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H.736

Introduced by Representatives Troiano of Stannard, Anthony of Barre City,
Birong of Vergennes, Briglin of Thetford, Campbell of St.
Johnsbury, Carroll of Bennington, Chesnut-Tangerman of
Middletown Springs, Coffey of Guilford, Conquest of
Newbury, Donovan of Burlington, Emmons of Springfield,
Fegard of Berkshire, Gamache of Swanton, Gonzalez of
Winooski, Haas of Rochester, Hango of Berkshire, Hill of
Wolcott, Hooper of Randolph, Hooper of Burlington, Killacky
of South Burlington, Lanpher of Vergennes, Lippert of
Hinesburg, Macaig of Williston, Masland of Thetford, McFaun
of Barre Town, Morris of Springfield, Noyes of Wolcott, Ode of
Burlington, O’Sullivan of Burlington, Pajala of Londonderry,
Patt of Worcester, Potter of Clarendon, Rachelson of
Burlington, Till of Jericho, Townsend of South Burlington,
Walz of Barre City, and White of Hartford

Referred to Committee on

Date:

Subject: Income tax; exemption; property tax credit; household income

Statement of purpose of bill as introduced: This bill proposes to treat kinship
care payments as exempt income comparable to foster care payments for the

1 purposes of calculating Vermont personal income tax liability and Vermont
2 property tax credits. The bill also proposes to create a study committee on
3 kinship care in Vermont.

4 An act relating to exempting kinship care payments from taxation

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

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

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

9 * * *

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

12 * * *

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

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

18 (v) kinship guardianship assistance received pursuant to 33 V.S.A.
19 § 4903, Child-Only Reach Up assistance for kinship care received pursuant to

1 33 V.S.A. chapter 11, and any other kinship payments that are substantially
2 similar to foster care payments excludible pursuant to 26 U.S.C. § 131; and

3 * * *

4 Sec. 2. 32 V.S.A. § 6061(5) is amended to read:

5 (5) “Modified adjusted gross income” means “federal adjusted gross
6 income”:

7 * * *

8 (C) Without the inclusion of: any gifts from nongovernmental
9 sources other than those described in subdivision (B) of this subdivision (5);
10 surplus food or other relief in kind supplied by a governmental agency; or the
11 first \$6,500.00 of income earned by a full-time student who qualifies as a
12 dependent of the claimant under the federal Internal Revenue Code; the first
13 \$6,500.00 of income received by a person who qualifies as a dependent of the
14 claimant under the Internal Revenue Code and who is the claimant’s parent or
15 adult child with a disability; any income attributable to cancellation of debt; or
16 payments made by the State pursuant to 33 V.S.A. chapters 49 and 55 for
17 foster or kinship guardianship care, or Child-Only Reach Up payments made
18 by the State pursuant to 33 V.S.A. chapter 11 for kinship care, or any other
19 kinship payments that are substantially similar to foster care payments
20 excludible pursuant to 26 U.S.C. § 131, or payments made by the State or an
21 agency designated in 18 V.S.A. § 8907 for adult foster care or to a family for

1 the support of a person who is eligible and who has a developmental disability.
2 If the Commissioner determines, upon application by the claimant, that a
3 person resides with a claimant who has a disability or was at least 62 years of
4 age as of the end of the year preceding the claim, for the primary purpose of
5 providing attendant care services (as defined in 33 V.S.A. § 6321) or
6 homemaker or companionship services, with or without compensation, which
7 allow the claimant to remain in his or her home or avoid institutionalization,
8 the Commissioner shall exclude that person's modified adjusted gross income
9 from the claimant's household income. The Commissioner may require that a
10 certificate in a form satisfactory to him or her be submitted which supports the
11 claim.

12 * * *

13 Sec. 3. KINSHIP CARE STUDY COMMITTEE; REPORT

14 (a) Creation. There is created the Kinship Care Study Committee to
15 research and examine the caregiving roles that Vermonters assume for other
16 family members' children. The Committee shall pay particular attention to the
17 different types of State financial assistance paid to these caregivers and the
18 ways that the Vermont tax code could be amended to relieve the tax burden on
19 kinship care payments.

20 (b) Membership. The Committee shall be composed of the following
21 members:

1 (1) one current member of the House of Representatives, who shall be
2 appointed by the Speaker of the House;

3 (2) one current member of the Senate, who shall be appointed by the
4 Committee on Committees;

5 (3) the Commissioner for Children and Families or designee;

6 (4) the Commissioner of Taxes or designee;

7 (5) the Executive Director of the Community of Vermont Elders or
8 designee;

9 (6) the President of the Board of Directors of the Vermont Kin as
10 Parents or designee; and

11 (7) the President of the Executive Board of the Vermont Foster and
12 Adoptive Family Association or designee.

13 (c) Powers and duties. The Committee shall study the provision of kinship
14 care in Vermont, including the following issues:

15 (1) the types of kinship care payments that Vermont caregivers receive;

16 (2) the cost to the State of the proposed income tax and household
17 income exclusions;

18 (3) the tax treatment of kinship care payments in other states; and

19 (4) whether there are legislative changes that would give kinship care
20 payment recipients comparable tax treatment to that given to foster care
21 payment recipients.

1 (d) Assistance. For purposes of scheduling meetings and preparing
2 recommended legislation, the Committee shall have the assistance of the
3 Office of Legislative Council and the Joint Fiscal Office.

4 (e) Report. On or before January 15, 2021, the Committee shall submit a
5 written report to the House Committees on Human Services and on Ways and
6 Means and the Senate Committees on Health and Welfare and on Finance with
7 its findings and any recommendations for legislative action.

8 (f) Meetings.

9 (1) The Commissioner for Children and Families or designee shall call
10 the first meeting of the Committee to occur on or before October 1, 2020.

11 (2) The Committee shall select a chair from among its members at the
12 first meeting.

13 (3) A majority of the membership shall constitute a quorum.

14 Sec. 4. EFFECTIVE DATES

15 This act shall take effect on passage except Secs. 1 (taxable income
16 definition) and 2 (modified adjusted gross income definition) shall take effect
17 on January 1, 2022 and apply to taxable years beginning on or after January 1,
18 2022.