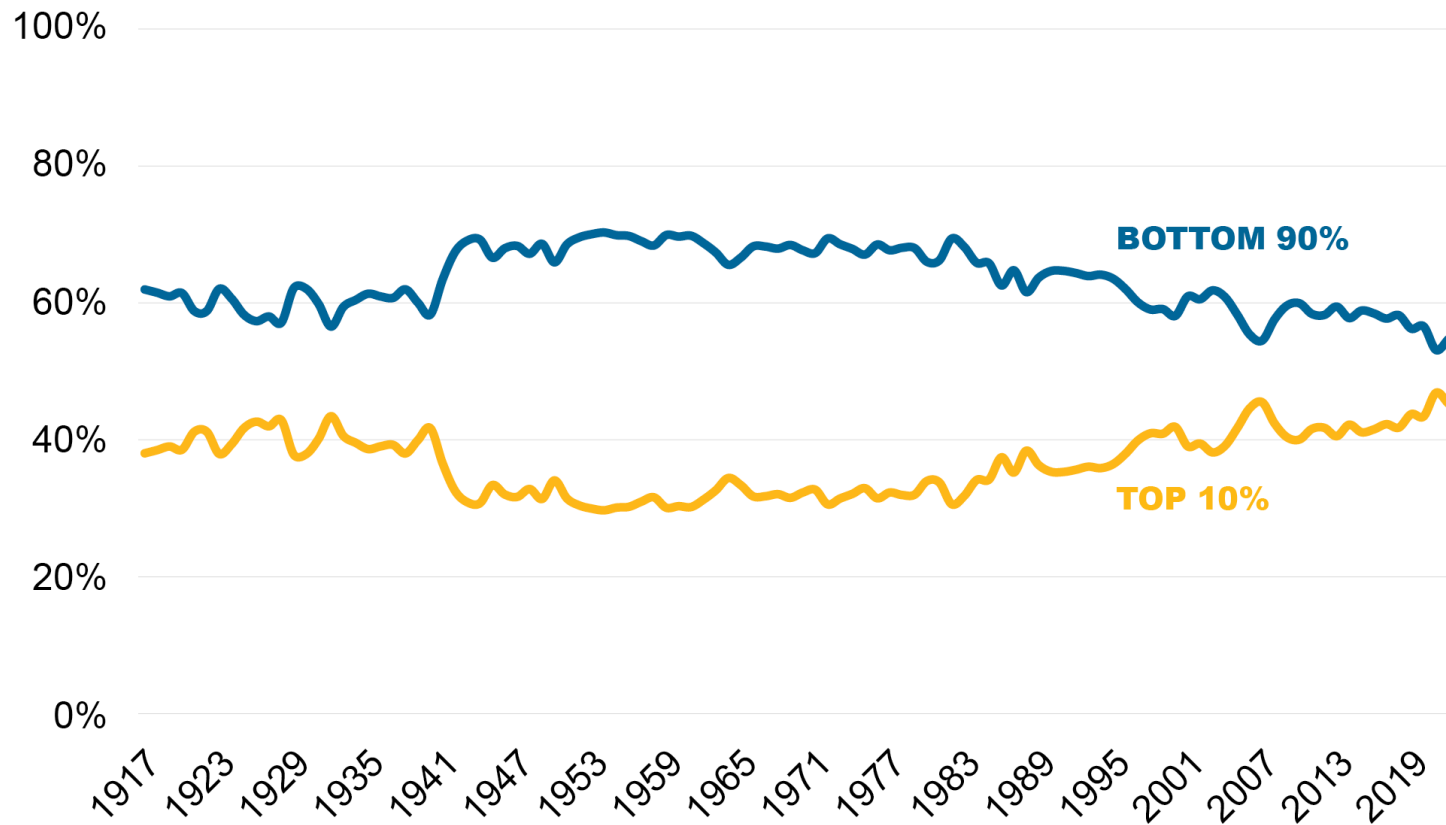
* The lowest 20% receives refundable income tax credits, offsetting liabilities for the remaining taxes.

