

REPORT TO THE
FINANCE, REVENUE & BONDING COMMITTEE
CONNECTICUT GENERAL ASSEMBLY

PERSONAL INCOME TAX STUDY

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PERSONAL INCOME TAX STUDY

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EXECUTIVE SUMMARY

This study was conducted pursuant to Section 12 of Public Act No. 13-232. The study examines the state income tax with respect to tax filing status. This study also contains a historical background on the state personal income tax, consideration of alternatives and a multi-state comparative analysis of tax burden by filing status. Data used in this study is from the 2010 tax year, the most recent tax year for which federal return data is available.

METHODOLOGY:

This study analyzes Connecticut's personal income tax and the personal income taxes of six other states based on calculating effective tax rates as a standardized measure of tax burden. For each income level, the ratio of the average Connecticut income tax to the average federal adjusted gross income (AGI) was developed to explore effective tax rates. The ratio is a standardized effective tax rate that can be plotted across income, compared across filing statuses and analyzed between states with different starting points.

HISTORY:

Connecticut's personal income tax was enacted in 1991. With very few minor adjustments, the tax is computed off federal AGI. The initial structure was a 4.5% flat rate on Connecticut AGI exceeding \$12,000 for single filers and married individuals filing separately, \$19,000 for heads of household and \$24,000 for joint filers. This initial structure included credits that phased out at higher state income levels.

The current state income tax is progressively graduated with six tax rates ranging from 3.0% to 6.7%. Maximum exemption amounts of \$14,000 for single filers, \$24,000 for joint filers, \$12,000 for married individuals filing separately and \$19,000 for heads of household as well as a property tax credit – both phase out with higher income levels. The 3.0% rate is phasing out and there is a tax "recapture" for higher income levels. In addition, lower income working families are eligible for a Connecticut Earned Income Tax Credit (EITC) computed as a percentage of the federal EITC.

State taxation of income from businesses other than C Corporations occurs through the personal income tax upon the distribution of business income to an individual as compensation or investment income.

HIGHLIGHTED FINDINGS:

- Connecticut has a progressive personal income tax that increases effective tax rates as income rises.
- Connecticut's income tax behavior is similar to the pattern in other income tax states in that single filers and married individuals filing separately have higher effective tax burdens than joint filers and heads of household.
- Connecticut has no greater or lesser dependence on single filers relative to other states.
- 90% of single filers had \$75,000 or less of state income.
- 40% of joint filers had \$75,000 or less of state income.
- All four filing statuses are relatively equal in terms of effective tax rates between \$100,000 and \$500,000 of state income.
- Relative tax burdens are representative of the share of the taxpayers as an aggregate both below and above \$75,000 of Connecticut AGI.
- 54.68% of single filers, 54.08% of joint filers, 48.86% of married individuals filing separately and 66.11% of heads of household qualified for credits based on AGI.

HISTORY

Implemented in 1991, Connecticut's personal income tax replaced two existing high-rate taxes on personal income in the form of capital gains, dividends and interest. The tax was initially structured as a simple 4.5% flat rate on Connecticut adjusted gross income (AGI) above \$12,000 for single filers and married individuals filing separately, \$19,000 for heads of household and \$24,000 for joint filers¹. The income tax was made more progressive through automatic credits, such as credits based on AGI, that phased out at higher income levels. The inaugural income tax continued unchanged through the 1995 tax year.

RATE SCHEDULE AND OTHER CHANGES:

A dual-bracket income tax was implemented in 1996 with rates of 3.0% and 4.5%. The first \$2,250 of Connecticut taxable income for single filers and married individuals filing separately, the first \$3,500 for heads of household and the first \$4,500 for joint filers was taxed at 3.0%. The remaining taxable income was taxed at 4.5%. The income thresholds for both rates were increased three more times before 2003.

In 2003, the highest marginal income bracket rate increased from 4.5% to 5.0%. This dual-bracket structure remained unchanged until the 2009 tax year when a 6.5% rate was added. The 6.5% rate applied to incomes exceeding \$500,000 for single filers and married individuals filing separately, \$800,000 for heads of household and \$1,000,000 for joint filers.

Tables 1 and 2 show the schedules from the 2010 tax year for purposes of this study as well as the current schedule which began with the 2011 tax year. The current schedule has six brackets with rates that range from 3.0% to 6.7%. Income from trusts and estates, which has always been subject to the highest income tax rate, is currently taxed at 6.7%.

¹ Includes "Surviving Spouse" or "Qualifying Widow(er) with Dependent Child"

TABLE 1: 2009 AND 2010: CONNECTICUT PERSONAL INCOME TAX RATE SCHEDULE:

SINGLE AND MARRIED FILING SEPARATELY	
CT Taxable Income	Rate of Tax
Not over \$10,000	3.0%
Over \$10,000 but not over \$500,000	\$300 + 5.0% of excess over \$10,000
Over \$500,000	\$24,800 + 6.5% of excess over \$500,000
JOINT	
CT Taxable Income	Rate of Tax
Not over \$20,000	3.0%
Over \$20,000 but not over \$1,000,000	\$600 + 5.0% of excess over \$20,000
Over \$1,000,000	\$49,600 + 6.5% of excess over \$1,000,000
HEAD OF HOUSEHOLD	
CT Taxable Income	Rate of Tax
Not over \$16,000	3.0%
Over \$16,000 but not over \$800,000	\$480 + 5.0% of excess over \$16,000
Over \$800,000	\$39,680 + 6.5% of excess over \$800,000

TABLE 2: 2011 TO PRESENT: CONNECTICUT PERSONAL INCOME TAX RATE SCHEDULE:

SINGLE AND MARRIED FILING SEPARATELY	
CT Taxable Income	Rate of Tax
Not over \$10,000	3.0%
Over \$10,000 but not over \$50,000	\$300 + 5.0% of excess over \$10,000
Over \$50,000 but not over \$100,000	\$2,300 + 5.5% of excess over \$50,000
Over \$100,000 but not over \$200,000	\$5,050 + 6.0% of excess over \$100,000
Over \$200,000 but not over \$250,000	\$11,050 + 6.5% of excess over \$200,000
Over \$250,000	\$14,300 + 6.7% of excess over \$250,000
JOINT	
CT Taxable Income	Rate of Tax
Not over \$20,000	3.0%
Over \$20,000 but not over \$100,000	\$600 + 5% of excess over \$20,000
Over \$100,000 but not over \$200,000	\$4,600 + 5.5% of excess over \$100,000
Over \$200,000 but not over \$400,000	\$10,100 + 6.0% of excess over \$200,000
Over \$400,000 but not over \$500,000	\$22,100 + 6.5% of excess over \$400,000
Over \$500,000	\$28,600 + 6.7% of excess over \$500,000
HEAD OF HOUSEHOLD	
CT Taxable Income	Rate of Tax
Not over \$16,000	3.0%
Over \$16,000 but not over \$80,000	\$480 + 5.0% of excess over \$16,000
Over \$80,000 but not over \$160,000	\$3,680 + 5.5% of excess over \$80,000
Over \$160,000 but not over \$320,000	\$8,080 + 6.0% of excess over \$160,000
Over \$320,000 but not over \$400,000	\$17,680 + 6.5% of excess over \$320,000
Over \$400,000	\$22,880 + 6.7% of excess over \$400,000

Other changes from 2011 are a phase-out of the 3.0% rate and a tax recapture for taxpayers with higher income brackets. The 3.0% rate is phased out for individuals with AGIs exceeding certain thresholds based on filing status. The 3.0% rate is reduced by \$1,000 for each \$5,000, or part thereof, of AGI exceeding \$56,500 for single filers; \$2,000 for each \$5,000 of AGI exceeding \$100,500 for joint filers; \$1,000 for each \$2,500 of AGI exceeding \$50,250 for married individuals filing separately; and \$1,600 for each \$4,000 of AGI exceeding \$78,500 for heads of household.

The tax recapture provision increases a filer's liability but is capped at a maximum recapture amount. Single filers and married individuals filing separately pay \$75 for each \$5,000, or part thereof, of Connecticut AGI exceeding \$200,000 and capped at \$2,250; joint filers pay \$150 for each \$10,000 of AGI exceeding \$400,000 and is capped at \$4,500; and heads of household pay \$120 for each \$8,000 of AGI exceeding \$320,000 and is capped at \$3,600.

Beginning in 2006, filers in civil unions recognized under Connecticut law were able to file as "civil union filing jointly" or "civil union filing separately." These filing statuses were changed beginning with the 2008 tax year so that individuals who were party to a civil union recognized under Connecticut law or in a marriage under *Kerrigan v. Commissioner of Public Health*, 289 Conn. 135 (2008) were either "filing jointly for Connecticut only" or "filing separately for Connecticut only." Beginning in 2013, based on a U.S. Supreme Court decision regarding the Defense of Marriage Act, *U.S. v. Windsor* 12-307 (U.S. 6-26-2013) 133 S.Ct. 2675, the filing status options were changed to match the filing status options on the federal return.

CREDITS AND EXEMPTIONS:

Credits Based on Adjusted Gross Income:

The credits based on AGI are intended to benefit lower-income filers, have adjustments based on filing status and are automatically calculated for filers in the CT-1040 Tax Tables. The maximum amount of the credit is 75% of a filer's AGI, phased out to a minimum 1% credit. The thresholds and parameters for the credit have been changed seven times for *single filers only* and are scheduled to change two more times for the 2014 and 2015 tax years. These changes have the effect of *reducing* tax liability for single filers. There have been no changes for the other three filing statuses. Tables 3 and 4 highlight these credits for the 2010 and 2013 tax years.

