

1 H.854

2 Introduced by Representative Goodwin of Weston

3 Referred to Committee on

4 Date:

5 Subject: Taxation and finance

6 Statement of purpose of bill as introduced: This bill proposes to amend the
7 credit amounts for Vermont's higher education investment plan contributions.

8 An act relating to Vermont 529 tax credit

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

10 Sec. 1. 32 V.S.A. § 5825a is amended to read:

11 § 5825a. CREDIT FOR VERMONT HIGHER EDUCATION INVESTMENT
12 PLAN CONTRIBUTIONS

13 (a) A taxpayer of this State, including each spouse filing a joint return,
14 shall be eligible for a nonrefundable credit against the tax imposed under
15 section 5822 of this title ~~of 10 percent of the first \$2,500.00 per beneficiary,~~
16 contributed by the taxpayer during the taxable year to a Vermont higher
17 education investment plan account under 16 V.S.A. chapter 87, subchapter 7.

18 The amount of the credit shall be determined as follows:

19 (1) for an individual taxpayer with taxable income of no more than
20 \$50,000.00, or for each spouse filing on a joint return with taxable income of

1 no more than \$100,000.00, in an amount equal to 20 percent of the first
2 \$2,500.00 per beneficiary;

3 (2) for an individual taxpayer with taxable income of no more than
4 \$75,000.00, or for each spouse filing on a joint return with taxable income of
5 no more than \$150,000.00, in an amount equal to 15 percent of the first
6 \$2,500.00 per beneficiary;

7 (3) for an individual taxpayer with taxable income of \$150,000.00 or
8 more, or for each spouse filing on a joint return with taxable income of
9 \$300,000.00 or more, in an amount equal to five percent of the first \$2,500.00
10 per beneficiary; and

11 (4) for an individual taxpayer with taxable income of \$200,000.00 or
12 more, or for each spouse filing on a joint return with taxable income of
13 \$400,000.00 or more, a nonrefundable credit under this subsection shall not be
14 available.

15 (b) A taxpayer who has received a credit under subsection (a) of this
16 section shall repay to the Commissioner 10 percent of any distribution from a
17 higher education investment plan account, which distribution is not excluded
18 from gross income in the taxable year under 26 U.S.C. § 529, as amended, up
19 to a maximum of the total credits received by the taxpayer under subsection (a)
20 of this section minus any amount of repayment of such credits in prior tax
21 years. Repayments under this subsection shall be subject to assessment,

1 notice, penalty and interest, collection, and other administration in the same
2 manner as an income tax under this chapter.

3 (c) As used in this section, “taxable income” means the total amount of
4 income considered taxable income in the State of Vermont under section 5822
5 of this title.

6 Sec. 2. EFFECTIVE DATE

7 This act shall take effect on July 1, 2014.