Data source: Institute on Taxation and Economic Policy

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The richest 10 percent of Vermonters held nearly half of Vermont's total income

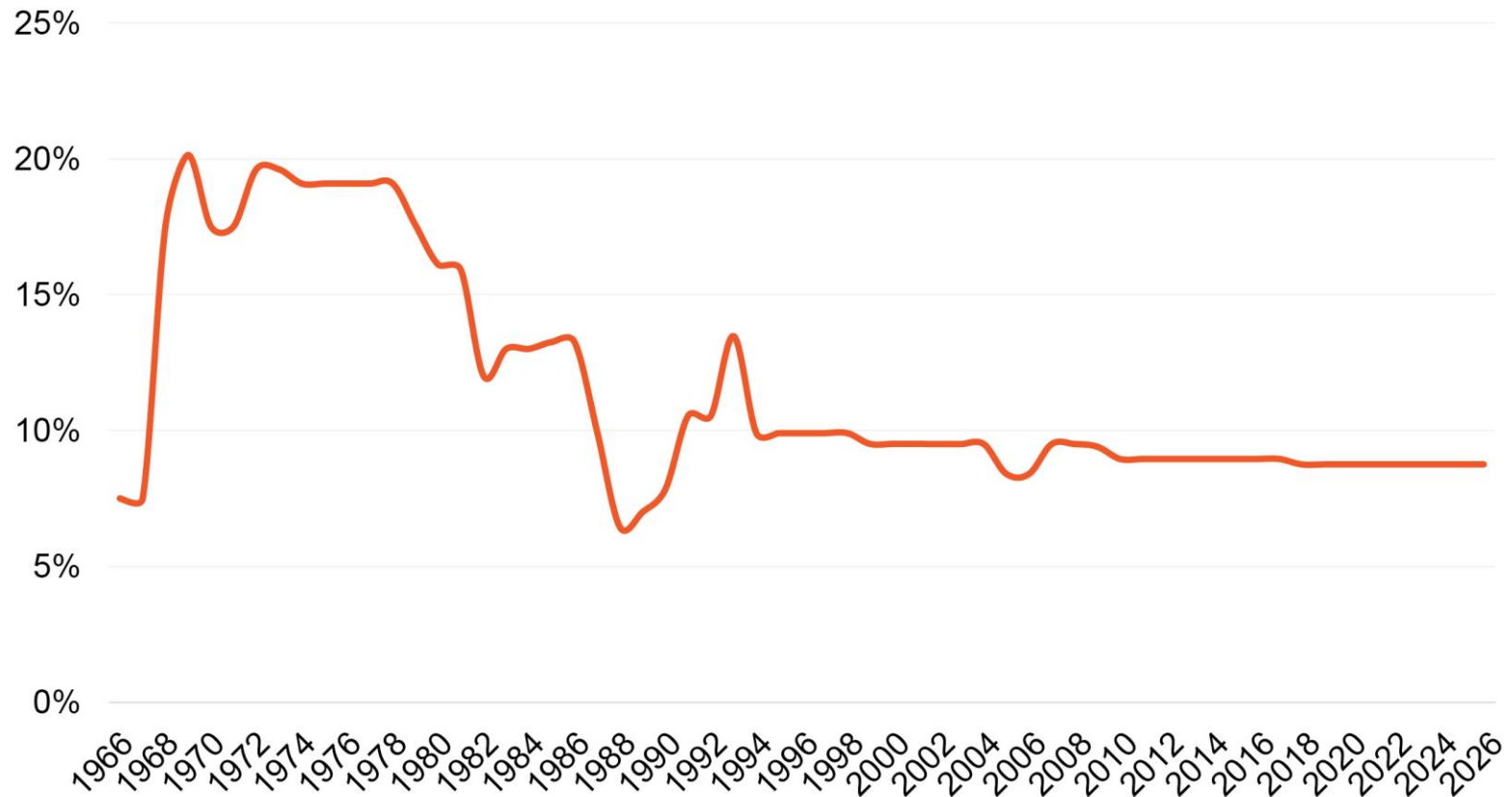
Percent of total income held by top 10% and bottom 90%, Vermont, 1917-2022



Data source: Mark W. Frank, "[U.S. State-Level Income Inequality Data](#)," Sam Houston State University
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Vermont's top income tax rate is one of the lowest in decades