TABLE 3: 2010 CREDITS BASED ON AGI SCHEDULE HIGHLIGHT

Filing Status	Maximum 75% Credit		Minimum 1% Credit	
	Over	But not over	Over	But not over
Single	\$13,000	\$16,300	\$56,000	\$56,500
Joint	\$24,000	\$30,000	\$100,000	\$100,500
Married, Separate	\$12,000	\$15,000	\$52,000	\$52,500
Head of Household	\$19,000	\$24,000	\$78,000	\$78,500

TABLE 4: 2013 CREDITS BASED ON AGI SCHEDULE HIGHLIGHT

Filing Status	Maximum 75% Credit		Minimum 1% Credit	
	Over	But not over	Over	But not over
Single	\$14,000	\$17,500	\$60,000	\$60,500
Joint	\$24,000	\$30,000	\$100,000	\$100,500
Married, Separate	\$12,000	\$15,000	\$52,000	\$52,500
Head of Household	\$19,000	\$24,000	\$78,000	\$78,500

Credit for Property Taxes Paid to a Connecticut Municipality:

Filers may claim a credit against personal income tax liability for property taxes paid on a primary residence and motor vehicles. The credit began for the 1997 tax year at a maximum amount of \$215. By 2000, the maximum amount had been increased to \$500. Since then, the credit has been reduced, increased and reduced again to the current maximum amount of \$300. The credit amount a filer is able to claim depends on the amount of property taxes paid and phases out at higher income levels.

Credit for Income Taxes Paid to Qualifying Jurisdictions:

Since 1991, filers have been able to claim a credit against personal income tax liability if any part of their income was taxed by a qualifying jurisdiction. A qualifying jurisdiction includes another state of the United States, a local government within another state or the District of Columbia. A qualifying jurisdiction does not include the State of Connecticut, the United States or a foreign country or its provinces.

Earned Income Tax Credit:

Beginning for the 2011 tax year, certain Connecticut residents may claim a state Earned Income Tax Credit (CT-EITC) against personal income tax equal to 30% of the amount of the federal EITC claimed and allowed for the same taxable year. The CT-EITC is a refundable credit. The CT-EITC was decreased to 25% of the federal EITC in 2013 and will increase to 27.5% for 2014 and to 30% for 2015 and after.

Other Credits:

- **Qualified Small Business Job Creation Tax Credit** – \$200 per month for each new Connecticut resident hired into a full-time position. This credit became effective for the 2010 tax year and expired after the 2012 tax year.
- **Vocational Rehabilitation Job Creation Tax Credit Program** – \$200 per month for each new qualifying employee hired by an employer engaged in business in Connecticut. This credit became effective for the 2010 tax year and expired after the 2011 tax year.
- **Job Expansion Tax Credit** – \$500 per month for each new employee hired and \$900 per month for each qualifying employee or veteran hired. This credit became effective for the 2012 and 2013 tax years but may be claimed in each of the two successive years if approved by the Department of Economic and Community Development.
- **Angel Investor Tax Credit** – A 25% credit capped at \$250,000 per taxpayer (angel investor) for a cash investment in the qualified securities of a Connecticut business. This credit went into effect for the 2010 tax year, but no credits can be reserved for any investments made on or after July 1, 2014.
- **Insurance Reinvestment Fund Tax Credit** – Prior to 2010 legislation, investors to the Insurance Reinvestment Fund were awarded 10% of their credit each year in the third through sixth years after the investment was made and 20% of their credit each year in the seventh through ninth years after the investment was made. Beginning in 2010, the credit was changed so that only insurance companies are eligible for the credit which can only be used against the Connecticut Insurance Premiums Tax. Credits can still be claimed against the personal income tax for investments made prior to July 1, 2010 but investments can no longer be made by individuals.

Personal Exemptions:

Personal exemptions are automatically calculated in the CT-1040 Tax Tables and phase out as income increases. The maximum exemptions and income thresholds have increased over time for *single filers only* and have not been changed for any of the other filing statuses. Starting with the 2000 tax year, the maximum exemption for single filers increased from \$12,000 to \$12,250. The maximum exemption has been increased seven times to the 2013 maximum exemption of \$14,000 and is scheduled to increase two more times for the 2014 and 2015 tax years. The scheduled increase for 2014 and 2015 is \$14,500 and 15,000, respectively. Table 5 shows the 2013 maximum exemptions.

TABLE 5: 2013 CONNECTICUT PERSONAL INCOME TAX EXEMPTIONS

Filing Status	Maximum Exemption	Phase-Out
Single (2013)	\$14,000	\$1,000 for every \$1,000 of AGI exceeding \$28,000
Joint	\$24,000	\$1,000 for every \$1,000 of AGI exceeding \$48,000
Married, Separate	\$12,000	\$1,000 for every \$1,000 of AGI exceeding \$24,000
Head of Household	\$19,000	\$1,000 for every \$1,000 of AGI exceeding \$38,000

The maximum exemption for single filers in 2010 was \$13,000 and began to phase-out at AGIs exceeding \$26,000.

MODIFICATIONS TO FEDERAL AGI:

Additions to Federal AGI include:

- Interest on state and local government obligations other than Connecticut
- Exempt-interest dividends from a mutual fund derived from state or municipal government obligations other than Connecticut
- Taxable amount of lump-sum distributions from qualified plans not included in Federal AGI
- Beneficiary’s share of Connecticut Fiduciary Adjustment
- Loss on sale of Connecticut state and local government bonds
- Domestic production activity deduction

Subtractions from Federal AGI include:

- Interest on U.S. Government obligations
- Exempt dividends from certain qualifying mutual funds derived from U.S. Government obligations
- Social Security benefit adjustment (see description below)
- Refunds of state and local income taxes
- Tier 1 and Tier 2 railroad retirement benefits and supplemental annuities
- 50% of military retirement pay
- Beneficiary’s share of Connecticut Fiduciary adjustment
- Gain on sale of Connecticut state and local government bonds
- Connecticut Higher Education Trust (CHET) contributions

Social Security Benefits:

Connecticut currently exempts Social Security income for single filers and married individuals filing separately with federal AGIs that are less than \$50,000 and joint filers and heads of household with federal AGIs that are less than \$60,000. 25% of Social Security benefits are subject to the Connecticut income tax for filers with federal AGIs exceeding these thresholds.

CONNECTICUT ANALYSIS: TAX YEAR 2010

METHODOLOGY:

This study analyzes Connecticut’s personal income tax and the personal income taxes of six other states based on calculating effective tax rates as a standardized measure of tax burden. For each income level, the ratio of the average Connecticut income tax to the average federal AGI was developed to explore effective tax rates. The ratio is a standardized effective tax rate that can be plotted across income, compared across filing statuses and analyzed between states with different starting points.

The starting point for calculating a taxpayer’s state income tax liability in Connecticut is federal AGI. While most states use federal AGI as their starting point, some states use federal taxable income while others are not based off the Federal Income Tax. This study uses each state’s income tax starting point as the baseline of analysis for the four filing statuses: unmarried individual (single), married individual filing jointly, married individual filing separately and head of household.

The analysis uses a snapshot of data from the 2010 tax year. (2010 is the most recent year for which we have readily available data from federal returns.) The data does not include filers with negative Connecticut AGI, nonresident and part-year resident returns or widower filers in the married individual filing jointly status. Sixteen income categories of Connecticut AGI were used to group and analyze the taxpayer data.

TABLE 6: STATE INCOME BRACKETS

Over	But not over
\$0	\$5,000
\$5,000	\$10,000
\$10,000	\$20,000
\$20,000	\$30,000
\$30,000	\$40,000
\$40,000	\$50,000
\$50,000	\$60,000
\$60,000	\$75,000
\$75,000	\$100,000
\$100,000	\$150,000
\$150,000	\$200,000
\$200,000	\$250,000
\$250,000	\$500,000
\$500,000	\$1,000,000
\$1,000,000	\$2,000,000
\$2,000,000	–

Connecticut's AGI is computed after additions and subtractions are factored into a filer's federal AGI. We used figures from the "Connecticut Income Tax," Line 14 of the CT-1040, as it represents a taxpayer's liability after additions, subtractions, credits and any other adjustments that are made to their Connecticut AGI. Thus, "Connecticut Income Tax" means the income tax less credits based on AGI, credits for income taxes paid to qualifying jurisdictions, credits for property taxes and total allowable credits from Form CT-IT.

ANALYSIS:

Together, single and joint filers accounted for almost 85% of Connecticut's 1.5 million filers for the 2010 tax year. Heads of household represented roughly 13% of the state's filers while the remaining 2% were married but filed separately.

TABLE 7: COUNTS OF CONNECTICUT TAXPAYERS BY FILING STATUS: 2010

	Single	Joint	Married, Separate	Head of Household	TOTAL
Filers	670,940	603,902	29,210	197,668	1,501,720
Percent	44.68%	40.21%	1.95%	13.16%	

Source: Connecticut Department of Revenue Services

Neither single nor joint filers were evenly distributed across the range of income exhibited by Connecticut filers. For this reason it is important to note generally where the filing statuses are dispersed across the range of income. About 90% of single filers had \$75,000 or less of income compared to only 40% of joint filers.

