

Sec. 1.

32 V.S.A. §5811(21)B is amended as follows:

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

(v) income from nursing that is required to be excluded under Section 5830f of this chapter; and

Sec. 2.

32 V.S.A. §5830f is added as follows:

Section 5830f. Nursing Income

- (a) The income of a resident individual or part-year resident individual employed as a licensed practical nurse or registered nurse as defined by 26 V.S.A. §1572(2), (3), or (4) and licensed under Title 26, Chapter 28 shall be excluded from taxable income as described in this section.
- (b) The individual must be a graduate of a Vermont-accredited nursing program.
- (c) The individual's income earned from nursing shall be excluded from taxable income as follows:
 - i. in the first year of employment, all income earned from nursing;
 - ii. in the second year of employment, seventy percent of all income earned from nursing;
and
 - iii. in the third year of employment, fifty percent of all income earned from nursing.
- (d) For the purposes of this section, the first year of employment shall be the calendar year in which the individual is licensed and commences employment, except that if the date of licensure is after November 1, the first year of employment shall be the next calendar year. The second and third year of employment shall be the year after and second year after the first year of employment, respectively.

Sec. 3. Effective dates

All sections shall be effective upon passage and apply retroactive to tax years 2020 and after.