Top marginal personal income tax rate, Vermont, 1966-2026

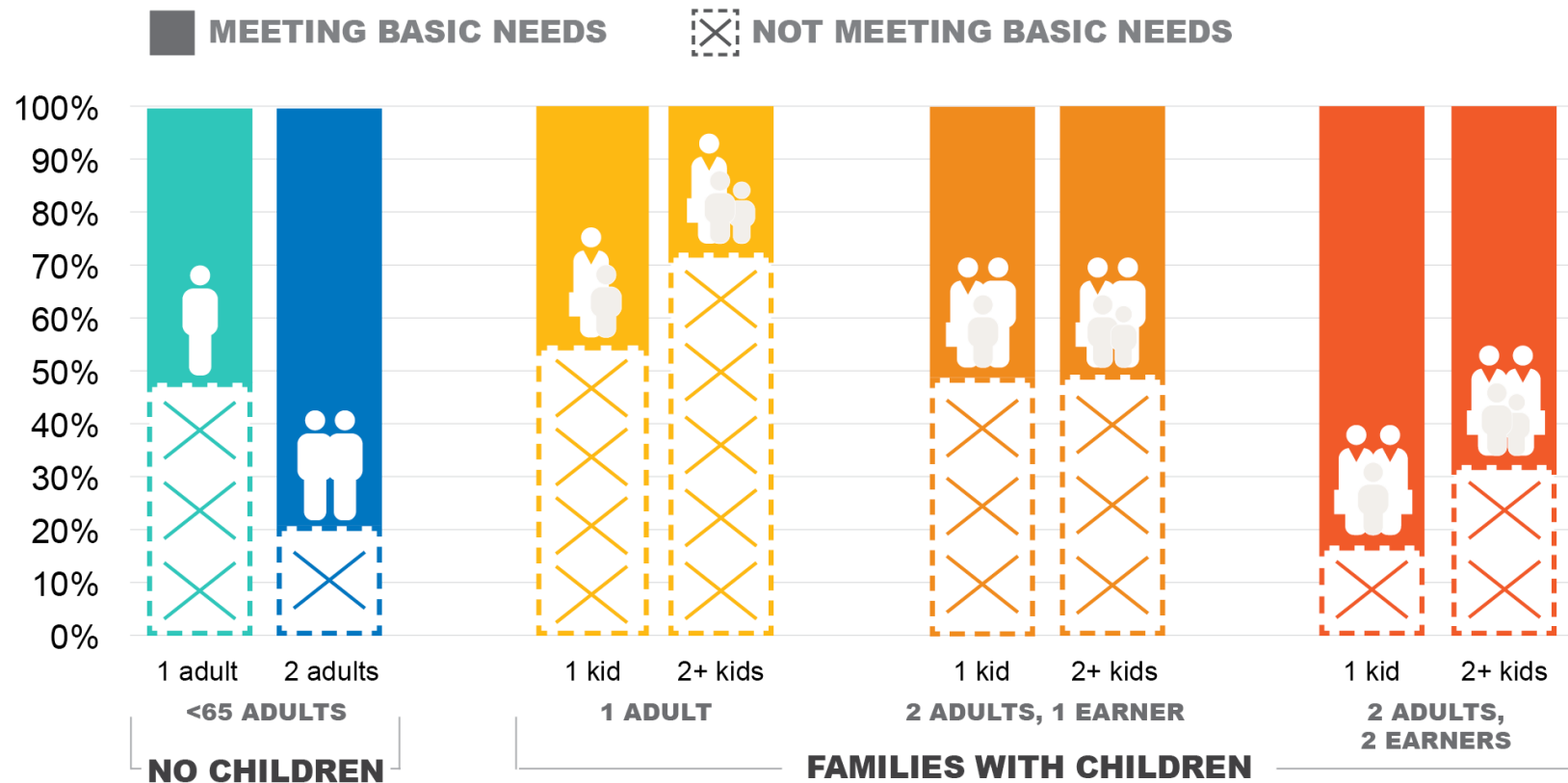


Data source: Institute on Taxation and Economic Policy, [Historical State Tax Rate Data](#)

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Many Vermont households have income below basic needs threshold

Share of families with enough income to meet basic needs, by family type and work status, 2023