Joint filers paid roughly \$3.75 billion in income tax for the 2010 tax year. This represented almost three-quarters of the \$5.1 billion of total income tax revenue for that year. Single filers accounted for 18.5% of the total income tax revenue while heads of household and married individuals filing separately together accounted for the remaining 8%.

TABLE 8: 2010 INCOME TAX REVENUE BY FILING STATUS
(in millions)

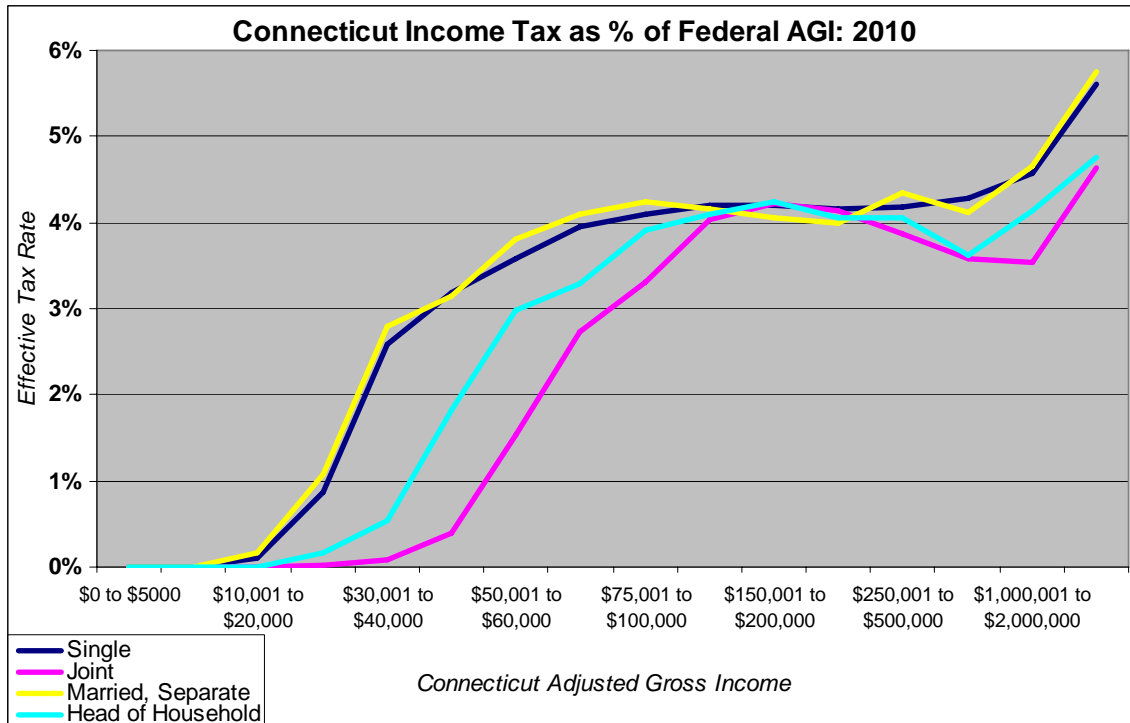
	Single	Joint	Married, Separate	Head of Household	TOTAL
Income Tax	\$942.8	\$3,746.2	\$186.9	\$210.3	\$5,086.2
% of Total	18.54%	73.65%	3.67%	4.14%	

Source: Connecticut Department of Revenue Services

RELATIVE TAX BURDEN:

A more clear and representative picture of the relative income tax burden in Connecticut is needed to judge fairly both the vertical and horizontal equity of the state’s personal income tax². The effective tax rates show the relative burden that Connecticut taxpayers face across both income categories and filing statuses. The greater the percentage, the greater the relative tax burden. This is mapped in Chart 1 with each of the trend lines representing one of the four filing statuses.

CHART 1: CONNECTICUT’S EFFECTIVE TAX RATES: CT AGI OF \$0 & OVER: 2010



Source: Connecticut Department of Revenue Services

The trends for each of the four filing statuses indicate that Connecticut has a progressive personal income tax with relative burdens increasing as Connecticut AGI increases. The positive relationship between Connecticut AGI and relative personal income tax burden can be seen as wealthier filers increasingly pay a greater share of their Connecticut AGI.

Overall, single filers and married individuals filing separately tend to have the highest relative burdens across all income categories. In contrast, heads of household and joint filers tend to have lower relative burdens.

The trends also show that filers begin to feel the impact of the personal income tax at different income levels. Single filers and married individuals filing separately begin to

² Vertical equity is the principle that those with higher incomes will have higher taxes. Horizontal equity is the principle that those with relatively equal incomes pay relatively equal taxes.

see relative burdens between \$10,000 and \$20,000 of Connecticut AGI, heads of household between \$20,000 and \$30,000 and joint filers between \$30,000 and \$40,000. This reinforces that joint filers tend to have higher AGIs than do all other filers whose AGI represents one individual, not two.

Until reaching \$100,000 of Connecticut AGI, single filers and married individuals filing separately have the greatest relative income tax burdens. Joint filers have the lowest relative income tax burdens in this range, while heads of household have a burden which consistently lies in the middle of the others.

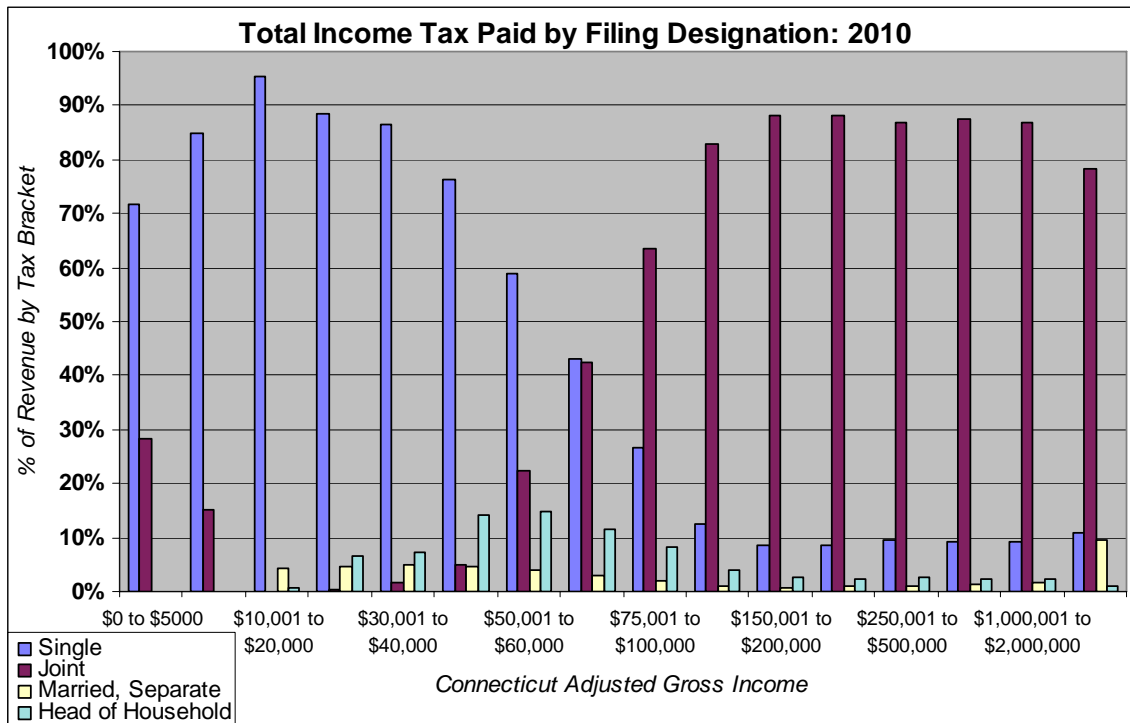
We see the most equity between \$100,000 and \$500,000 of Connecticut AGI. All four filing statuses are relatively equal in this range as they are all within less than one-half of a percentage point of each other in terms of relative tax burden. This range of income represents almost one-fifth (19.18%) of all filers and exhibits the greatest horizontal equity as all filers, regardless of status, are bearing a comparably similar burden.

After \$500,000 of Connecticut AGI, we again see single filers and married individuals filing separately with higher relative tax burdens than heads of household and joint filers. However, the difference in relative tax burdens is far less than exhibited in the lower income ranges.

COMPOSITION OF INCOME:

Chart 2 shows the composition of personal income taxes paid by filing status for each range of income. Personal income tax from single filers represents most of the revenue below \$60,000 of Connecticut AGI. Personal income tax from joint filers represents most of the revenue from Connecticut AGI that is greater than \$75,000. Single and joint filers are almost equal in terms of personal income tax liabilities in the \$60,000 to \$75,000 range of Connecticut AGI.

CHART 2: DISPERSION OF FILERS ACROSS INCOME: 2010



Source: Connecticut Department of Revenue Services

Connecticut AGI at \$75,000 is an important benchmark for two reasons. First, it is the point at which joint filers pay more in income tax than single filers. Single filers pay the most income tax at each income level leading up to \$75,000 of Connecticut AGI while joint filers pay the most at each income above \$75,000 of Connecticut AGI. Second, the proportion of filers by filing status both below and above \$75,000 of AGI is equivalent to the proportion of revenue yields by filing status both below and above \$75,000 of AGI. This is displayed in Tables 9 and 10.

