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S.331

Introduced by Senators Clarkson, Balint, Bray, Campion, Hardy, Hooker and
Westman

Referred to Committee on

Date:

Subject: Commerce and trade; workforce development

Statement of purpose of bill as introduced: This bill proposes to provide
student loan debt relief and create incentives for rural workers.

An act relating to reducing student loan debt for rural Vermont workers

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

Sec. 1. FINDINGS AND PURPOSE

(a) The General Assembly finds:

(1) The homeownership rate in the United States fell approximately
4 percentage points in the wake of the financial crisis, from a peak of 69
percent in 2005 to 65 percent in 2014.

(2) The decline in homeownership was even more pronounced among
young adults. Whereas 45 percent of household heads 24 to 32 years of age in
2005 owned their own home, just 36 percent did in 2014—a marked nine
percentage point drop.

1 (3) While many factors have influenced the downward slide in the rate
2 of homeownership, some believe that the historic levels of student loan debt
3 have been particular impediments.

4 (4) Indeed, outstanding student loan balances have more than doubled in
5 real terms to about \$1.5 trillion in the last decade, with average real student
6 loan debt per capita for individuals 24 to 32 years of age rising from about
7 \$5,000 in 2005 to \$10,000 in 2014.

8 (5) In surveys, young adults commonly report that their student loan
9 debts are preventing them from buying a home.

10 (6) Student loan debt places a significant burden on Vermont workers
11 and may prevent new workers from affording home ownership, particularly in
12 rural areas of the State where job opportunities are fewer and wages are
13 generally lower.

14 (b) The purposes of this act are:

15 (1) to recruit new workers to rural areas of Vermont; and

16 (2) to provide relief from student loan debt.

17 Sec. 2. 10 V.S.A. chapter 1 is amended to read:

18 CHAPTER 1. ECONOMIC DEVELOPMENT

19 * * *

1 § 4. RURAL VERMONT WORKFORCE INCENTIVE PROGRAM

2 (a) The Agency of Commerce and Community Development, in
3 coordination with the Vermont Housing Finance Authority, shall design and
4 implement a Rural Vermont Workforce Incentive Program to provide
5 additional down payment assistance to qualifying buyers who purchase a home
6 in a Vermont Opportunity Zone and participate in the Down Payment
7 Assistance Program authorized in 32 V.S.A. § 5930u(b)(3).

8 (b) Under the Program:

9 (1) The Agency shall supplement the amount of a down payment
10 assistance loan from the Authority to provide not more than \$20,000.00 in total
11 down payment assistance for a qualifying buyer who purchases a home in a
12 designated Vermont Opportunity Zone.

13 (2) If the buyer has documented student debt, the Agency shall forgive
14 \$4,000.00 of the down payment assistance loan at the end of each year the
15 buyer owns the residence and has student debt.

16 (3) The Agency shall give priority to a buyer who is employed in an
17 area in which Vermont is experiencing a significant workforce shortage, as
18 determined by the Agency.

19 (c) The Agency shall:

20 (1) adopt procedures for implementing the Program, which shall include
21 a simple process to verify information about buyers;

1 (2) promote awareness of the Program;

2 (3) provide assistance to qualifying buyers beginning on January 1,

3 2021, subject to available funding; and

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

6 (d) Annually, on or before December 15, the Agency shall submit a report
7 to the House Committee on Commerce and Economic Development and the
8 Senate Committee on Economic Development, Housing and General Affairs
9 concerning the implementation of this section, including:

10 (1) a description of the policies and procedures adopted to implement
11 the Program;

12 (2) the promotion and marketing of the Program; and

13 (3) an analysis of the utilization and performance of the Program.

14 Sec. 3. 32 V.S.A. § 5811(21) is amended to read:

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

17 (A) Increased by the following items of income (to the extent such
18 income is excluded from federal adjusted gross income):

19 (i) interest income from non-Vermont state and local obligations;

20 and

1 (ii) dividends or other distributions from any fund to the extent
2 they are attributable to non-Vermont state or local obligations; and

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

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

6 (ii) with respect to adjusted net capital gain income as defined in
7 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend
8 income: either the first \$5,000.00 of such adjusted net capital gain income; or
9 40 percent of adjusted net capital gain income from the sale of assets held by
10 the taxpayer for more than three years, except not adjusted net capital gain
11 income from:

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

14 (II) the sale of depreciable personal property other than farm
15 property and standing timber; or stocks or bonds publicly traded or traded on
16 an exchange, or any other financial instruments; regardless of whether sold by
17 an individual or business; and provided that the total amount of decrease under
18 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable
19 income or \$350,000, whichever is less;

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

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

4 (v) the amount of employer student loan payments deducted under
5 section 5830f of this chapter; and

6 * * *

7 Sec. 4. 32 V.S.A. § 5830f is added to read:

8 § 5830f. DEDUCTION FOR EMPLOYER PAYMENTS OF STUDENT

9 LOAN DEBT

10 (a) As used in this section:

11 (1) “Institution of higher education” means an institution of
12 postsecondary education that generally limits enrollment to graduates of
13 secondary schools and awards degrees at either the baccalaureate or graduate
14 level. An institution of higher education includes public, private nonprofit, and
15 for-profit institutions of higher education.

16 (2) “Qualified student loan” means a loan incurred to attend and receive
17 a baccalaureate or graduate-level degree from an institution of higher
18 education.

19 (3) “Qualified taxpayer” means a taxpayer who:

20 (A) makes payments on a qualified student loan during the taxable
21 year;

1 (B) for an individual who does not file a joint tax return, has federally
2 adjusted gross income for the taxable year that does not exceed \$200,000.00;

3 (C) for taxpayers filing joint returns, has federally adjusted gross
4 income for the taxable year that does not exceed \$250,000.00.

5 (4) “Employer” means a person who is required to furnish
6 unemployment insurance coverage pursuant to 21 V.S.A. chapter 17.

7 (b) A qualified taxpayer may deduct from taxable income the first
8 \$5,000.00 of payments made toward a qualified student loan on his or her
9 behalf by an employer.

10 Sec. 5. 32 V.S.A. § 5932(6) is amended to read:

11 (6) “Refund” means any individual’s State income tax refund under
12 chapter 151 of this title and, except in the case of the Vermont Student
13 Assistance Corporation, any payment due a claimant under chapter 154 of this
14 title.

15 Sec. 6. EFFECTIVE DATES

16 This act shall take effect on July 1, 2020, except that Secs. 3 and 4 shall
17 take effect on January 1, 2021 and apply to returns filed for taxable year 2021
18 and after.