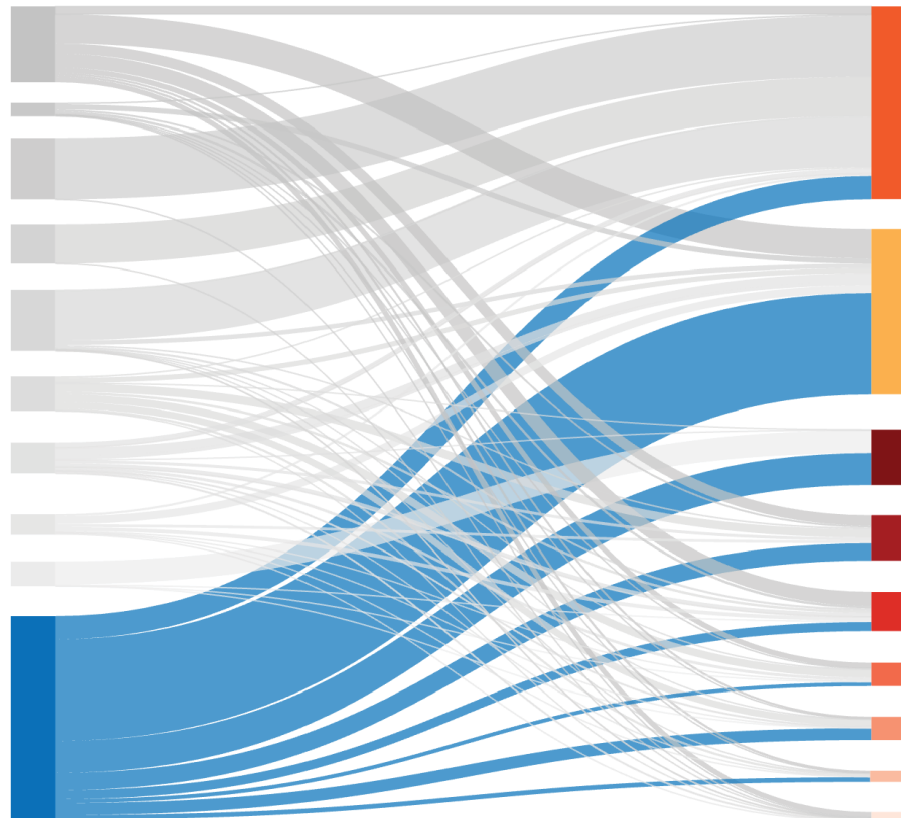
Data sources: Vermont Joint Fiscal Office and IPUMS-USA, University of Minnesota, www.ipums.org, 2021-23 1-yr estimates

State programs rely on federal dollars, some more than others

Vermont state budget by major revenue and spending categories, FY2025

REVENUE SOURCES

PERSONAL INCOME \$1.2B
CORPORATE INCOME \$200M
NON-RESIDENTIAL SCHOOL TAXES \$900M
RESIDENTIAL SCHOOL TAXES \$600M
CONSUMPTION TAXES \$900M
SPECIAL FUNDS \$525M
OTHER \$470M
HEALTHCARE REVENUE \$300M
TRANSPORTATION TAXES & FEES \$375M
FEDERAL \$3.1B



SPENDING CATEGORY

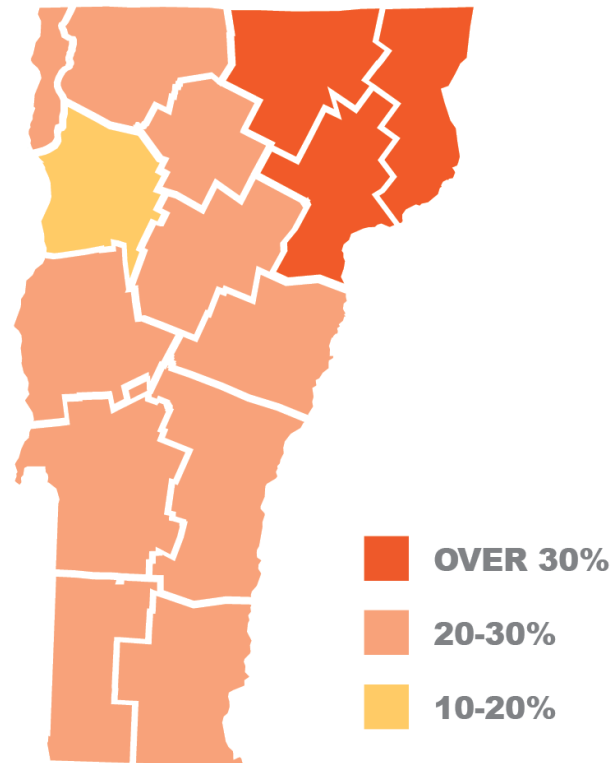
TOTAL (STATE / **FEDERAL**)

