1   H.715

2   Introduced by Representatives Pearson of Burlington, Buxton of Tunbridge,

3   Christie of Hartford, Davis of Washington, McCullough of

4   Williston, Moran of Wardsboro, Poirier of Barre City, Ram of

5   Burlington, Wizowaty of Burlington, Woodward of Johnson

6   and Young of Glover

7   Referred to Committee on

8   Date:

9   Subject: Taxation; income taxes; rates; public service; energy efficiency

10   Statement of purpose: This bill proposes to close the gap between a taxpayer's

11   effective income tax rate and marginal income tax rate and to use the revenues

12   generated to support energy efficiency.

13   An act relating to the elimination of the gap between Vermont's effective
14   and marginal personal income tax rates

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

16   Sec. 1. 32 V.S.A. § 5822(b) is amended to read:

17   (b) For purposes of this section:

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

19   "unmarried individual", "estate" and "trust" have the same meaning as that

20   under the Internal Revenue Code.

1   (2) The amounts of taxable income shown in the tables in this section

2   shall be adjusted annually for inflation by the commissioner of taxes, using the

3   Consumer Price Index adjustment percentage, in the manner prescribed for

4   inflation adjustment of federal income tax tables for the taxable year by the

5   Commissioner of Internal Revenue, beginning with taxable year 2003.

6   (3) For taxpayers filing under subdivisions (a)(1)–(4) of this section:

7   (A) a taxpayer whose taxable income is in the highest bracket shall

8   pay tax as if all of his or her income in the three lowest brackets was taxed at

9   the rate in the fourth lowest bracket and the remainder of his or her income was

10   taxed under the remaining bracket and rate as specified; and

11   (B) a taxpayer whose taxable income is in the second highest bracket

12   shall pay tax as if all of his or her income in the lowest two brackets was taxed

13   at the rate in the third lowest bracket and the remainder of his or her income

14   was taxed under the remaining brackets and rates as specified.

15   (4) For each fiscal year, starting in fiscal year 2013, the department of

16   taxes shall calculate how much increased income tax revenue results from the

17   calculations under subdivision (b)(3) of this section. An amount equal to the

18   amount calculated under the previous sentence shall be deposited into the

19   electric efficiency fund established under 30 V.S.A. § 209(d)(2) (energy

20   efficiency utility) to be used for the purposes specified in 30 V.S.A.

21   § 209(d)(9) (use for thermal and process-fuel efficiency).

1   Sec. 2. 30 V.S.A. § 209(d)(9) is added to read:

2   (9) Revenues deposited into the electric efficiency fund pursuant to

3   32 V.S.A. § 5822(b)(4) shall be used by the entity appointed under subdivision

4   (2) of this subsection for the delivery of heating and process-fuel energy

5   efficiency services to Vermont consumers of such fuel on a whole buildings

6   basis to help meeting the state's building efficiency goals established by

7   10 V.S.A. § 581. Expenditure of the amounts so deposited shall be determined

8   by the public service board in accordance with subsection (e) of this section

9   (energy efficiency program criteria).

10   Sec. 3. EFFECTIVE DATE

11   This act shall take effect on January 1, 2013 and apply to tax year 2013 and

12   subsequent tax years.