

1 H.11

2 Introduced by Representatives Donahue of Northfield and Lewis of Berlin

3 Referred to Committee on

4 Date:

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

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

8 An act relating to military pension income tax exemption

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

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

11 (2) Military pay for full-time active duty with the ~~armed services~~ U.S.
12 Armed Forces earned outside the ~~state~~ State; and the first \$2,000.00 of military
13 pay for unit training in the ~~state~~ State to National Guard and ~~United States~~ U.S.
14 Reserve personnel for whom the ~~adjutant general or reserve component~~
15 ~~commander~~ Adjutant General or Reserve Component Commander certifies that
16 the taxpayer completed all unit training of his or her unit during the calendar
17 year, and who has a federal adjusted gross income of less than \$50,000.00; and
18 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~~ U.S. Armed Forces and
4 also excluding funds received through the ~~federal armed forces educational~~
5 ~~loan repayment program~~ U.S. Armed Forces Educational Loan Repayment
6 Program under 10 U.S.C. chapters 109 and 1609; and also excluding the first
7 \$2,000.00 of military pay for unit training in the ~~state~~ State to National Guard
8 and ~~United States~~ U.S. Reserve personnel for whom the ~~adjutant general or~~
9 ~~reserve component commander~~ Adjutant General or Reserve Component
10 Commander certifies that the taxpayer completed all unit training of his or her
11 unit during the calendar year, and who has a federal adjusted gross income of
12 less than \$50,000.00; and also excluding the first \$5,000.00 of military
13 retirement pay) received with respect to services performed within this ~~state~~
14 State.

15 Sec. 3. EFFECTIVE DATE

16 This act shall take effect retroactively on January 1, 2013 and shall apply to
17 taxable year 2013 and after.