PRE-K-12 PUBLIC EDUCATION \$2.9B (\$2.5B / \$350M)
HEALTH CARE \$2.5B (\$1B / \$1.5B)
TRANSPORTATION \$850M (\$360M / \$490M)
INDIVIDUAL WELLBEING SUPPORTS \$700M (\$440M / \$260M)
PUBLIC PROTECTION \$600M (\$460M / \$140M)
GOVERNMENT FUNCTIONS \$350M (\$290M / \$60M)
NATURAL RESOURCES/CLIMATE \$350M (\$170M / \$180M)
HOUSING \$170M (\$100M / \$70M)
OTHER \$150M (\$150M / \$0)

Medicaid cuts hurt every county

Estimated Medicaid and CHIP enrollment as a percentage of county population, 2025

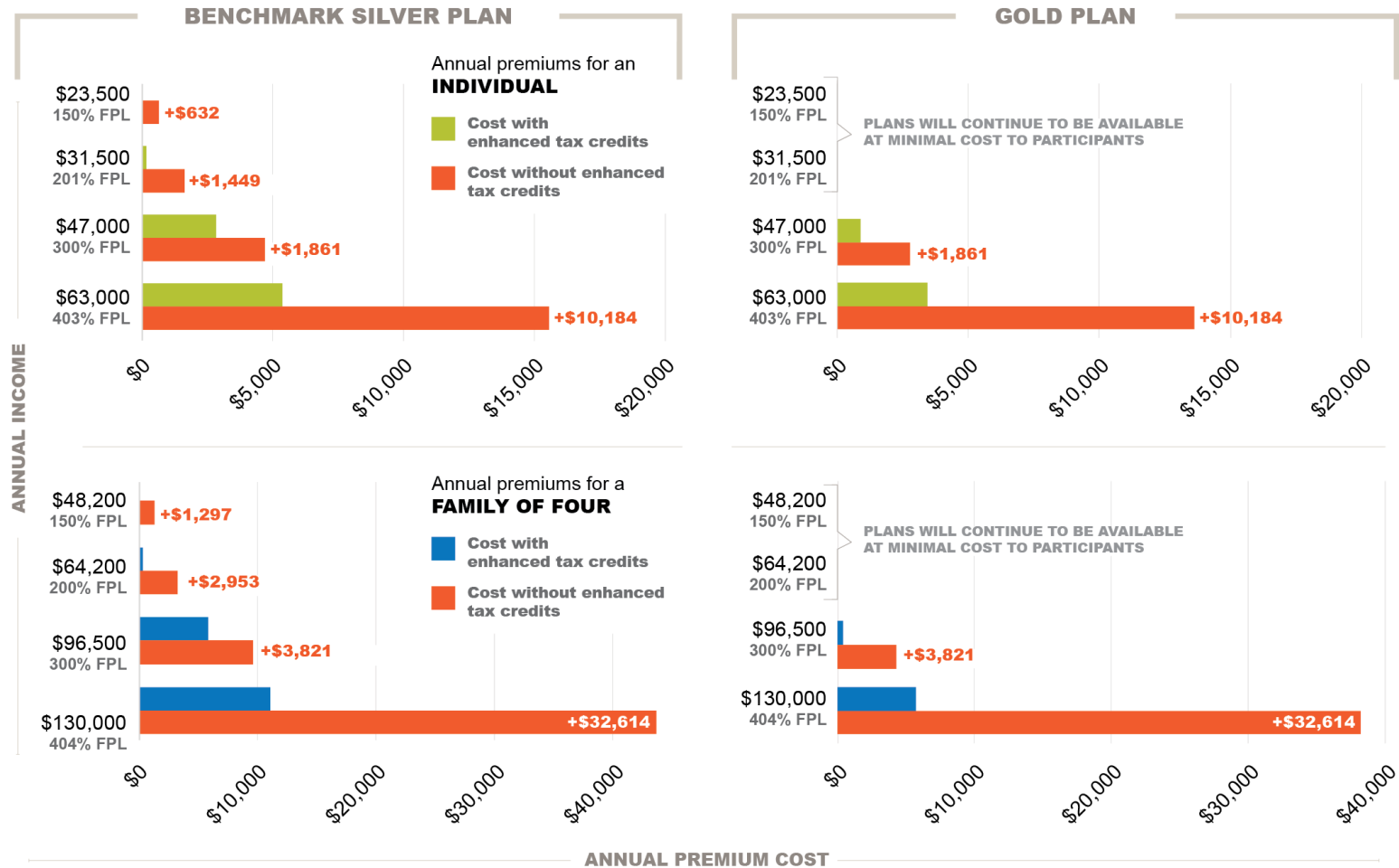
ADDISON	20%
BENNINGTON	27%
CALEDONIA	31%
CHITTENDEN	17%
ESSEX	35%
FRANKLIN	28%
GRAND ISLE	21%
LAMOILLE	27%
ORANGE	26%
ORLEANS	34%
RUTLAND	28%
WASHINGTON	24%
WINDHAM	29%
WINDSOR	23%



