

## Employment is iffy, but the state tax system is improving

After growing steadily for the first half of the year, Vermont employment has fallen for the last three months. The number of Vermonters working, including the self-employed, rose to almost 340,000 in June—an increase of more than 4,600 since December 2017. Since then, however, employment declined by nearly 2,300, erasing half of the 2018 gains. Meanwhile, the number of unemployed Vermonters has been ticking

LATEST BLS DATA - OCTOBER 19, 2018			
	SEP 2018	AUG 2018	SEP 2017
Labor Force	347,135	348,192	344,932
Employment	337,235	338,297	334,790
Unemployment	9,900	9,895	10,142
Unemployment Rate	2.9%	2.8%	2.9%

Source: U.S. Bureau of Labor Statistics (BLS)

up since March, although it remains below 2017 levels.

### Fairer than most

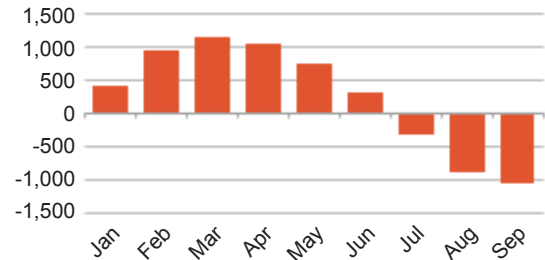
Vermont's state and local tax system is one of the least regressive in the country, according to [Who Pays?](#), a report released this week by the Institute on Taxation and Economic Policy. Under a regressive system, like New Hampshire's, people at the top pay a lower percentage of their incomes in total taxes—including income, sales, excise, property, and other taxes—than do low- and moderate-income taxpayers. By contrast, compared with neighboring states Vermonters at the lowest end pay the smallest share of their incomes in taxes; those at the highest end pay the second-largest share in the region.

### Code changes

Contributing to Vermont's good national ranking are changes it made to the state income tax code in 2018. The Legislature eliminated itemized deductions, which tend to benefit the wealthy, and increased the Earned Income Tax Credit, which helps low-income working families. The picture in between is more uneven, with the middle 20 percent of taxpayers paying a larger share than many Vermonters with higher incomes.

### Employment dropped for three straight months

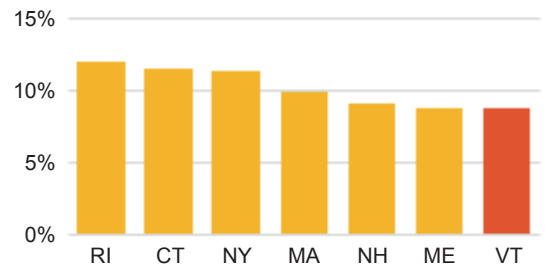
Change in monthly employment, seasonally adjusted, 2018



Data source: Vermont Department of Labor

### Compared with nearby states, low-income Vermonters do better on taxes

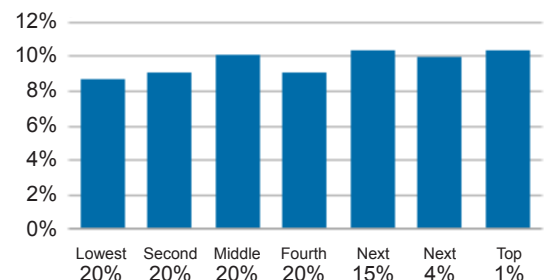
Total state and local taxes as a percent of income for lowest 20% of taxpayers, New England and New York, 2018



Data source: Institute on Taxation and Economic Policy

### Taxes take the biggest bite of highest Vermont incomes

Share of income paid in state and local taxes, by income level, 2018



Data source: Institute on Taxation and Economic Policy