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H.77

Introduced by Representatives McCann of Montpelier, Cordes of Lincoln,
Dodge of Essex, Goldman of Rockingham, Headrick of
Burlington, Logan of Burlington, Pouech of Hinesburg,
Priestley of Bradford, Tomlinson of Winooski, and Waszazak
of Barre City

Referred to Committee on

Date:

Subject: Taxation; income tax; marginal tax brackets

Statement of purpose of bill as introduced: This bill proposes to create a new
marginal tax bracket to generate revenue for education and transportation.

An act relating to creating a new income tax bracket

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

2	If taxable income is:	The tax is:
3	Not over \$64,600.00 <u>\$79,950.00</u>	3.35% of taxable income
4	Over \$64,600.00 <u>\$79,950.00</u> but	\$2,164.00 <u>\$2,678.00</u> plus 6.6% of the
5	not over \$156,150.00 <u>\$193,300.00</u>	amount of taxable income over
6		\$64,600.00 <u>\$79,950.00</u>
7	Over \$156,150.00 <u>\$193,300.00</u> but	\$8,206.00 <u>\$10,159.00</u> plus 7.6% of
8	not over \$237,950.00 <u>\$294,600.00</u>	the amount of taxable income over
9		\$156,150.00 <u>\$193,300.00</u>
10	Over \$237,950.00 <u>\$294,600.00</u> but	\$14,423.00 <u>\$17,858.00</u>
11	<u>not over \$1,217,350.00</u>	plus 8.75% of the amount of taxable
12		income over \$237,950.00
13		<u>\$294,600.00</u>
14	<u>Over \$1,217,350.00</u>	<u>\$98,599.00 plus 12.75% of the</u>
15		<u>amount over \$1,217,350.00</u>

16 (2) Heads of households:

17	If taxable income is:	The tax is:
18	Not over \$51,850.00 <u>\$64,200.00</u>	3.35% of taxable income
19	Over \$51,850.00 <u>\$64,200.00</u> but	\$1,737.00 <u>\$2,151.00</u> plus 6.6% of the
20	not over \$133,850.00 <u>\$165,700.00</u>	amount of taxable income over
21		\$51,850.00 <u>\$64,200.00</u>

1 Over ~~\$133,850.00~~ \$165,700.00 but ~~\$7,149.00~~ \$8,850.00 plus 7.6% of the
2 not over ~~\$216,700.00~~ \$268,350.00 amount of taxable income over
3 ~~\$133,850.00~~ \$165,700.00
4 Over ~~\$216,700.00~~ \$268,300.00 ~~\$13,446.00~~ \$16,647.00 plus 8.75% of
5 but not over \$1,108,675.00 the amount of taxable income over
6 ~~\$216,700.00~~ \$268,300.00
7 Over \$1,108,675.00 \$90,180.00 plus 12.75% of the
8 amount of taxable income over
9 \$1,108,675.00

10 (3) Unmarried individuals (other than surviving spouse or head of
11 household):

12	If taxable income is:	The tax is:
13	Not over \$38,700.00 <u>\$47,900.00</u>	3.35% of taxable income
14	Over \$38,700.00 <u>\$47,900.00</u> but	\$1,296.00 <u>\$1,605.00</u> plus 6.6% of the
15	not over \$93,700.00 <u>\$116,000.00</u>	6.6% of the amount of taxable
16		income over \$38,700.00 <u>\$47,900.00</u>
17	Over \$93,700.00 <u>\$116,000.00</u> but	\$4,926.00 <u>\$6,099.00</u> plus 7.6% of the
18	not over \$195,450.00 <u>\$242,000.00</u>	amount of taxable income over
19		\$93,700.00 <u>\$116,000.00</u>
20	Over \$195,450.00 <u>\$242,000.00</u> but	\$12,659.00 <u>\$15,675.00</u> plus 8.75% of
21	<u>not over \$1,000,000.00</u>	the amount of taxable income over