Married individuals filing separately have their strongest presence between \$10,000 and \$75,000 of Connecticut AGI while heads of household are mostly concentrated between \$20,000 and \$100,000 of Connecticut AGI and peak in the \$50,000 to \$60,000 range.

TABLE 9: REPRESENTATION AND REVENUE YIELDS BY FILING STATUS, \$75,000 OR LESS OF CONNECTICUT AGI: 2010

	Single	Joint	Married, Separate	Head of Household	Total
Filers	57.88%	22.90%	2.30%	16.92%	69.34%
Income Tax	59.94%	24.26%	3.78%	12.02%	13.45%

Source: Connecticut Department of Revenue Services

TABLE 10: REPRESENTATION AND REVENUE YIELDS BY FILING STATUS, GREATER THAN \$75,000 OF CONNECTICUT AGI: 2010

	Single	Joint	Married, Separate	Head of Household	Total
Filers	14.82%	79.37%	1.15%	4.65%	30.66%
Income Tax	12.10%	81.33%	3.66%	2.91%	86.55%

Source: Connecticut Department of Revenue Services

In both cases we see that the percent of total revenue is proportional to the percent of the composition of the tax base across each of the filing statuses. This suggests that the personal income tax's system of built in credits is working in creating overall equity.

The 69% of all filers with AGIs of \$75,000 or less were responsible for 13.45% of the income tax revenue while the 31% of all filers with AGIs exceeding \$75,000 were responsible for 86.55% of the income tax revenue in 2010. However, actual tax burdens may not correlate with relative tax burdens. Even though wealthier filers have higher marginal tax rates, it should be acknowledged that those with lower incomes have greater proportions of their disposable income designated to taxes. In contrast, those with higher incomes have lower proportions of their disposable income designated to taxes.

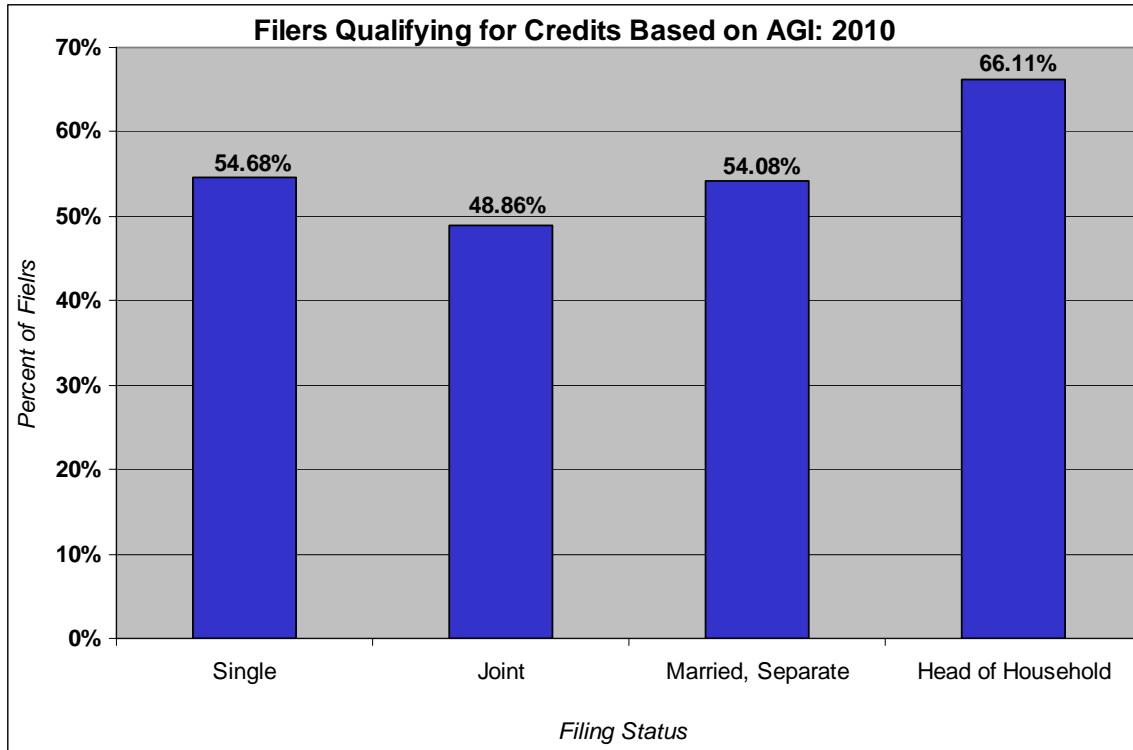
CREDITS BASED ON ADJUSTED GROSS INCOME:

The personal income tax is offset by a credit based on a filer's Connecticut AGI for all filers except trusts and estates. The credits based on AGI are intended to benefit filers with lower incomes and is adjusted by filing status. The maximum amount of the credit is 75% of a filer's AGI and is phased out at a minimum of a 1% credit. The credits based on AGI are automatically factored into the CT-1040.

In 2010, the credits based on AGI for single filers started at \$13,000 and phased out after \$56,500. The credits started at 75% for Connecticut AGI over \$13,000 but not over \$16,300 and phased out at 1% for Connecticut AGI over \$56,000 but not over \$56,500. For example, a single filer with \$13,000 of Connecticut AGI was given a 75% credit amounting to \$9,750. The highlight of the 2010 and 2013 schedules for credits based on

AGI, Tables 3 and 4, is provided in the history section. Chart 3 shows the percent of filers by filing status who qualified for credits based on AGI in 2010.

CHART 3: CREDITS BASED ON ADJUSTED GROSS INCOME BY FILING STATUS: 2010



Source: Connecticut Department of Revenue Services

Heads of household had the largest proportion of filers, about 66%, who qualified for credits based on AGI. About 55% of single filers, 54% of married individuals filing separately and 49% of joint filers qualified for credits based on AGI. Heads of household had the greatest comparative benefit while joint filers had the lowest comparative benefit from the credits based on AGI.

Analysis of the data tells us that the series of automatic credits built into the personal income tax have a positive impact on the tax's progressivity. Furthermore, we can see that the benefit of the credits and exemptions is correctly targeted in terms of qualifying AGIs and that there are substantial effects in reducing filers' personal income tax liabilities in a fair, effective manner.

FEDERAL STARTING POINTS

Of the 41 states with a personal income tax, all but five have a starting point related to federal taxation. 28 states, including Connecticut, use federal AGI as their starting point while eight states use federal taxable income.

TABLE 11: 2013 STATE PERSONAL INCOME TAX STARTING POINTS

Federal Tax Base as Starting Point					
Federal AGI			Federal Taxable Income	Not Related	No Income Tax ³
Arizona	Kentucky	New Mexico	Colorado	Alabama	Alaska
California	Louisiana	New York	Idaho	Arkansas	Florida
Connecticut	Maine	Ohio	Minnesota	Mississippi	Nevada
Delaware	Maryland	Oklahoma	North Carolina	New Jersey	New Hampshire
Georgia	Massachusetts	Rhode Island	North Dakota	Pennsylvania	South Dakota
Hawaii	Michigan	Utah	Oregon		Tennessee
Illinois	Missouri	Virginia	South Carolina		Texas
Indiana	Montana	West Virginia	Vermont		Washington
Iowa	Nebraska	Wisconsin			Wyoming
Kansas					

Source: Federation of Tax Administrators

Federal taxable income is federal AGI less the greater of a filer's itemized deduction or standard deduction. The standard deduction for single filers and married individuals filing separately is \$5,950, \$11,900 for joint filers and \$8,700 for heads of household. Itemized deductions can be made for medical and dental expenses, certain state and local taxes paid, mortgage interest, charitable gifts, casualty and theft losses, job expenses, and other miscellaneous items. Filers who claim itemized deductions have the ability to further reduce their federal taxable income above the standard deduction amount.

The complexities of changing Connecticut's starting point to federal taxable income go far beyond simply shifting down the threshold for credits, exemptions and income brackets. Switching from federal AGI to federal taxable income would be a boon to filers who are able to claim the largest itemized deductions (most likely for mortgage interest, charitable gifts, and job expenses). These filers with the largest itemized deductions tend to have higher incomes thus making such a tax system relatively more regressive as they would bear less of a burden than filers who claim only the standard deduction. Additionally, there would be significant administrative costs in switching to a new system and implementing it. Finally, and perhaps most important, piggybacking on federal taxable income would more substantially tie Connecticut's personal income tax and revenue stream to the vicissitudes of federal tax and fiscal policy.

³ New Hampshire and Tennessee tax interest and dividends only

COMPARATIVE STATE ANALYSIS

Connecticut's personal income tax behaves similarly to other states in terms of comparative burdens by filing status. Colorado, Massachusetts, New Jersey, New York, Rhode Island, and Vermont were surveyed for purposes of comparing relative personal income tax burdens with Connecticut. These six states provide relevant regional comparisons and analysis across different starting points and rates.

The surveyed states were compared using the same standardized measure of effective tax rates used for the Connecticut analysis. This method results in a standardized measure which accounts for the different state income tax starting points. Data is represented in terms of a state's income measurement (e.g. Connecticut AGI or New Jersey Gross Income). Data on qualifying widowers varied by state -- included in Colorado and New York joint filing statistics, not included in Connecticut, New Jersey, Vermont or Rhode Island statistics and not a filing status in Massachusetts.

