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H.71

Introduced by Representatives Gregoire of Fairfield, Hango of Berkshire,
Batchelor of Derby, Brennan of Colchester, Donahue of
Northfield, Goslant of Northfield, Grad of Moretown, Leffler of
Enosburgh, Morgan, L. of Milton, Morrissey of Bennington,
Page of Newport City, Savage of Swanton, Scheuermann of
Stowe, Sibilias of Dover, Smith of Derby, Strong of Albany, and
Toof of St. Albans Town

Referred to Committee on

Date:

Subject: Taxation; personal income tax; exemption

Statement of purpose of bill as introduced: This bill proposes to exempt U.S.
military retirement pay from the Vermont personal income tax.

An act relating to exempting U.S. military retirement pay from income tax

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

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

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

* * *

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 * * *

5 (vi) any federally taxable U.S. military retirement pay; and

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

7 (y) The statutory purpose of the exemption of federally taxable U.S.
8 military retirement pay in subdivision 5811(21)(B)(vi) of this title is to
9 recognize the military service of Vermonters who derive part of their income
10 from military retirement pay.

11 Sec. 3. EFFECTIVE DATE

12 This act shall take effect on January 1, 2022 and shall apply to taxable year
13 2022 and after.