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| 1 | H.840 |
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| 2 | Introduced by Representatives Hooper of Burlington, Birong of Vergennes, |
| 3 | Christie of Hartford, Colston of Winooski, Cordes of Lincoln, |
| 4 | Morris of Springfield, Nicoll of Ludlow, Notte of Rutland City |
| 5 | Ode of Burlington, O'Sullivan of Burlington, Palasik of Milton |
| 6 | Ralph of Hartland, and Seymour of Sutton |
| 7 | Referred to Committee on |
| 8 | Date: |
| 9 | Subject: Taxation; income taxes; exemptions; pension income |
| 10 | Statement of purpose of bill as introduced: This bill proposes to exempt from |
| 11 | State income taxation the first \$15,000.00 of Vermont State government, |
| 12 | Vermont teacher, municipal employee, and U.S. Armed Forces pension plan |
| 13 | income. |
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| 14 | An act relating to exempting pension income from State taxation |
| 15 | It is hereby enacted by the General Assembly of the State of Vermont: |
| 16 | Sec. 1. 32 V.S.A. § 5811 is amended to read: |
| 17 | § 5811. DEFINITIONS |
| 18 | The following definitions shall apply throughout this chapter unless the |
| 19 | context requires otherwise: |
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| 1 | (21) "Taxable income" means, in the case of an individual, federal |
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| 2 | adjusted gross income determined without regard to 26 U.S.C. § 168(k) and: |
| 3 | * * * |
| 4 | (B) Decreased by the following items of income (to the extent such |
| 5 | income is included in federal adjusted gross income): |
| 6 | * * * |
| 7 | (iii) recapture of State and local income tax deductions not taken |
| 8 | against Vermont income tax; and |
| 9 | (iv) the portion of federally taxable benefits received under the |
| 10 | federal Social Security Act that is required to be excluded under section 5830e |
| 11 | of this chapter; and |
| 12 | (v) the first \$15,000.00 of income received under the provisions of |
| 13 | any pension plans for employees of the Vermont State government or any of its |
| 14 | political subdivisions established pursuant to 3 V.S.A. chapter 16, for Vermont |
| 15 | teachers established pursuant to 16 V.S.A. chapter 55, for municipal |
| 16 | employees established pursuant to 24 V.S.A. chapter 125, or for the U.S. |
| 17 | Armed Forces; and |
| 18 | * * * |
| 19 | Sec. 2. EFFECTIVE DATE |
| 20 | Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on |
| 21 | January 1, 2020, and apply to taxable year 2020 and after. |