Massachusetts, New York and Rhode Island have starting points based off of federal AGI. Vermont and Colorado start with federal taxable income. New Jersey's starting point is a state gross income measure with no relation to either federal AGI or federal taxable income. Colorado and Massachusetts have a flat rate for personal income tax, while the other states have graduated rates. Colorado was also surveyed because it is a state with a flat rate that uses federal taxable income as a starting point.

TABLE 12: STATE STARTING POINTS AND RATES: 2010

State	Federal Starting Point	2010 Rate
Connecticut	Federal AGI	3.0 – 6.5%
Colorado	Federal Taxable Income	4.63%
Massachusetts	Federal AGI	5.3%
New Jersey	None	1.4 – 8.97%
New York	Federal AGI	4.0 – 8.97%
Rhode Island	Federal AGI	3.75 – 9.9%
Vermont	Federal Taxable Income	3.55 – 8.95%

Source: Federation of Tax Administrators

This section does not analyze taxpayers with less than \$5,000 of state income. The significant amount of variation at the lowest income levels and varying state income tax policies impedes clear and concise analysis across states. The resulting income brackets are in Table 13.

TABLE 13: STATE INCOME BRACKETS

Over	But not over
\$5,000	\$10,000
\$10,000	\$20,000
\$20,000	\$30,000
\$30,000	\$40,000
\$40,000	\$50,000
\$50,000	\$60,000
\$60,000	\$75,000
\$75,000	\$100,000
\$100,000	\$150,000
\$150,000	\$200,000
\$200,000	\$250,000
\$250,000	\$500,000
\$500,000	\$1,000,000
\$1,000,000	\$2,000,000
\$2,000,000	—

Rhode Island was unable to report specifically on the over \$1,000,000 up to \$2,000,000 and the over \$2,000,000 brackets for married individuals filing separately and heads of household because there are too few taxpayers to disclose for these categories. These categories have been combined into a \$500,001 and over category for those two filing statuses. The highest income category reported in Vermont’s Annual Statistics is greater than \$1,000,000.

CONNECTICUT’S TREATMENT OF FILERS BY STATUS:

Connecticut has no greater or lesser dependence on single filers relative to other states. With the exception of Colorado, each state exhibits a pattern of higher effective tax rates for single filers and married individuals filing separately with slightly lower effective rates for joint filers and heads of household. There is no *significant* difference in the rates between filing statuses in any of these states.

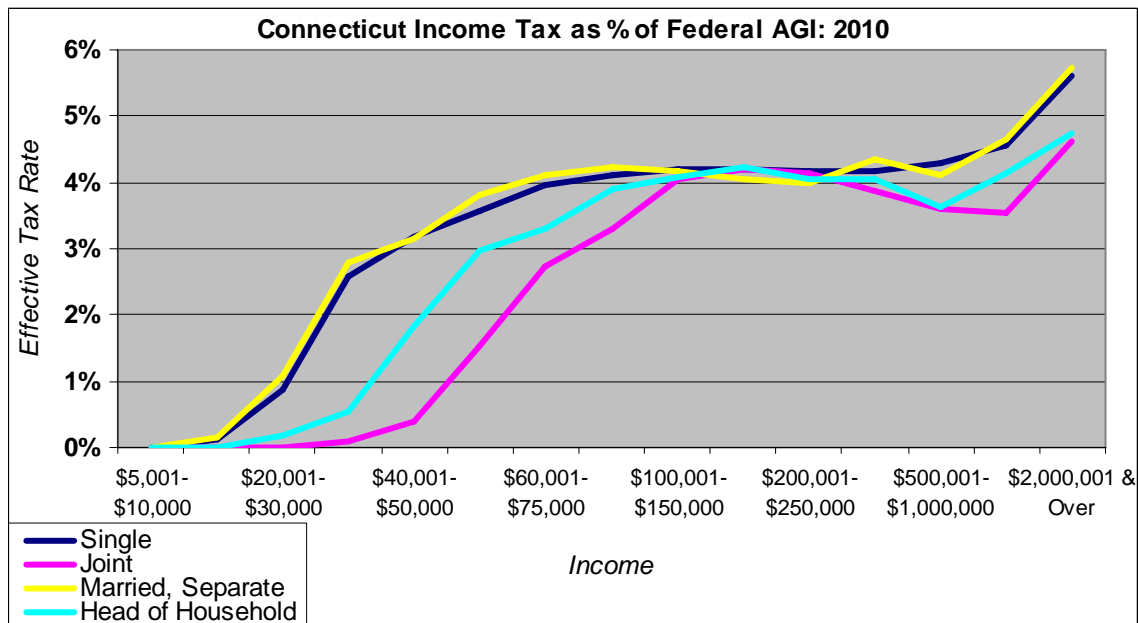
The gaps between effective rates in Massachusetts and New York lessen as income increases before becoming roughly equal around \$150,000 to \$200,000 in respective state income. For the most part, effective rates in Rhode Island and New Jersey trend together as state income increases. Connecticut is slightly different in that effective rates are nearly equal from about \$100,000 to \$500,000 of Connecticut income before reverting back to the initial difference in effective rates. Connecticut, however, does maintain effective tax rates on par with other states and lower high-end rates than both New York and New Jersey.

Vermont’s income tax is in line with the other states as single filers have slightly higher effective tax rates than do heads of household and joint filers. However, Vermont’s

effective tax rates are progressive until they begin to drop at around \$200,000 to \$250,000 of state income.

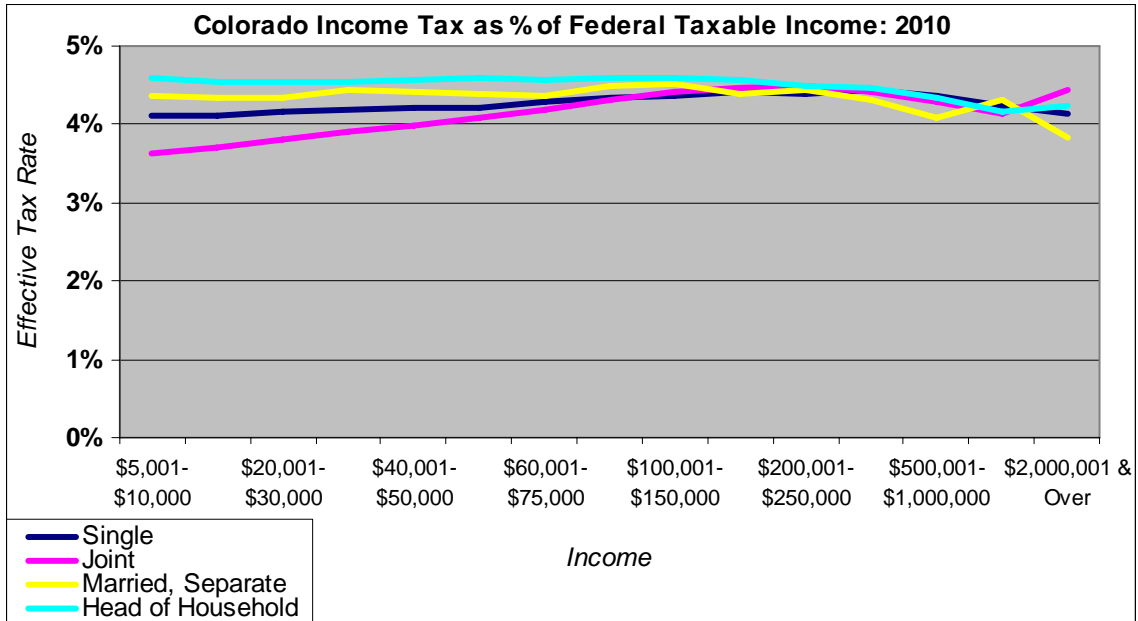
Colorado’s effective tax rates across the four filing statuses are comparable in that all are within less than one percentage point (3.63% and 4.61%). Until about \$100,000 of Colorado income, joint and single filers have the lowest effective tax rates while heads of household and married individuals filing separately have the highest. The difference between the Colorado and Massachusetts flat tax approach results from the availability in Massachusetts of subtractions, exemptions and credits (such as an Earned Income Tax Credit) which result in a more progressive trend at lower income levels.

