

1 H.806

2 Introduced by Representatives Grad of Moretown, Canfield of Fair Haven,
3 Donovan of Burlington, Partridge of Windham, Ram of
4 Burlington, Strong of Albany, and Tate of Mendon

5 Referred to Committee on

6 Date:

7 Subject: Taxation; income taxation; exemption for military retirement income;
8 Office of Veterans Affairs

9 Statement of purpose of bill as introduced: This bill proposes to exempt
10 military retirement income from income taxation and to authorize a new
11 service officer and two new interns within the Office of Veterans Affairs.

12 An act relating to military pension income tax exemption and the Office of
13 Veterans Affairs

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

15 Sec. 1. 32 V.S.A. § 5823 is amended to read:

16 § 5823. VERMONT INCOME OF INDIVIDUALS, ESTATES, AND
17 TRUSTS

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

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(2) Military pay for full-time active duty with the U.S. 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 U.S. Reserve personnel for whom the Adjutant and Inspector 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 military retirement pay.

* * *

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

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(3) Wages, salaries, commissions, or other income (excluding military pay for full-time active duty with the U.S. Armed Services; and also excluding funds received through the federal Armed Forces Educational Loan Repayment Program under 10 U.S.C. chapters 109 and 1609; and also excluding the first \$2,000.00 of military pay for unit training in the State to National Guard and U.S. Reserve personnel for whom the Adjutant and Inspector General or Reserve Component Commander certifies that the taxpayer completed all unit

1 training of his or her unit during the calendar year, and who has a federal
2 adjusted gross income of less than \$50,000.00; and also excluding military
3 retirement pay) received with respect to services performed within this State.

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5 Sec. 2. APPROPRIATIONS FOR OFFICE OF VETERANS AFFAIRS

6 STAFF

7 In addition to any other funds appropriated to the Vermont Office of
8 Veterans Affairs in fiscal year 2017, there is appropriated from the General
9 Fund to the Vermont Office of Veterans Affairs \$120,000.00 in fiscal year
10 2017 for the purpose of hiring one additional Service Officer I to process
11 veterans' claims for federal veterans' benefits and two interns to assist with
12 modernization of the Office of Veterans Affairs website and information
13 technology systems.

14 Sec. 3. EFFECTIVE DATES

15 (a) Sec. 2 shall take effect on July 1, 2016.

16 (b) Notwithstanding 1 V.S.A. § 214, this section and Sec. 1 shall apply
17 retroactively to January 1, 2016, and shall apply to taxable year 2016 and after.