

1 H.373

2 Introduced by Representative Noyes of Wolcott

3 Referred to Committee on

4 Date:

5 Subject: Taxation; income tax; exemption

6 Statement of purpose of bill as introduced: This bill proposes to exempt  
7 military retirement pay from Vermont's personal income tax and recruit  
8 retiring military veterans to this State.

9 An act relating to exempting military retirement pay from Vermont income  
10 tax and recruiting military veterans

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

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

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

15 \* \* \*

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

19 \* \* \*

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

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

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

6 Sec. 3. 2019 Acts and Resolves No. 80, Sec. 12 is amended to read:

7 Sec. 12. NEW WORKER RELOCATION INCENTIVE PROGRAM

8 (a) The Agency of Commerce and Community Development shall design  
9 and implement a New Worker Relocation Incentive Program to award  
10 incentive grants to new workers as provided in this section and subject to the  
11 policies and procedures the Agency adopts to implement the Program.

12 (b) Incentives for new workers. A new worker may be eligible for a grant  
13 under the Program for qualifying expenses, subject to the following:

14 (1) A base grant for a new worker shall not exceed \$5,000.00.

15 (2) The Agency may award an enhanced grant, which shall not exceed  
16 \$7,500.00, for a new worker who relocates to a labor market area in this State  
17 in which:

18 (A) the average annual unemployment rate in the labor market area  
19 exceeds the average annual unemployment rate in the State; or

20 (B) the average annual wage in the State exceeds the annual average  
21 wage in the labor market area.

1 (c) The Agency shall:

2 (1) adopt procedures for implementing the Program, which shall include  
3 a simple certification process to certify new workers and qualifying expenses;

4 (2) promote awareness of the Program, including through coordination  
5 with relevant trade groups and by integration into the Agency's economic  
6 development marketing campaigns;

7 (3) award grants on a first-come, first-served basis beginning on  
8 January 1, 2020, subject to available funding; and

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

11 (d) On or before October 1, 2020, the Agency shall submit a report to the  
12 House Committee on Commerce and Economic Development and the Senate  
13 Committee on Economic Development, Housing and General Affairs  
14 concerning the implementation of this section, including:

15 (1) a description of the policies and procedures adopted to implement  
16 the Program; and

17 (2) the promotion and marketing of the Program.

18 (e) As used in this section:

19 (1) "New worker" means a qualified military veteran or an individual  
20 who on or after January 1, 2020:

21 (A) becomes a full-time resident of this State;

1 (B) becomes a full-time employee of a business domiciled or  
2 authorized to do business in this State;

3 (C)(i) is employed in an occupation identified by the Department of  
4 Labor in its 2016–2026 Long Term Occupational Projections as one of the top  
5 occupations at each level of educational attainment typical for entry; or

6 (ii) who the Agency determines should otherwise receive an  
7 incentive grant under the Program because the worker possesses exceptional  
8 education, skills, or training or due to other extraordinary circumstances; and

9 (D) whose gross wage for the position equals or exceeds:

10 (i) 160 percent of the State minimum wage; or

11 (ii) if the employer is located in a labor market area in which the  
12 average annual unemployment rate is higher than the average annual  
13 unemployment rate for the State, 140 percent of the State minimum wage.

14 (2) “Qualifying expenses” means the actual costs that a new worker  
15 incurs for one or more of the following:

16 (A) relocation expenses, which may include closing costs for a  
17 primary residence; rental security deposit; first month’s rent payment; and  
18 other expenses established in Agency guidelines; and

19 (B) expenses necessary for a new worker to perform his or her  
20 employment duties, including connectivity costs, specialized tools and  
21 equipment, and other expenses established in Agency guidelines.

- 1           (3) “Qualifying military veteran” means an individual who:  
2                   (A) is honorably discharged from active duty in the U.S. Armed  
3           Forces or a state national guard; and  
4                   (B) on or after January 1, 2021:  
5                           (i) becomes a full-time resident of this State; and  
6                           (ii)(I) becomes a full-time employee of a business domiciled or  
7           authorized to do business in this State; or  
8                           (II) registers with the Secretary of State a new business in  
9           which the individual owns a controlling interest.

10       Sec. 4. EFFECTIVE DATES

- 11           (a) This section and Sec. 3 (new worker relocation incentive) shall take  
12           effect on July 1, 2021.  
13           (b) Secs. 1 and 2 (military retirement pay exemption) shall take effect on  
14           January 1, 2022 and shall apply to taxable years beginning on and after  
15           January 1, 2022.