

1 H.113

2 Introduced by Representative Troiano of Stannard

3 Referred to Committee on

4 Date:

5 Subject: Taxation; income tax; exemption; property tax credit; household
6 income

7 Statement of purpose of bill as introduced: This bill proposes to treat kinship
8 care payments as exempt income comparable to foster care payments for the
9 purposes of calculating Vermont personal income tax liability and Vermont
10 property tax credits. The bill also proposes to create a study committee on
11 kinship care in Vermont.

12 An act relating to exempting kinship care payments from taxation

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

14 Sec. 1. 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 * * *

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

20 * * *

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 any federal deduction or credit that the taxpayer
5 would have been allowed for the cultivation, testing, processing, or sale of
6 cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37,
7 but for 26 U.S.C. § 280E; and

8 (vi) kinship guardianship assistance received pursuant to
9 33 V.S.A. § 4903, Child-Only Reach Up assistance for kinship care received
10 pursuant to 33 V.S.A. chapter 11, and any other kinship payments that are
11 substantially similar to foster care payments excludible pursuant to 26 U.S.C.
12 § 131; and

13 * * *

14 Sec. 2. 32 V.S.A. § 6061(5) is amended to read:

15 (5) “Modified adjusted gross income” means “federal adjusted gross
16 income”:

17 * * *

18 (C) Without the inclusion of: any gifts from nongovernmental
19 sources other than those described in subdivision (B) of this subdivision (5);
20 surplus food or other relief in kind supplied by a governmental agency; or the
21 first \$6,500.00 of income earned by a full-time student who qualifies as a

1 dependent of the claimant under the federal Internal Revenue Code; the first
2 \$6,500.00 of income received by a person who qualifies as a dependent of the
3 claimant under the Internal Revenue Code and who is the claimant's parent or
4 adult child with a disability; any income attributable to cancellation of debt; or
5 payments made by the State pursuant to 33 V.S.A. chapters 49 and 55 for
6 foster or kinship guardianship care, or Child-Only Reach Up payments made
7 by the State pursuant to 33 V.S.A. chapter 11 for kinship care, or any other
8 kinship payments that are substantially similar to foster care payments
9 excludible pursuant to 26 U.S.C. § 131, or payments made by the State or an
10 agency designated in 18 V.S.A. § 8907 for adult foster care or to a family for
11 the support of a person who is eligible and who has a developmental disability.
12 If the Commissioner determines, upon application by the claimant, that a
13 person resides with a claimant who has a disability or was at least 62 years of
14 age as of the end of the year preceding the claim, for the primary purpose of
15 providing attendant care services (as defined in 33 V.S.A. § 6321) or
16 homemaker or companionship services, with or without compensation, which
17 allow the claimant to remain in his or her home or avoid institutionalization,
18 the Commissioner shall exclude that person's modified adjusted gross income
19 from the claimant's household income. The Commissioner may require that a

1 certificate in a form satisfactory to him or her be submitted which supports the
2 claim.

3 * * *

4 Sec. 3. KINSHIP CARE STUDY COMMITTEE; REPORT

5 (a) Creation. There is created the Kinship Care Study Committee to
6 research and examine the caregiving roles that Vermonters assume for other
7 family members' children. The Committee shall pay particular attention to the
8 different types of State financial assistance paid to these caregivers and the
9 ways that the Vermont tax code could be amended to relieve the tax burden on
10 kinship care payments.

11 (b) Membership. The Committee shall be composed of the following
12 members:

13 (1) one current member of the House of Representatives, who shall be
14 appointed by the Speaker of the House;

15 (2) one current member of the Senate, who shall be appointed by the
16 Committee on Committees;

17 (3) the Commissioner for Children and Families or designee;

18 (4) the Commissioner of Taxes or designee;

19 (5) the Executive Director of the Community of Vermont Elders or
20 designee;

1 (6) the President of the Board of Directors of the Vermont Kin as
2 Parents or designee; and

3 (7) the President of the Executive Board of the Vermont Foster and
4 Adoptive Family Association or designee.

5 (c) Powers and duties. The Committee shall study the provision of kinship
6 care in Vermont, including the following issues:

7 (1) the types of kinship care payments that Vermont caregivers receive;

8 (2) the cost to the State of the proposed income tax and household
9 income exclusions;

10 (3) the tax treatment of kinship care payments in other states; and

11 (4) whether there are legislative changes that would give kinship care
12 payment recipients comparable tax treatment to that given to foster care
13 payment recipients.

14 (d) Assistance. For purposes of scheduling meetings and preparing
15 recommended legislation, the Committee shall have the assistance of the
16 Office of Legislative Counsel and the Joint Fiscal Office.

17 (e) Report. On or before January 15, 2022, the Committee shall submit a
18 written report to the House Committees on Human Services and on Ways and
19 Means and the Senate Committees on Health and Welfare and on Finance with
20 its findings and any recommendations for legislative action.

21 (f) Meetings.

1 (1) The Commissioner for Children and Families or designee shall call
2 the first meeting of the Committee to occur on or before October 1, 2021.

3 (2) The Committee shall select a chair from among its members at the
4 first meeting.

5 (3) A majority of the membership shall constitute a quorum.

6 Sec. 4. EFFECTIVE DATES

7 This act shall take effect on passage except Secs. 1 (taxable income
8 definition) and 2 (modified adjusted gross income definition) shall take effect
9 on January 1, 2023 and apply to taxable years beginning on or after January 1,
10 2023.