

# Income-Based Education Funding

## Considerations and Discussion Points

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## Is there precedent for this?

No other state has, or is considering, an income tax to replace school property taxes on homeowners.

When people study progressivity in state tax systems they consider all taxes together, not just one.

Vermont's current overall tax system is one of the most progressive in the country<sup>1</sup>.



<sup>1</sup> <https://itep.org/whopays-7th-edition> (note: study does not include people 65+)

# Who would pay less?

*The roughly 10,000 Vermonters whose home value is very **high** relative to their income*



# Who would pay more?

*The roughly 10,000 Vermonters whose home value is very **low** relative to their income*



# Who else would pay more?

*Vermont's small population of high-income residents*

Does Vermont have more capacity at the top?

If there is more capacity, is this the best way to spend it?

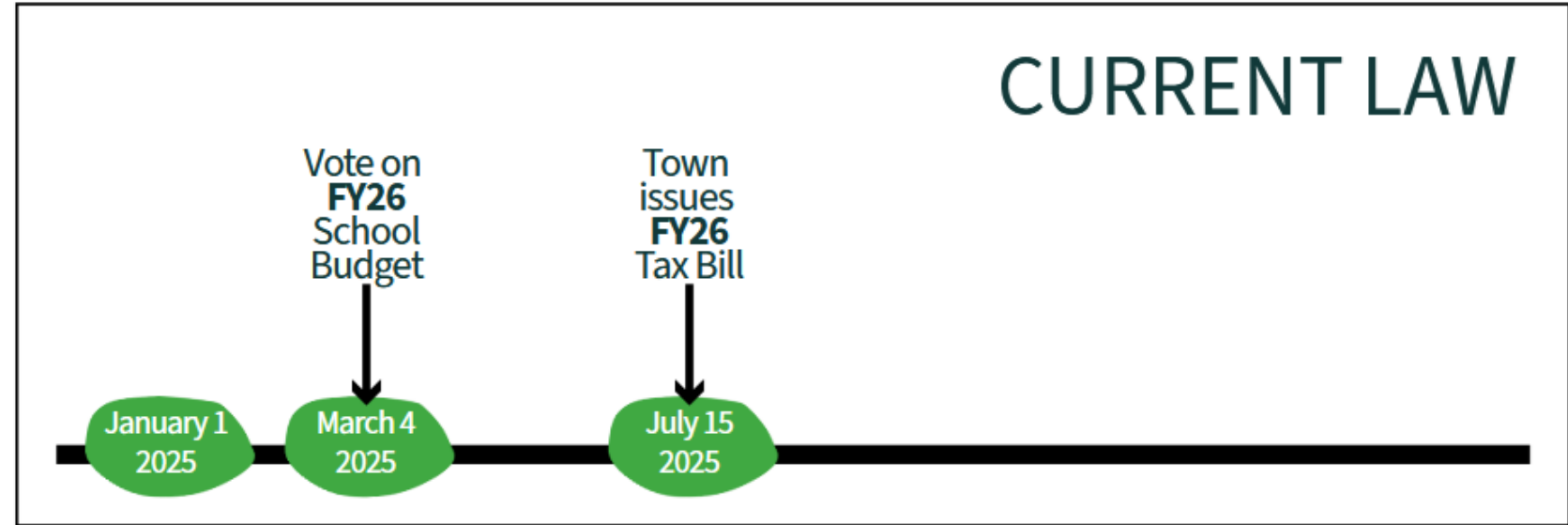
## TY23 Personal Income Tax on \$10M

State	Income Tax
California	\$ 1,285,000
Hawaii	\$ 1,089,000
New Jersey	\$ 1,040,000
Oregon	\$ 987,000
Minnesota	\$ 976,000
New York	\$ 933,000
<b>Vermont</b>	\$ 867,000
Massachusetts*	\$ 860,000
Wisconsin	\$ 755,000
Maine	\$ 714,000

Based on brackets only and assume married filing jointly

\*includes 4% surcharge on income over one million dollars

Would this make education taxes more transparent?



## Resources

- The Tax Department's [report](#) on income-based education taxes
- The Tax Department's [presentation](#) to the Income-Based Education Tax Study Committee
- The [final report](#) from Income-Based Education Tax Study Committee

The two tax department links have detailed information on administrative challenges