Sources: Center on Budget and Policy Priorities analysis of American Community Survey and Centers for Medicare and Medicaid Services data
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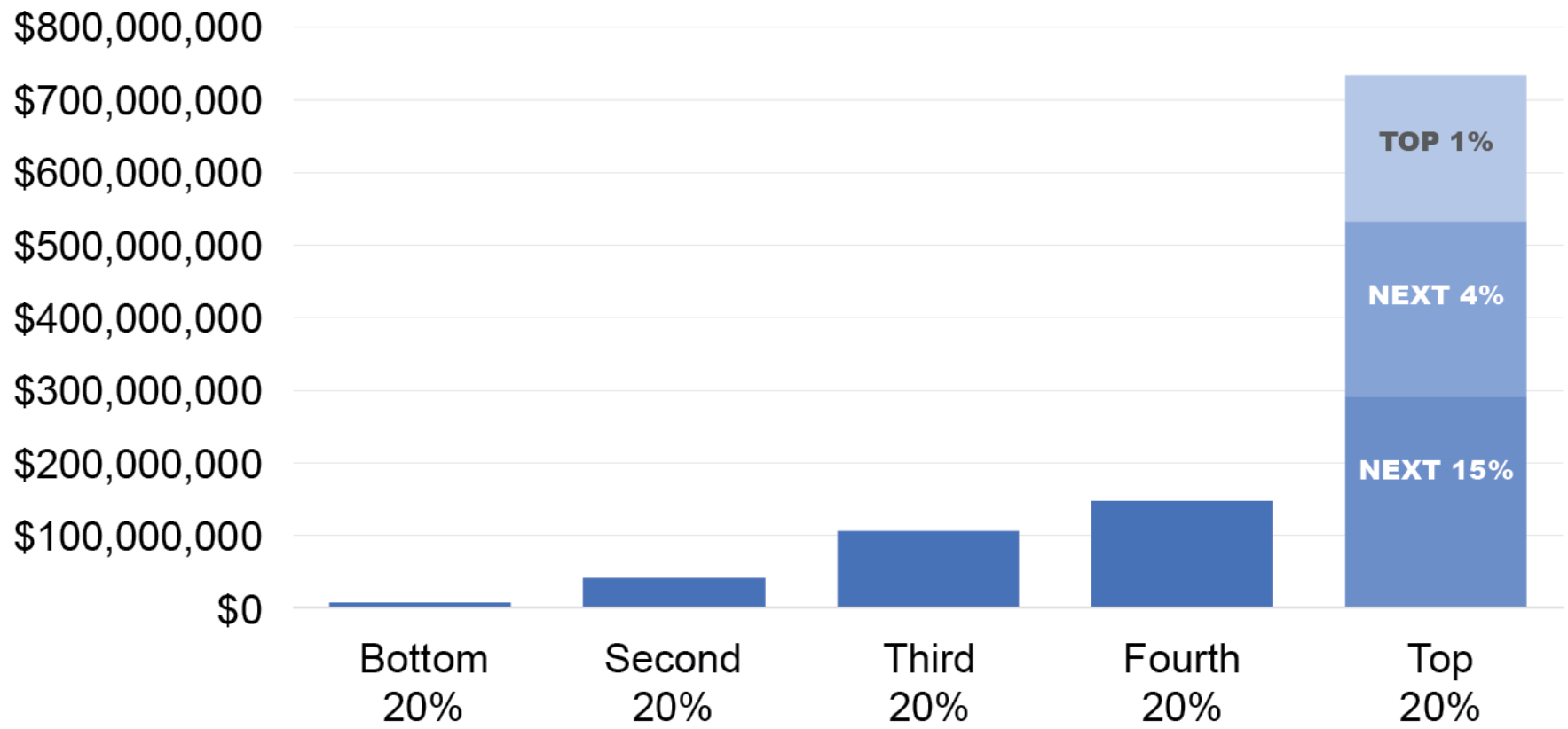
Healthcare premiums will triple for some if the credits expire, but low-income Vermonters can still find plans with low premiums

