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H.466

Introduced by Representatives Canfield of Fair Haven, Bouchard of  
Colchester, Cheney of Norwich, Cupoli of Rutland City, Evans  
of Essex, Gage of Rutland City, Hebert of Vernon, Hubert of  
Milton, Juskiewicz of Cambridge, and Terenzini of Rutland  
Town

Referred to Committee on

Date:

Subject: Taxation; income tax; retired military pay

Statement of purpose of bill as introduced: This bill proposes to exempt the  
first \$2,500.00 of retired military pay from state income taxation.

An act relating to exempting the first \$2,500.00 of retired military pay from  
state income taxation

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

Sec. 1. 32 V.S.A. § 5823(a) and (b) are amended to read:

(a) For any taxable year, the Vermont income of a resident individual is the  
adjusted gross income of the individual for that taxable year, and the Vermont  
income of a resident estate or trust is its gross income for the taxable year, less:

(1) Income exempted from state taxation under the laws of the United  
States and not subtracted under subdivision 5811(21)(B)(i) of this chapter.

1 (2) Military pay for full-time active duty with the ~~armed services~~ U.S.  
2 Armed Services earned outside the ~~state~~ State; the first \$2,500.00 received by  
3 the taxpayer as retired military personnel pay for service in the U.S. Army,  
4 Navy, Air Force, Coast Guard, Marine Corps or reserve components thereof, or  
5 the National Guard, or received by the surviving spouse or former spouse of  
6 such a taxpayer under the survivor benefit plan on account of such a taxpayer's  
7 death; and the first \$2,000.00 of military pay for unit training in the ~~state~~ State  
8 to National Guard and ~~United States~~ U.S. Reserve personnel for whom the  
9 ~~adjutant general or reserve component commander~~ Adjutant General or  
10 Reserve Component Commander certifies that the taxpayer completed all unit  
11 training of his or her unit during the calendar year, and who has a federal  
12 adjusted gross income of less than \$50,000.00.

13 \* \* \*

14 (b) For any taxable year, the Vermont income of a nonresident individual,  
15 estate, or trust is the sum of the following items of income to the extent they  
16 are required to be included in the adjusted gross income of the individual or the  
17 gross income of an estate or trust for that taxable year:

18 (1) Rents and royalties derived from the ownership of property located  
19 within this ~~state~~ State.

20 (2) Gains from the sale or exchange of property located within this ~~state~~  
21 State.

1           (3) Wages, salaries, commissions, or other income (excluding military  
2 pay for full-time active duty with the ~~armed services~~ U.S. Armed Services and  
3 ~~also excluding~~ funds received through the federal armed forces educational  
4 loan repayment program under 10 U.S.C. chapters 109 and 1609; also  
5 excluding the first \$2,500.00 received by the taxpayer as retired military  
6 personnel pay for service in the U.S. Army, Navy, Air Force, Coast Guard,  
7 Marine Corps or reserve components thereof, or the National Guard, or  
8 received by the surviving spouse or former spouse of such a taxpayer under the  
9 survivor benefit plan on account of such a taxpayer's death; and also excluding  
10 the first \$2,000.00 of military pay for unit training in the ~~state~~ State to National  
11 Guard and ~~United States~~ U.S. Reserve personnel for whom the ~~adjutant general~~  
12 ~~or reserve component commander~~ Adjutant General or Reserve Component  
13 Commander certifies that the taxpayer completed all unit training of his or her  
14 unit during the calendar year, and who has a federal adjusted gross income of  
15 less than \$50,000.00) received with respect to services performed within this  
16 ~~state~~ State.

17       Sec. 2. EFFECTIVE DATE

18           This act shall take effect on January 1, 2014.