

1  
2  
3  
4  
5  
6  
7  
8  
  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

H.416

Introduced by Representatives Browning of Arlington and Sullivan of Dorset

Referred to Committee on

Date:

Subject: Taxation; personal income tax; earned income tax credit; rates

Statement of purpose of bill as introduced: This bill proposes to increase the percentage of the earned income tax credit paid in Vermont and adjust personal income tax rates to pay for the increase.

An act relating to increasing Vermont's earned income tax credit

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 5828b is amended to read:

§ 5828b. EARNED INCOME TAX CREDIT

(a) A resident individual or part-year resident individual who is entitled to an earned income tax credit granted under the laws of the United States shall be entitled to a credit against the tax imposed for each year by section 5822 of this title. The credit shall be ~~36~~ 42 percent of the earned income tax credit granted to the individual under the laws of the United States, multiplied by the percentage that the individual's earned income that is earned or received during the period of the individual's residency in this State bears to the individual's total earned income.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

\* \* \*

Sec. 2. 2018 (Sp. Sess.) Acts and Resolves No. 11, Sec. H.2 is amended to read:

Sec. H.2 PERSONAL INCOME TAX RATES

(a) 2009 Spec. Sess. Acts and Resolves No. 2, Sec. 20 is repealed.

(b) For taxable year 2018 ~~and after~~ only, income tax rates under 32 V.S.A. § 5822(a)(1)–(5), after taking into consideration any inflation adjustments to taxable income as required by 32 V.S.A. § 5822(b)(2), shall be as follows:

(1) taxable income that without the passage of this act would have been subject to a rate of 3.55 percent shall be taxed at the rate of 3.35 percent instead;

(2) taxable income that without the passage of this act would have been subject to a rate of 6.80 percent shall be taxed at the rate of 6.60 percent instead;

(3) taxable income that without the passage of this act would have been subject to a rate of 7.80 percent shall be taxed at the rate of 7.60 percent instead;

(4) taxable income that without the passage of this act would have been subject to a rate of 8.80 percent or 8.95 percent shall be taxed at the rate of 8.75 percent instead; the tax brackets for taxable income taxed at 8.80 percent

1 and 8.95 percent in taxable year 2017 shall be combined to be taxed at a rate of  
2 8.75 percent for taxable year 2018 ~~and after~~.

3 (c) For taxable year 2019 and after, income tax rates under 32 V.S.A.  
4 § 5822(a)(1)–(5), after taking into consideration any inflation adjustments to  
5 taxable income as required by 32 V.S.A. § 5822(b)(2), shall be as follows:

6 (1) taxable income that without the passage of this act would have been  
7 subject to a rate of 3.55 percent shall be taxed at the rate of 3.35 percent  
8 instead;

9 (2) taxable income that without the passage of this act would have been  
10 subject to a rate of 6.80 percent shall be taxed at the rate of 6.60 percent  
11 instead;

12 (3) taxable income that without the passage of this act would have been  
13 subject to a rate of 7.80 percent shall be taxed at the rate of 7.60 percent  
14 instead;

15 (4) taxable income that without the passage of this act would have been  
16 subject to a rate of 8.80 percent shall be taxed at the rate of 8.85 percent  
17 instead;

18 (5) taxable income that without the passage of this act would have been  
19 subject to a rate of 8.95 percent shall be taxed at the rate of 9.0 percent instead.

1        ~~(e)~~(d) When preparing the Vermont Statutes Annotated for publication, the  
2        Office of Legislative Council shall revise the tables in 32 V.S.A. § 5822(a)(1)–  
3        (5) to reflect the changes to the tax rates and tax brackets made in this section.

4        Sec. 3. EFFECTIVE DATE

5        Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on  
6        January 1, 2019 and apply to taxable year 2019 and after.