

1 H.949

2 Representatives Logan of Burlington, Cina of Burlington, and Tomlinson of
3 Winooski move that the bill be amended as follows:

4 First: By adding a reader assistance heading and two new sections to be
5 Secs. 5a and 5b to read as follows:

6 * * * Wealth Proceeds Tax * * *

7 Sec. 5a. 32 V.S.A. chapter 149 is added to read:

8 CHAPTER 149. WEALTH PROCEEDS TAX

9 § 5701. DEFINITIONS

10 As used in this chapter:

11 (1) “Federal modified adjusted gross income” means modified adjusted
12 gross income as defined in 26 U.S.C. § 1411(d).

13 (2) “Threshold amount” has the same meaning as in 26 U.S.C.
14 § 1411(b).

15 (3) “Wealth proceeds” has the same meaning as net investment income
16 in 26 U.S.C. § 1411(c) as adjusted by section 5703 of this chapter.

17 § 5702. IMPOSITION OF VERMONT WEALTH PROCEEDS TAX

18 (a) A Vermont wealth proceeds tax is imposed for each taxable year on
19 individuals, estates, and trusts subject to the personal income tax under chapter
20 151 of this title as follows:

1 (1) individuals filing as single or head of household with federal
2 modified adjusted gross income exceeding \$200,000.00;

3 (2) married individuals filing jointly with federal modified adjusted
4 gross income exceeding \$250,000.00;

5 (3) individuals filing as married filing separately with federal modified
6 adjusted gross income exceeding \$125,000.00; and

7 (4) estates and trusts with adjusted gross income, as defined in 26
8 U.S.C. § 67(e), exceeding the dollar amount at which the highest tax bracket
9 begins for the taxable year under 26 U.S.C. § 1(e).

10 (b)(1) For individuals, tax is imposed at the rate of four percent of the
11 lesser of:

12 (A) wealth proceeds for the taxable year; or

13 (B) federal modified adjusted gross income for the taxable year,
14 reduced by the threshold amount.

15 (2) For estates and trusts, tax is imposed at the rate of four percent of the
16 lesser of:

17 (A) undistributed wealth proceeds for the taxable year; or

18 (B) the dollar amount at which the highest tax bracket begins for the
19 taxable year under 26 U.S.C. § 1(e).

20 (c) The tax imposed under this section shall be in addition to any other tax
21 imposed under this title.

1 (d) For part-year and nonresident individuals, estates, and trusts, the tax
2 imposed by this section shall be calculated by multiplying a taxpayer’s total
3 amount of wealth proceeds for the taxable year by the percentage of wealth
4 proceeds allocable to Vermont under section 5823 of this title.

5 § 5703. DETERMINATION OF VERMONT WEALTH PROCEEDS

6 The wealth proceeds of an individual, estate, or trust means net investment
7 income, as defined in 26 U.S.C. § 1411(c), and:

8 (1) increased by the following to the extent they are excluded from net
9 investment income:

10 (A) income from state and local obligations outside Vermont;

11 (B) net gain excluded under 26 U.S.C. § 1202;

12 (C) net gain excluded under 26 U.S.C. § 1400Z-2;

13 (D) net gain attributable to disposition of property held in trade or
14 business not described under 26 U.S.C. § 1411(c)(2);

15 (E) net gain described under the exception in 26 U.S.C. § 1411(c)(4);

16 (F) net gain excluded under 26 U.S.C. § 1411(c)(5), provided it is
17 attributable to net unrealized appreciation within the meaning of 26 U.S.C.
18 § 402(e)(4); and

19 (G) for a taxpayer who transferred property to an incomplete gift
20 nongrantor trust, any amounts recognized as wealth proceeds under this section
21 held by the trust, but reduced by any deductions of the trust, to the extent the

1 wealth proceeds and deductions of the trust would be taken into account in
2 computing the taxpayer’s federal taxable income if the trust in its entirety were
3 treated as a grantor trust for federal tax purposes; and

4 (2) decreased by the following to the extent they are included in net
5 investment income:

6 (A) income from U.S. government obligations; and

7 (B) any amount exempted from state taxation under the laws of the
8 United States.

9 § 5704. ADMINISTRATION

10 The tax imposed under this chapter shall be administered and enforced
11 under this chapter in the same manner as the income tax imposed under section
12 5822 of this title, including all provisions relating to deficiencies, assessments,
13 refunds, appeals, enforcement, and collection under chapter 151, subchapters 8
14 and 9 of this title.

15 Sec. 5b. 16 V.S.A. § 4025 is amended to read:

16 § 4025. EDUCATION FUND

17 (a) The Education Fund is established to comprise the following:

18 * * *

19 (10) wind-powered electric generating facilities tax deposited pursuant
20 to 32 V.S.A. § 5402c; ~~and~~

1 (11) revenues from the short-term rental surcharge under 32 V.S.A.

2 § 9301; and

3 (12) revenues raised by the wealth proceeds tax imposed by 32 V.S.A.

4 chapter 149.

5 * * *

6 Second: By striking out Sec. 6, effective dates, in its entirety and inserting in

7 lieu thereof a new Sec. 6 to read as follows:

8 Sec. 6. EFFECTIVE DATES

9 This act shall take effect on July 1, 2026, except Secs. 5a and 5b (wealth
10 proceeds tax) shall take effect on January 1, 2027, and shall apply to taxable
11 years beginning on and after January 1, 2027.