Annual premium cost of benchmark silver and lowest-cost gold plans, by select income level and family type, Vermont, 2026



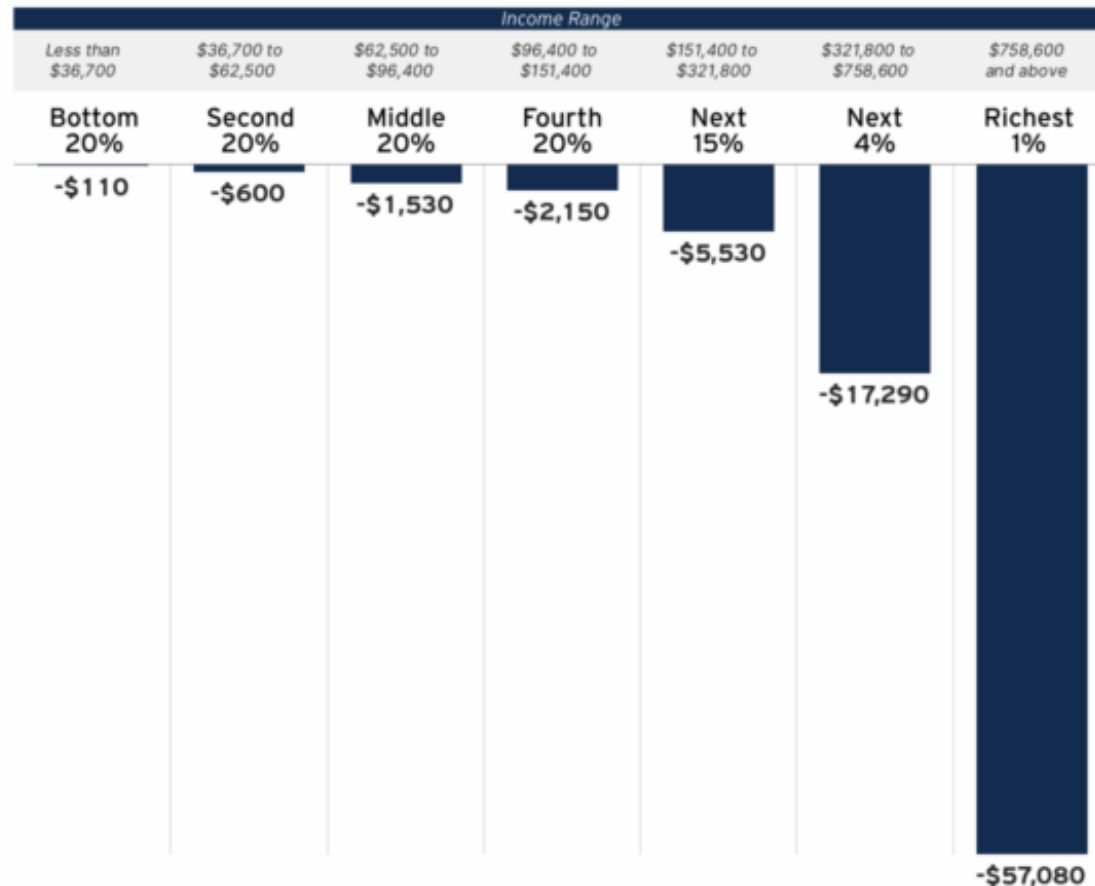
The top 20% of Vermont taxpayers get the biggest breaks from federal cuts

Estimated tax savings from extending the Tax Cuts and Jobs Act, by income percentile, Vermont, 2026



