

1 H.846

2 Introduced by Representatives Noyes of Wolcott, Gregoire of Fairfield, and

3 Troiano of Stannard

4 Referred to Committee on

5 Date:

6 Subject: Taxation; personal income tax; exemptions

7 Statement of purpose of bill as introduced: This bill proposes to exempt

8 military retirement pay from Vermont's personal income tax and recruit

9 retiring military veterans to this State.

10 An act relating to exempting military retirement pay from Vermont's  
11 personal income tax and recruiting military veterans

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

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

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

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

17 (ii) with respect to adjusted net capital gain income as defined in

18 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend

19 income: either the first \$5,000.00 of such adjusted net capital gain income; or

20 40 percent of adjusted net capital gain income from the sale of assets held by

1 the taxpayer for more than three years, except not adjusted net capital gain  
2 income from:

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

5 (II) the sale of depreciable personal property other than farm  
6 property and standing timber; or stocks or bonds publicly traded or traded on  
7 an exchange, or any other financial instruments; regardless of whether sold by  
8 an individual or business; and provided that the total amount of decrease under  
9 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable  
10 income or \$350,000.00, whichever is less;

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

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

16 (v) any federally taxable military retirement pay; and

17 Sec. 2. 32 V.S.A. § 5813(y) is added to read:

18 (y) The statutory purpose of the exemption of federally taxable military  
19 retirement pay in subdivision 5811(21)(B)(v) of this title is to recognize the  
20 military service of Vermonters who derive part of their income from military  
21 retirement pay.

1       Sec. 3. 2019 Acts and Resolves No. 80, Sec. 12 is amended to read:

2           Sec. 12. NEW WORKER RELOCATION INCENTIVE PROGRAM

3           (a) The Agency of Commerce and Community Development shall design  
4           and implement a New Worker Relocation Incentive Program to award  
5           incentive grants to new workers as provided in this section and subject to the  
6           policies and procedures the Agency adopts to implement the Program.

7           (b) Incentives for new workers. A new worker may be eligible for a grant  
8           under the Program for qualifying expenses, subject to the following:

9               (1) A base grant for a new worker shall not exceed \$5,000.00.

10              (2) The Agency may award an enhanced grant, which shall not exceed  
11              \$7,500.00, for a new worker who relocates to a labor market area in this State  
12              in which:

13                      (A) the average annual unemployment rate in the labor market area  
14                      exceeds the average annual unemployment rate in the State; or

15                      (B) the average annual wage in the State exceeds the annual average  
16                      wage in the labor market area.

17           (c) The Agency shall:

18               (1) adopt procedures for implementing the Program, which shall include  
19               a simple certification process to certify new workers and qualifying expenses;

1           (2) promote awareness of the Program, including through coordination  
2 with relevant trade groups and by integration into the Agency's economic  
3 development marketing campaigns;

4           (3) award grants on a first-come, first-served basis beginning on January  
5 1, 2020, subject to available funding; and

6           (4) adopt measurable goals, performance measures, and an audit strategy  
7 to assess the utilization and performance of the Program.

8           (d) On or before October 1, 2020, the Agency shall submit a report to the  
9 House Committee on Commerce and Economic Development and the Senate  
10 Committee on Economic Development, Housing and General Affairs  
11 concerning the implementation of this section, including:

12           (1) a description of the policies and procedures adopted to implement  
13 the Program; and

14           (2) the promotion and marketing of the Program.

15           (e) As used in this section:

16           (1) "New worker" means a qualified military veteran or an individual  
17 who on or after January 1, 2020:

18           (A) becomes a full-time resident of this State;

19           (B) becomes a full-time employee of a business domiciled or  
20 authorized to do business in this State;

1           (C)(i) is employed in an occupation identified by the Department of  
2 Labor in its 2016–2026 Long Term Occupational Projections as one of the top  
3 occupations at each level of educational attainment typical for entry; or

4           (ii) who the Agency determines should otherwise receive an  
5 incentive grant under the Program because the worker possesses exceptional  
6 education, skills, or training or due to other extraordinary circumstances; and

7           (D) whose gross wage for the position equals or exceeds:

8           (i) 160 percent of the State minimum wage; or

9           (ii) if the employer is located in a labor market area in which the  
10 average annual unemployment rate is higher than the average annual  
11 unemployment rate for the State, 140 percent of the State minimum wage.

12           (2) “Qualifying expenses” means the actual costs that a new worker  
13 incurs for one or more of the following:

14           (A) relocation expenses, which may include closing costs for a  
15 primary residence; rental security deposit; first month’s rent payment; and  
16 other expenses established in Agency guidelines; and

17           (B) expenses necessary for a new worker to perform his or her  
18 employment duties, including connectivity costs, specialized tools and  
19 equipment, and other expenses established in Agency guidelines.

20           (3) “Qualifying military veteran” means an individual who:

1           (A) is honorably discharged from active duty in the U.S. Armed  
2 Forces or a state national guard; and

3           (B) on or after January 1, 2021:

4           (i) becomes a full-time resident of this State; and

5           (ii)(I) becomes a full-time employee of a business domiciled or  
6 authorized to do business in this State; or

7           (II) registers with the Secretary of State a new business in  
8 which the individual owns a controlling interest.

9       Sec. 4. EFFECTIVE DATES

10       (a) This section and Sec. 3 (new worker relocation incentive) shall take  
11 effect on July 1, 2020.

12       (b) Secs. 1 and 2 (military pension income exemption) shall take effect on  
13 January 1, 2021 and apply to taxable years 2021 and after.