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H.176

Introduced by Representative Beck of St. Johnsbury

Referred to Committee on

Date:

Subject: Taxation; income tax; capital gains; exemption

Statement of purpose of bill as introduced: This bill proposes to exempt from Vermont's income tax any capital gains resulting from an investment in a federal Opportunity Zone.

An act relating to exempting capital gains from Vermont's income tax if they result from an investment in a federal Opportunity Zone

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

Sec. 1. 32 V.S.A. § 5811(21) is amended to read:

(21) "Taxable income" means, in the case of an individual, federal adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

\* \* \*

(B) Decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from U.S. government obligations;

(ii) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income,

1 and reduced by any capital gain resulting from an investment in an opportunity  
2 zone under 26 U.S.C. Subtitle A, Chapter 1, Subchapter Z: either the first  
3 \$5,000.00 of such adjusted net capital gain income; or 40 percent of adjusted  
4 net capital gain income from the sale of assets held by the taxpayer for more  
5 than three years, except not adjusted net capital gain income from:

6 (I) the sale of any real estate or portion of real estate used by  
7 the taxpayer as a primary or nonprimary residence; or

8 (II) the sale of depreciable personal property other than farm  
9 property and standing timber; or stocks or bonds publicly traded or traded on  
10 an exchange, or any other financial instruments; regardless of whether sold by  
11 an individual or business; and provided that the total amount of decrease under  
12 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable  
13 income;

14 (iii) recapture of State and local income tax deductions not taken  
15 against Vermont income tax; and

16 (iv) the portion of federally taxable benefits received under the  
17 federal Social Security Act that is required to be excluded under section 5830e  
18 of this chapter; and

19 \* \* \*

1       Sec. 2. EFFECTIVE DATE

2               Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on

3       January 1, 2019 and apply to taxable year 2019 and after.