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H.696

Introduced by Representatives Bancroft of Westford, Batchelor of Derby,  
Brumsted of Shelburne, Carroll of Bennington, Christie of  
Hartford, Donahue of Northfield, Fegard of Berkshire,  
Gamache of Swanton, Goslant of Northfield, Hango of  
Berkshire, Morgan of Milton, Myers of Essex, Page of Newport  
City, Palasik of Milton, and Smith of Derby

Referred to Committee on

Date:

Subject: Taxation; personal income tax; deductions; medical expenses

Statement of purpose of bill as introduced: This bill proposes to restore the  
Vermont deduction for medical expenses.

An act relating to Vermont’s income tax deduction for medical expenses

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:

\* \* \*

(C) Decreased by the following exemptions and deductions:

\* \* \*

1 (iv) an amount equal to the itemized deduction for medical  
2 expenses taken at the federal level by the taxpayer; under 26 U.S.C. § 213;

3 ~~(I) minus the amount of the Vermont standard deduction and~~  
4 ~~Vermont personal exemptions taken by the taxpayer under this subdivision~~  
5 ~~(C); and~~

6 ~~(H) minus any amount deducted at the federal level that is~~  
7 ~~attributable to the payment of an entrance fee or recurring monthly payment~~  
8 ~~made to a continuing care retirement community regulated under 8 V.S.A.~~  
9 ~~chapter 151, which that exceeds the deductibility limits for premiums paid~~  
10 ~~during the taxable year on qualified long-term care insurance contracts under~~  
11 ~~26 U.S.C. § 213(d)(10)(A).~~

12 \* \* \*

13 Sec. 2. EFFECTIVE DATE

14 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on  
15 January 1, 2020 and apply to taxable years 2020 and thereafter.