1		\$195,450.00 <u>\$242,000.00</u>
2	<u>Over \$1,000,000.00</u>	<u>\$82,000.00 plus 12.75% of the</u>
3		<u>amount of taxable income over</u>
4		<u>\$1,000,000.00</u>
5	(4) Married individuals filing separate returns:	
6	If taxable income is:	The tax is:
7	Not over \$32,300.00 <u>\$39,975.00</u>	3.35% of taxable income
8	Over \$32,300.00 <u>\$39,975.00</u> but	\$1,082.00 <u>\$1,339.00</u> plus 6.6% of the
9	not over \$78,075.00 <u>\$96,650.00</u>	amount of taxable income over
10		\$32,300.00 <u>\$39,975.00</u>
11	Over \$78,075.00 <u>\$96,650.00</u> but	\$4,103.00 <u>\$5,080.00</u> plus 7.6% of the
12	not over \$118,975.00 <u>\$147,300.00</u>	amount of taxable income over
13		\$78,075.00 <u>\$96,650.00</u>
14	Over \$118,975.00 <u>\$147,300.00</u> but	\$7,212.00 <u>\$8,929.00</u> plus 8.75% of
15	<u>not over \$608,675.00</u>	the amount of taxable income over
16		\$118,975.00 <u>\$147,300.00</u>
17	<u>Over \$608,675.00</u>	<u>\$49,299.00 plus 12.75% of the</u>
18		<u>amount of taxable income over</u>
19		<u>\$608,675.00</u>

1 (5) Estates and trusts:

2 If taxable income is:

The tax is:

3 ~~\$2,600.00~~ \$3,200.00 or less

3.35% of taxable income

4 Over ~~\$2,600.00~~ \$3,200.00 but

~~\$87.00~~ \$107.00 plus 6.6% of the

5 not over ~~\$6,100.00~~ \$7,500.00

amount of taxable income over

6

~~\$2,600.00~~ \$3,200.00

7 Over ~~\$6,100.00~~ \$7,500.00 but

~~\$318.00~~ \$391.00 plus 7.6% of the

8 not over ~~\$9,350.00~~ \$11,550.00

amount of taxable income over

9

~~\$6,100.00~~ \$7,500.00

10 Over ~~\$9,350.00~~ \$11,550.00

~~\$565.00~~ \$699.00 plus 8.75% of the

11

amount of taxable income over

12

~~\$9,350.00~~ \$11,550.00

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

14 \$150,000.00, then the tax calculated under this subsection shall be the greater

15 of the tax calculated under subdivisions (1)–(5) of this subsection or three

16 percent of the taxpayer’s federal adjusted gross income.

17 (b) As used in this section:

18 (1) “Married individuals,” “surviving spouse,” “head of household,”

19 “unmarried individual,” “estate,” and “trust” have the same meaning as under

20 the Internal Revenue Code.

1 deposited in the Vermont Higher Education Endowment Trust Fund
2 established under 16 V.S.A. § 2885.

3 Sec. 3. 32 V.S.A. § 435 is amended to read:

4 § 435. GENERAL FUND

5 (a) There is established the General Fund, which shall be the basic
6 operating fund of the State. The General Fund shall be used to finance all
7 expenditures for which no special revenues have otherwise been provided by
8 law.

9 (b) The General Fund shall be composed of revenues from the following
10 sources:

11 * * *

12 (5) individual income taxes levied pursuant to chapter 151 of this title,
13 except as otherwise deposited pursuant to subsection 5822(f) of this title;

14 * * *

15 Sec. 4. 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) income tax revenue deposited pursuant to 32 V.S.A. § 5822(f).

4 * * *

5 Sec. 5. 19 V.S.A. § 11 is amended to read:

6 § 11. TRANSPORTATION FUND

7 The Transportation Fund shall comprise the following:

8 * * *

9 (8) other miscellaneous sources including the sale of maps, plans, and
10 reports, fees collected by the Travel Information Council, leases for property at
11 State-owned airports and railroads, proceeds from the sale of State surplus
12 property under the provisions of 29 V.S.A. §§ 1556 and 1557, and proceeds
13 from the sale of recycled materials; and

14 (9) income tax revenue deposited pursuant to 32 V.S.A. § 5822(f).

15 Sec. 6. EFFECTIVE DATE

16 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
17 January 1, 2025 and apply to taxable years on and after January 1, 2025.