CHART 4: CONNECTICUT’S EFFECTIVE TAX RATES: 2010



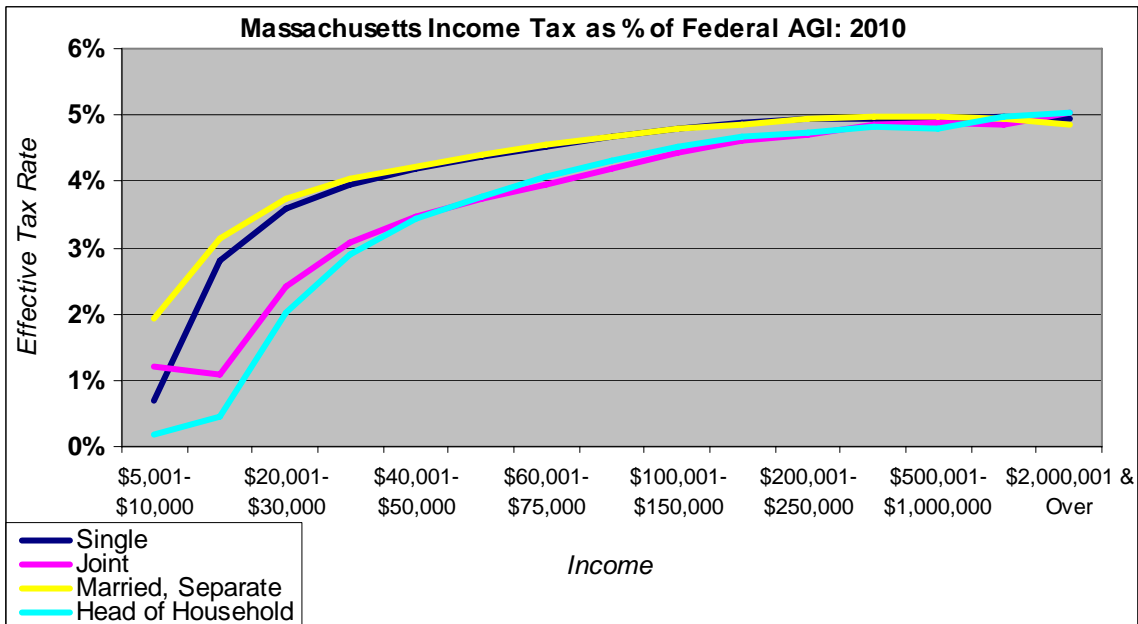
Source: Connecticut Department of Revenue Services

CHART 5: COLORADO'S EFFECTIVE TAX RATES: 2010



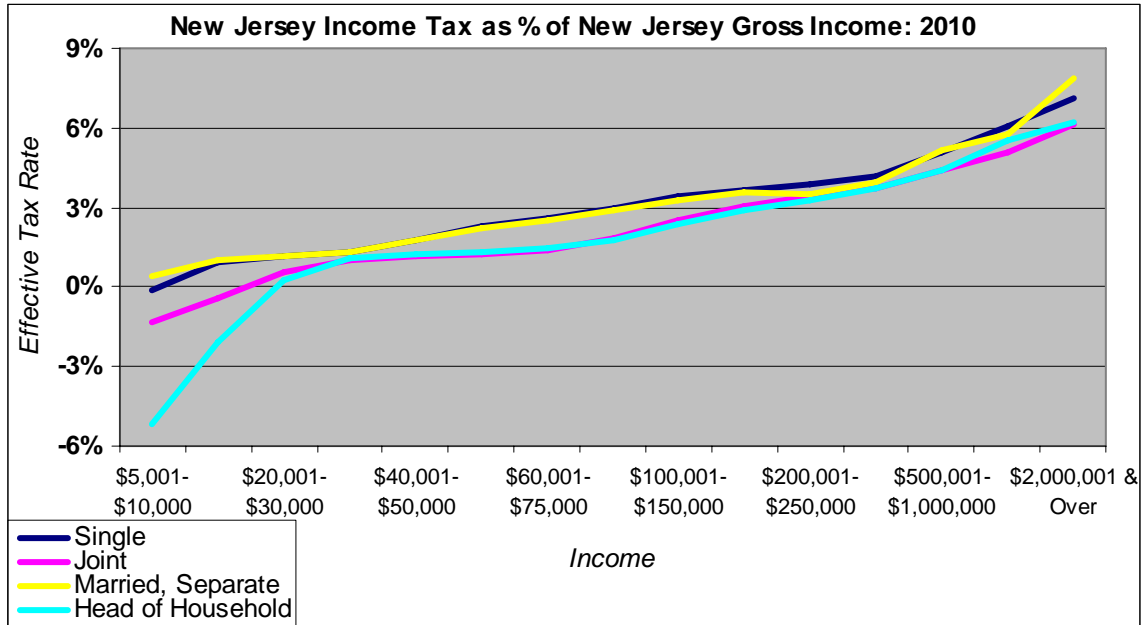
Source: Colorado Department of Revenue

CHART 6: MASSACHUSETTS' EFFECTIVE TAX RATES: 2010



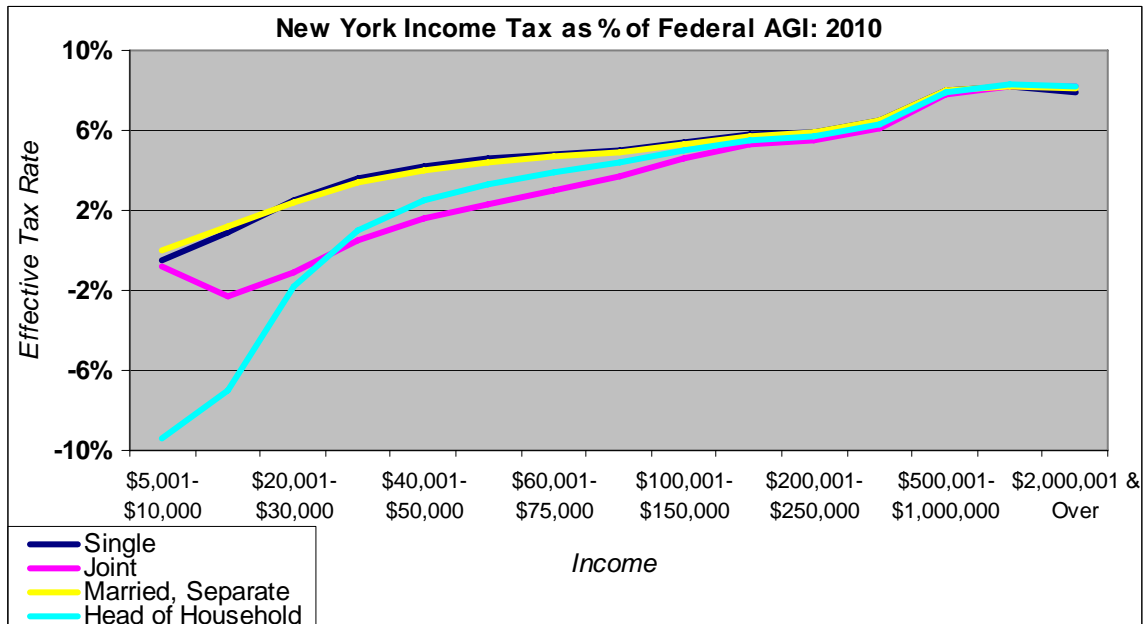
Source: Massachusetts Department of Revenue

CHART 7: NEW JERSEY'S EFFECTIVE TAX RATES: 2010



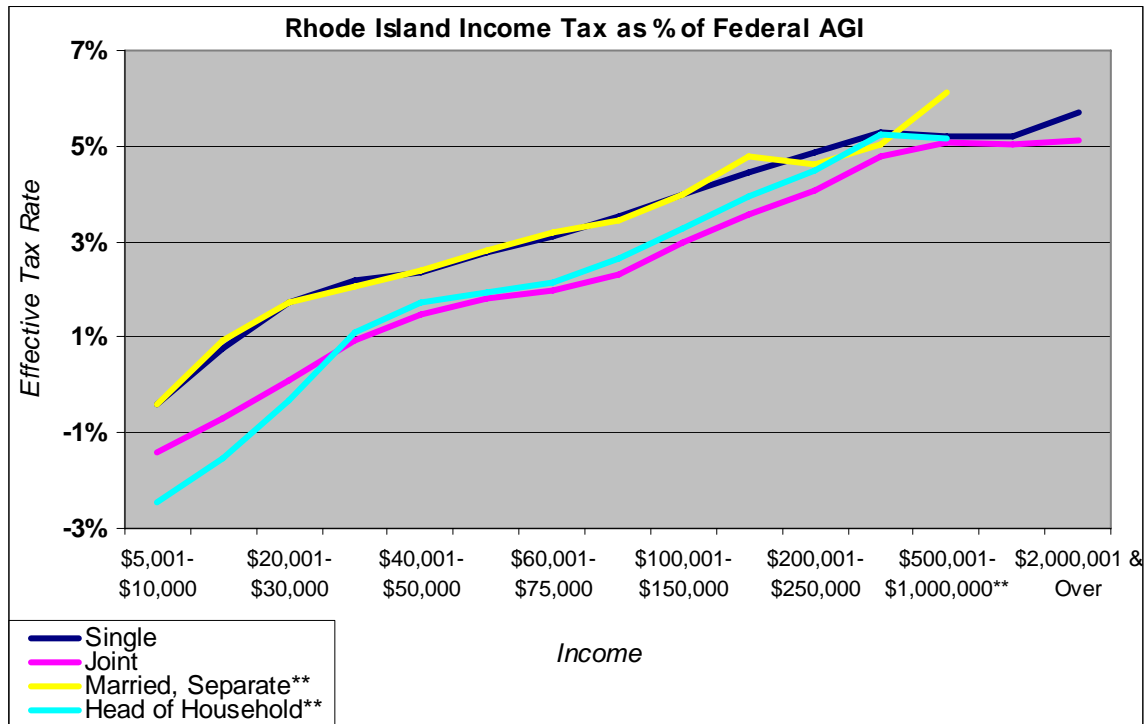
Source: New Jersey Department of Treasury