Impact of Trump Megabill in Vermont

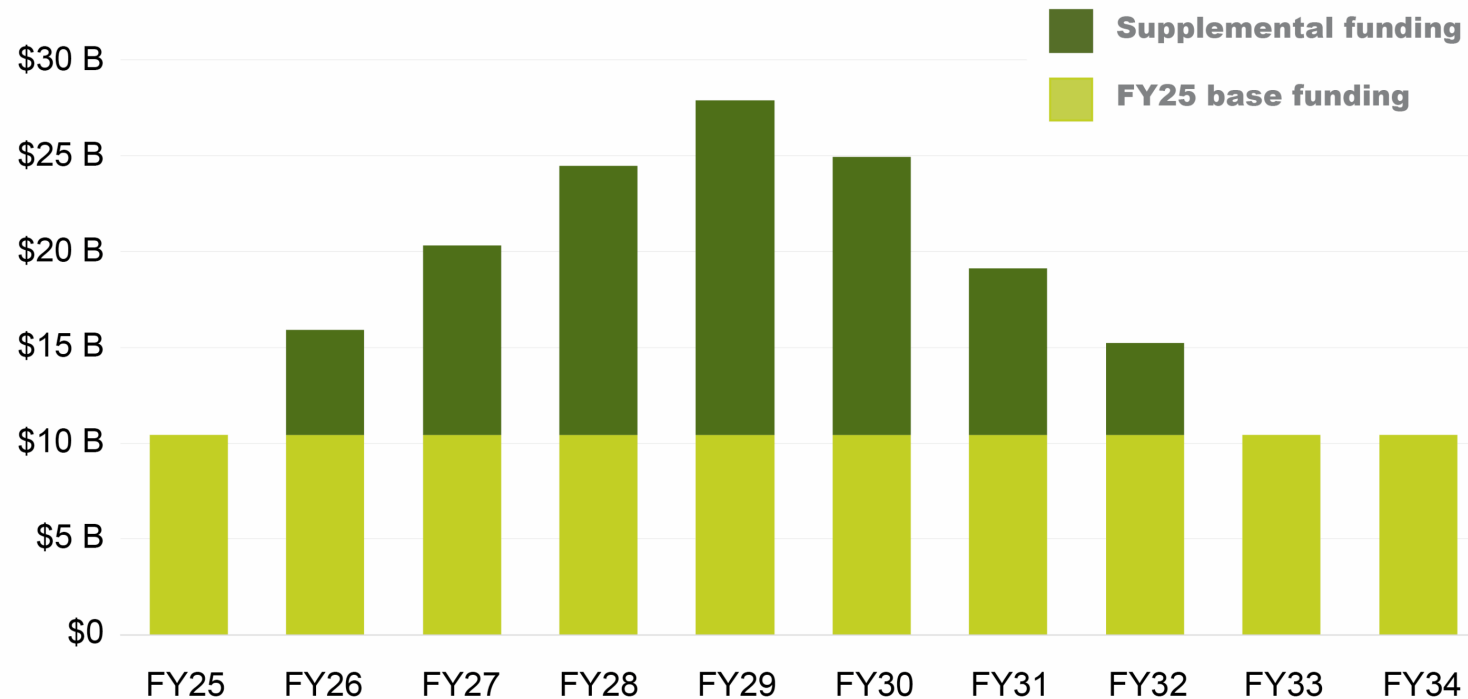
Average tax change by income group in 2026



Source: Institute on Taxation and Economic Policy Tax Microsimulation Model, July 2025

Big jump in ICE funding to expand detention and deportation capacity

Annual appropriated and supplemental funding for Immigration and Customs Enforcement (ICE), in billions, FY25 actual, FY26-34 projected



Data sources: Congressional Budget Office and U.S. Department of Homeland Security

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Note: Base funding is the money appropriated in fiscal year 2025 through Congress' annual funding process, projected into future years. While this amount is subject to change, annual funding for ICE has historically increased over time. Supplemental funding is based on projections by the Congressional Budget Office of government spending using new, one-time funds included in the reconciliation bill known as the One Big Beautiful Bill Act.

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Vermont saw a net gain among higher-income filers, but lost filers with lower incomes

Number of federal tax filers who moved in and out, by income group, 2021-2022

