

H.206

Introduced by Representatives Grad of Moretown, Donahue of Northfield,  
Krawczyk of Bennington, Moran of Wardsboro and Morrissey  
of Bennington

Referred to Committee on

Date:

Subject: Taxation; income taxation; exemption for military retirement income

Statement of purpose: This bill proposes to exempt from income taxation the  
first \$5,000.00 of military retirement income.

An act relating to military pension income tax exemption

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

Sec. 1. 32 V.S.A. § 5823(a)(2) is amended to read:

(2) Military pay for full-time active duty with the armed services earned  
outside the state; and the first \$2,000.00 of military pay for unit training in the  
state to National Guard and United States Reserve personnel for whom the  
adjutant general or reserve component commander certifies that the taxpayer  
completed all unit training of his or her unit during the calendar year, and who  
has a federal adjusted gross income of less than \$50,000.00; and the first  
\$5,000.00 of military retirement pay.

1       Sec. 2. 32 V.S.A. § 5823(b)(3) is amended to read:

2               (3) Wages, salaries, commissions, or other income (excluding military  
3       pay for full-time active duty with the armed services and also excluding funds  
4       received through the federal armed forces educational loan repayment program  
5       under 10 U.S.C. chapters 109 and 1609; and also excluding the first \$2,000.00  
6       of military pay for unit training in the state to National Guard and United  
7       States Reserve personnel for whom the adjutant general or reserve component  
8       commander certifies that the taxpayer completed all unit training of his or her  
9       unit during the calendar year, and who has a federal adjusted gross income of  
10      less than \$50,000.00; and also excluding the first \$5,000.00 of military  
11      retirement pay) received with respect to services performed within this state;  
12      and also excluding income received for a dramatic performance in a  
13      commercial film production to the extent such income would be excluded from  
14      personal income taxation in the state of residence.

15      Sec. 3. EFFECTIVE DATE

16              This act shall apply to taxable year 2009 and after.