CHART 8: NEW YORK'S EFFECTIVE TAX RATES: 2010



Source: New York State Department of Taxation and Finance

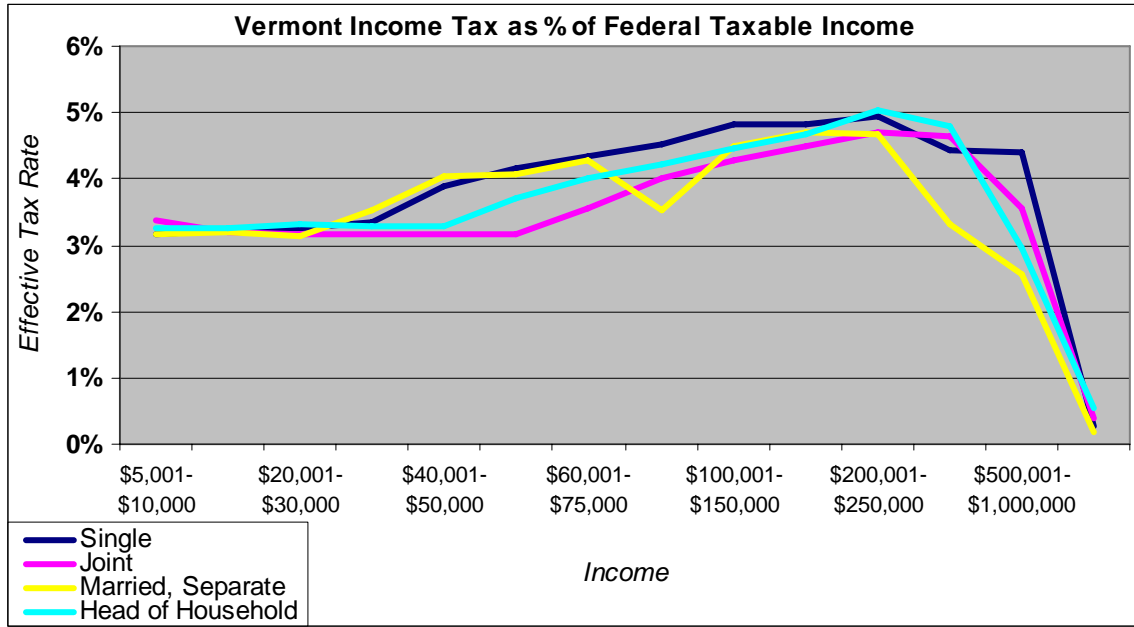
CHART 9: RHODE ISLAND'S EFFECTIVE TAX RATES: 2010



Source: Rhode Island Department of Revenue

Rhode Island drastically changed its personal income tax for 2011. In 2010 there were five tax brackets ranging from 2.75% to 9.9%, taxpayers were allowed to take their total federal itemized deduction, there were 23 available credits and taxpayers could opt to pay a 6% flat tax. The changes for 2011 included a switch to three tax brackets ranging from 3.75% to 5.99%, a Rhode Island standard deduction rather than a federal itemized deduction, the flat tax option is no longer allowed and there are only three available credits.

CHART 10: VERMONT'S EFFECTIVE TAX RATES: 2010



Source: Vermont Department of Taxes

FINAL FINDINGS

- Connecticut has a progressive personal income tax that increases effective tax rates as income rises.
- Connecticut's income tax behavior is similar to the pattern in other income tax states in that single filers and married individuals filing separately have higher effective tax burdens than joint filers and heads of household.
- Connecticut has no greater or lesser dependence on single filers relative to other states.
- 90% of single filers had \$75,000 or less of state income.
- 40% of joint filers had \$75,000 or less of state income.
- All four filing statuses are relatively equal in terms of effective tax rates between \$100,000 and \$500,000 of state income.
- Relative tax burdens are representative of the share of the taxpayers as an aggregate both below and above \$75,000 of Connecticut AGI.
- Since the inception of the state income tax, Connecticut has lessened the relative burden *for single filers* and that is statutorily scheduled to continue.
- 54.68% of single filers, 54.08% of joint filers, 48.86% of married individuals filing separately and 66.11% of heads of household qualified for credits based on AGI.

APPENDIX

SOURCES:

- Colorado Department of Revenue
- Federation of Tax Administrators
- Massachusetts Department of Revenue
- New Jersey Department of Treasury
- New York State Department of Taxation and Finance
- Rhode Island Department of Revenue
- Vermont Department of Taxes

STATUTORY REFERENCE:

[Public Act 13-232, Section 12:](#)

(a) The Commissioner of Revenue Services shall conduct a study of the personal income tax structure to consider the impact upon taxpayers, by state tax filing status, of the various tax rates and credits established pursuant to chapter 229 of the general statutes. Such study shall include (1) an analysis of the taxes and credits based on adjusted gross income imposed on each group of taxpayers at the same or equivalent income level, and whether such taxes and credits are the same or equivalent, (2) a comparison of the effect of basing the state personal income tax on federal adjusted gross income versus federal taxable income, and (3) consideration of how such tax rates and credits might be restructured to ensure that tax liability is shared equitably among all taxpayers, while maintaining the current state revenue levels.

(b) On or before January 15, 2014, the commissioner shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue and bonding on the results of the study required pursuant to subsection (a) of this section. Such report shall include suggestions for legislative changes, if such are found to be necessary to ensure an equitable personal income tax structure.

FORM CT-IT (INCOME TAX CREDIT SUMMARY) CREDITS:

- Qualified Small Business Job Creation Tax Credit
- Job Expansion Tax Credit
- Angel Investor Tax Credit
- Insurance Reinvestment Fund Tax Credit
- Credit for Prior Year Connecticut Minimum Tax

2010 STATE INCOME TAX RATES

Connecticut	Colorado	Massachusetts	New Jersey	New York	Rhode Island	Vermont
3.0%	4.63%	5.3 %	1.4%	4%	3.75%	3.55%
5%			1.75%	4.5%	7%	7%
6.5%			3.5%	5.25%	7.75%	8.25%
			5.525%	5.9%	9%	8.9%
			6.37%	6.58%	9.9%	8.95%
			8.97%	7.85%		
				8.97%		

Source: Federation of Tax Administrators

CHART 1: CONNECTICUT'S EFFECTIVE TAX RATES: CT AGI OF \$0 & OVER: 2010

CT AGI Ranges	Single	Joint	Married, Separate	Head of Household
\$0-\$5000	0.00%	0.01%	0.00%	0.00%
\$5,001-\$10,000	0.00%	0.00%	0.00%	0.00%
\$10,001-\$20,000	0.11%	0.00%	0.16%	0.00%
\$20,001-\$30,000	0.86%	0.01%	1.08%	0.17%
\$30,001-\$40,000	2.58%	0.09%	2.80%	0.53%
\$40,001-\$50,000	3.19%	0.39%	3.15%	1.83%
\$50,001-\$60,000	3.58%	1.54%	3.81%	2.98%
\$60,001-\$75,000	3.95%	2.73%	4.10%	3.30%
\$75,001-\$100,000	4.11%	3.31%	4.24%	3.91%
\$100,001-\$150,000	4.20%	4.04%	4.16%	4.09%
\$150,001-\$200,000	4.19%	4.21%	4.06%	4.23%
\$200,001-\$250,000	4.16%	4.14%	3.99%	4.05%
\$250,001-\$500,000	4.17%	3.88%	4.35%	4.05%
\$500,001-\$1,000,000	4.28%	3.59%	4.12%	3.62%
\$1,000,001-\$2,000,000	4.56%	3.53%	4.66%	4.15%
\$2,000,001 & Over	5.61%	4.63%	5.74%	4.75%

Source: Connecticut Department of Revenue Services

CHART 2: DISPERSION OF FILERS ACROSS INCOME: 2010

CT AGI Ranges	Single	Joint	Married, Separate	Head of Household
\$0-\$5000	71.71%	28.29%	0.00%	0.00%
\$5,001-\$10,000	84.96%	15.04%	0.00%	0.00%
\$10,001-\$20,000	95.35%	0.00%	4.15%	0.50%
\$20,001-\$30,000	88.47%	0.42%	4.59%	6.53%
\$30,001-\$40,000	86.40%	1.61%	4.81%	7.18%
\$40,001-\$50,000	76.39%	4.88%	4.69%	14.04%
\$50,001-\$60,000	58.98%	22.29%	3.80%	14.92%
\$60,001-\$75,000	42.98%	42.50%	3.01%	11.51%
\$75,001-\$100,000	26.60%	63.42%	1.88%	8.09%
\$100,001-\$150,000	12.51%	82.80%	0.91%	3.78%
\$150,001-\$200,000	8.65%	88.11%	0.66%	2.58%
\$200,001-\$250,000	8.60%	88.13%	0.86%	2.41%
\$250,001-\$500,000	9.51%	86.84%	1.06%	2.59%
\$500,001-\$1,000,000	9.08%	87.39%	1.36%	2.17%
\$1,000,001-\$2,000,000	9.18%	86.81%	1.71%	2.30%
\$2,000,001 & Over	10.85%	78.44%	9.57%	1.15%

Source: Connecticut Department of Revenue Services

CHART 3: CREDITS BASED ON ADJUSTED GROSS INCOME BY FILING STATUS: 2010⁴

	Qualified Filers	Total Filers	% of Filers
Single	371,305	679,006	54.68%
Joint	298,041	610,025	48.86%
Married, Separate	16,168	29,895	54.08%
Head of Household	132,708	200,753	66.11%

Source: Connecticut Department of Revenue Services

⁴ Figures are taken from a snapshot at a different time than other data.

