

1 S.331

2 Senator Clarkson moves that the bill be amended by striking out all after the  
3 enacting clause and inserting in lieu thereof the following:

4 **Sec. 1. FINDINGS AND PURPOSE**

5 **(a) The General Assembly finds:**

6 (1) The homeownership rate in the United States fell approximately  
7 4 percentage points in the wake of the financial crisis, from a peak of 69  
8 percent in 2005 to 65 percent in 2014.

9 (2) The decline in homeownership was even more pronounced among  
10 young adults. Whereas 45 percent of household heads 24 to 32 years of age in  
11 2005 owned their own home, just 36 percent did in 2014—a marked nine  
12 percentage point drop.

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

16 (4) Indeed, outstanding student loan balances have more than doubled in  
17 real terms to about \$1.5 trillion in the last decade, with average real student  
18 loan debt per capita for individuals 24 to 32 years of age rising from about  
19 \$5,000 in 2005 to \$10,000 in 2014.

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



1           (2) The Agency shall pay the additional assistance directly to the  
2           borrower's student loan lender.

3           (3) If the buyer has documented student debt, the Agency shall forgive  
4           \$4,000.00 of the down payment assistance loan upon each anniversary of the  
5           loan date provided that the down payment assistance loan has not matured and  
6           the student debt remains current and outstanding.

7           (3) The Agency shall make reasonable efforts to give priority to a buyer  
8           who is employed in an area in which Vermont is experiencing a significant  
9           workforce shortage, as determined by the Agency.

10          (c) The Agency shall:

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

13           (2) promote awareness of the Program;

14           (3) provide assistance to qualifying buyers beginning on January 1,  
15           2021, subject to available funding; and

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

18           (d) On or before December 15 of each year the Agency provides assistance  
19           pursuant to this section, the Agency shall submit a report to the House  
20           Committee on Commerce and Economic Development and the Senate

1 Committee on Economic Development, Housing and General Affairs

2 concerning the implementation of this section, including:

3 (1) a description of the policies and procedures adopted to implement  
4 the Program;

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

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

7 (e) In addition to the \$250,000 in affordable housing tax credit allocations  
8 for the Down Payment Assistance Program authorized in 32 V.S.A. §  
9 5930u(h)(2), in fiscal year 2021 through 2026 the Agency may award up to  
10 \$1,000,000 in total first-year credit allocations for loans through the Rural  
11 Vermont Workforce Incentive Program.

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

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

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

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

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

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

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

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

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

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

18           (iii) recapture of State and local income tax deductions not taken  
19 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 an  
17 institution of higher education.

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

19 (A) makes payments on a qualified student loan during the taxable  
20 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. 32 V.S.A. § 5830g is added to read:

16          § 5830g. EMPLOYER CREDIT FOR EMPLOYEE STUDENT LOAN  
17                   PAYMENTS

18           (a) As used in this section:

19           (1) “Institution of higher education” means an institution of  
20           postsecondary education that generally limits enrollment to graduates of  
21           secondary schools and awards degrees at either the baccalaureate or graduate

1 level. An institution of higher education includes public, private nonprofit, and  
2 for-profit institutions of higher education.

3 (2) “Qualified education loan” means a loan incurred to attend an  
4 institution of higher education.

5 (3) “Qualified employee” means an individual who is employed full  
6 time and who is domiciled in this State during the entire taxable year.

7 (4) “Qualified employer” means a person who is required to furnish  
8 unemployment insurance coverage pursuant to 21 V.S.A. chapter 17.

9 (5) “Qualified payment” means a payment made by a qualified  
10 employer directly to a lender or through a customized repayment program on a  
11 qualified education loan on behalf of a qualified employee.

12 (b) A qualified employer that makes a qualified payment on a qualified  
13 education loan on behalf of the employer’s qualified employee shall be eligible  
14 for a nonrefundable credit against the tax imposed, for that taxable year, on the  
15 employer’s income under section 5822, 5832, or 5836 of this title. The credit  
16 shall be in an amount equal to the payments made to the outstanding balance of  
17 the employee’s loan by the employer during the taxable year, provided the  
18 amount of credit allowed for each qualified employee in each taxable year  
19 shall not exceed \$5,000.00.

1        (c) A qualified employer that claims the credit under this section shall  
2        provide any information requested in the form and manner required by the  
3        Commissioner of Taxes.

4        Sec. 7. 32 V.S.A. § 5825a(b) is amended to read:

5        (b) A taxpayer who has received a credit under subsection (a) of this  
6        section shall repay to the Commissioner 10 percent of any distribution from a  
7        higher education investment plan account, ~~which distribution is not used~~  
8        ~~exclusively for costs of attendance at an approved postsecondary education~~  
9        ~~institution as defined in 16 V.S.A. § 2822(6)~~, up to a maximum of the total  
10       credits received by the taxpayer under subsection (a) of this section minus any  
11       amount of repayment of such credits in prior tax years except when the  
12       distribution:

13        (1) is used exclusively for costs of attendance at an approved  
14        postsecondary education institution as defined in 16 V.S.A. § 2822(6);

15        (2) qualifies as an expense associated with registered apprenticeship  
16        programs pursuant to 26 U.S.C. § 529(c)(8) or as an education loan repayment  
17        pursuant to 26 U.S.C. § 529(c)(9); or

18        (3) is made after the death of the beneficiary or after the beneficiary  
19        becomes disabled pursuant to subdivisions (q)(2)(C) and (m)(7) of 26 U.S.C.  
20        § 72.



1        This act shall take effect on July 1, 2020, except that Secs. 3–7 shall take  
2        effect on January 1, 2021 and apply to returns filed for taxable year 2021 and  
3        after.