CHART 4: CONNECTICUT'S EFFECTIVE TAX RATES: 2010

State Income	Single	Joint	Married, Separate	Head of Household
\$5,001-\$10,000	0.00%	0.00%	0.00%	0.00%
\$10,001-\$20,000	0.11%	0.00%	0.16%	0.00%
\$20,001-\$30,000	0.86%	0.01%	1.08%	0.17%
\$30,001-\$40,000	2.58%	0.09%	2.80%	0.53%
\$40,001-\$50,000	3.19%	0.39%	3.15%	1.83%
\$50,001-\$60,000	3.58%	1.54%	3.81%	2.98%
\$60,001-\$75,000	3.95%	2.73%	4.10%	3.30%
\$75,001-\$100,000	4.11%	3.31%	4.24%	3.91%
\$100,001-\$150,000	4.20%	4.04%	4.16%	4.09%
\$150,001-\$200,000	4.19%	4.21%	4.06%	4.23%
\$200,001-\$250,000	4.16%	4.14%	3.99%	4.05%
\$250,001-\$500,000	4.17%	3.88%	4.35%	4.05%
\$500,001-\$1,000,000	4.28%	3.59%	4.12%	3.62%
\$1,000,001-\$2,000,000	4.56%	3.53%	4.66%	4.15%
\$2,000,001 & Over	5.61%	4.63%	5.74%	4.75%

Source: Connecticut Department of Revenue Services

CHART 5: COLORADO'S EFFECTIVE TAX RATES: 2010

State Income	Single	Joint	Married, Separate	Head of Household
\$5,001-\$10,000	4.11%	3.63%	4.36%	4.60%
\$10,001-\$20,000	4.11%	3.70%	4.34%	4.55%
\$20,001-\$30,000	4.17%	3.80%	4.33%	4.55%
\$30,001-\$40,000	4.19%	3.90%	4.45%	4.55%
\$40,001-\$50,000	4.21%	3.98%	4.41%	4.58%
\$50,001-\$60,000	4.21%	4.07%	4.38%	4.61%
\$60,001-\$75,000	4.28%	4.18%	4.36%	4.58%
\$75,001-\$100,000	4.33%	4.32%	4.50%	4.59%
\$100,001-\$150,000	4.37%	4.42%	4.51%	4.60%
\$150,001-\$200,000	4.41%	4.48%	4.40%	4.56%
\$200,001-\$250,000	4.39%	4.49%	4.44%	4.48%
\$250,001-\$500,000	4.44%	4.42%	4.32%	4.46%
\$500,001-\$1,000,000	4.36%	4.29%	4.08%	4.33%
\$1,000,001-\$2,000,000	4.23%	4.13%	4.31%	4.16%
\$2,000,001 & Over	4.13%	4.44%	3.82%	4.24%

Source: Colorado Department of Revenue

CHART 6: MASSACHUSETTS' EFFECTIVE TAX RATES: 2010

State Income	Single	Joint	Married, Separate	Head of Household
\$5,001-\$10,000	0.71%	1.21%	1.94%	0.17%
\$10,001-\$20,000	2.80%	1.08%	3.13%	0.46%
\$20,001-\$30,000	3.59%	2.40%	3.73%	2.02%
\$30,001-\$40,000	3.94%	3.09%	4.03%	2.90%
\$40,001-\$50,000	4.19%	3.48%	4.23%	3.45%
\$50,001-\$60,000	4.37%	3.75%	4.39%	3.78%
\$60,001-\$75,000	4.52%	3.96%	4.56%	4.06%
\$75,001-\$100,000	4.66%	4.18%	4.69%	4.30%
\$100,001-\$150,000	4.79%	4.42%	4.80%	4.53%
\$150,001-\$200,000	4.88%	4.61%	4.84%	4.68%
\$200,001-\$250,000	4.94%	4.72%	4.94%	4.74%
\$250,001-\$500,000	4.96%	4.84%	4.97%	4.83%
\$500,001-\$1,000,000	4.95%	4.90%	4.99%	4.79%
\$1,000,001-\$2,000,000	4.97%	4.85%	4.96%	4.97%
\$2,000,001 & Over	4.95%	5.03%	4.87%	5.02%

Source: Massachusetts Department of Revenue

CHART 7: NEW JERSEY'S EFFECTIVE TAX RATES: 2010

State Income	Single	Joint	Married, Separate	Head of Household
\$5,001-\$10,000	-0.12%	-1.31%	0.41%	-5.19%
\$10,001-\$20,000	0.91%	-0.42%	1.01%	-2.12%
\$20,001-\$30,000	1.15%	0.59%	1.16%	0.27%
\$30,001-\$40,000	1.32%	1.02%	1.31%	1.11%
\$40,001-\$50,000	1.80%	1.17%	1.76%	1.26%
\$50,001-\$60,000	2.28%	1.27%	2.24%	1.34%
\$60,001-\$75,000	2.58%	1.40%	2.53%	1.43%
\$75,001-\$100,000	2.97%	1.82%	2.86%	1.76%
\$100,001-\$150,000	3.41%	2.52%	3.25%	2.35%
\$150,001-\$200,000	3.66%	3.06%	3.58%	2.88%
\$200,001-\$250,000	3.91%	3.39%	3.52%	3.29%
\$250,001-\$500,000	4.20%	3.70%	3.95%	3.69%
\$500,001-\$1,000,000	5.11%	4.43%	5.16%	4.37%
\$1,000,001-\$2,000,000	6.06%	5.05%	5.74%	5.50%
\$2,000,001 & Over	7.10%	6.11%	7.85%	6.23%

Source: New Jersey Department of Treasury

CHART 8: NEW YORK'S EFFECTIVE TAX RATES: 2010

State Income	Single	Joint	Married, Separate	Head of Household
\$5,001-\$10,000	-0.52%	-0.84%	-0.02%	-9.36%
\$10,001-\$20,000	0.86%	-2.32%	1.18%	-7.05%
\$20,001-\$30,000	2.46%	-1.08%	2.45%	-1.83%
\$30,001-\$40,000	3.59%	0.50%	3.40%	1.01%
\$40,001-\$50,000	4.22%	1.59%	3.97%	2.54%
\$50,001-\$60,000	4.58%	2.26%	4.36%	3.29%
\$60,001-\$75,000	4.83%	2.96%	4.66%	3.89%
\$75,001-\$100,000	5.05%	3.68%	4.94%	4.39%
\$100,001-\$150,000	5.43%	4.62%	5.33%	4.98%
\$150,001-\$200,000	5.83%	5.27%	5.73%	5.49%
\$200,001-\$250,000	5.93%	5.46%	5.89%	5.71%
\$250,001-\$500,000	6.52%	6.14%	6.47%	6.34%
\$500,001-\$1,000,000	8.00%	7.84%	7.98%	7.90%
\$1,000,001-\$2,000,000	8.25%	8.15%	8.23%	8.32%
\$2,000,001 & Over	7.92%	8.24%	8.11%	8.18%

Source: New York State Department of Taxation and Finance

CHART 9: RHODE ISLAND'S EFFECTIVE TAX RATES: 2010

State Income	Single	Joint	Married, Separate	Head of Household
\$5,001-\$10,000	-0.39%	-1.40%	-0.40%	-2.45%
\$10,001-\$20,000	0.78%	-0.68%	0.95%	-1.54%
\$20,001-\$30,000	1.74%	0.09%	1.71%	-0.33%
\$30,001-\$40,000	2.18%	0.92%	2.06%	1.08%
\$40,001-\$50,000	2.37%	1.50%	2.40%	1.71%
\$50,001-\$60,000	2.77%	1.80%	2.83%	1.93%
\$60,001-\$75,000	3.11%	1.99%	3.20%	2.16%
\$75,001-\$100,000	3.52%	2.31%	3.44%	2.66%
\$100,001-\$150,000	3.98%	2.98%	3.98%	3.28%
\$150,001-\$200,000	4.44%	3.57%	4.77%	3.95%
\$200,001-\$250,000	4.87%	4.08%	4.63%	4.47%
\$250,001-\$500,000	5.27%	4.79%	5.05%	5.22%
*\$500,001-\$1,000,000	5.20%	5.08%	*6.14%	*5.16%
\$1,000,001-\$2,000,000	5.20%	5.04%		
\$2,000,001 & Over	5.69%	5.14%		

Source: Rhode Island Department of Revenue

CHART 10: VERMONT'S EFFECTIVE TAX RATES: 2010

State Income	Single	Joint	Married, Separate	Head of Household
\$5,001-\$10,000	3.15%	3.36%	3.17%	3.24%
\$10,001-\$20,000	3.22%	3.20%	3.19%	3.27%
\$20,001-\$30,000	3.26%	3.18%	3.14%	3.31%
\$30,001-\$40,000	3.35%	3.16%	3.54%	3.29%
\$40,001-\$50,000	3.88%	3.16%	4.04%	3.29%
\$50,001-\$60,000	4.16%	3.16%	4.07%	3.72%
\$60,001-\$75,000	4.33%	3.57%	4.27%	4.01%
\$75,001-\$100,000	4.51%	4.01%	3.54%	4.23%
\$100,001-\$150,000	4.82%	4.28%	4.49%	4.47%
\$150,001-\$200,000	4.83%	4.48%	4.69%	4.66%
\$200,001-\$250,000	4.95%	4.69%	4.69%	5.02%
\$250,001-\$500,000	4.43%	4.63%	3.32%	4.79%
\$500,001-\$1,000,000	4.40%	3.57%	2.57%	2.96%
\$1,000,001 & Over	0.26%	0.39%	0.19%	0.53%

Source: Vermont Department of Taxes