

1 H.510

2 Introduced by Representatives Ancel of Calais, Beck of St. Johnsbury,
3 Kornheiser of Brattleboro, Ode of Burlington, Pugh of South
4 Burlington, and Webb of Shelburne

5 Referred to Committee on

6 Date:

7 Subject: Taxation; income tax; Vermont child tax credit

8 Statement of purpose of bill as introduced: This bill proposes to create a
9 refundable Vermont child tax credit of \$1,200.00 per qualifying child who is
10 six years of age or younger. Half of the credit will be paid in advance monthly
11 payments, and the other half of the credit will be paid at the time of filing an
12 income tax return.

13 An act relating to creating a Vermont child tax credit

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

15 Sec. 1. 32 V.S.A. § 5830f is added to read:

16 § 5830f. VERMONT CHILD TAX CREDIT

17 (a) A resident individual or part-year resident individual who is entitled to a
18 child tax credit under the laws of the United States shall be entitled to a
19 refundable credit against the tax imposed by section 5822 of this title for the
20 taxable year. The total credit per taxable year shall be in the amount of

1 \$1,200.00 per qualifying child, as defined under 26 U.S.C. § 152(c), who is six
2 years of age or younger. For a part-year resident individual, the amount of the
3 credit shall be multiplied by the percentage that the individual's income that is
4 earned or received during the period of the individual's residency in this State
5 bears to the individual's total income.

6 (b) Notwithstanding subsection (a) of this section, the annual amount of the
7 credit under this section shall be reduced, but not below zero, by \$50.00 for
8 each \$1,000.00, or fraction thereof, by which the individual's adjusted gross
9 income exceeds the threshold amount. As used in this subsection, "threshold
10 amount" means:

11 (1) \$200,000.00 for individuals whose filing status is single, married
12 filing separately, head of household, or surviving spouse; or

13 (2) \$400,000.00 for individuals whose filing status is married filing
14 jointly.

15 (c)(1) The Commissioner shall establish a program to make advance
16 monthly payments of the credit under this section during the calendar year that,
17 in the aggregate, equal 50 percent of the annual amount of the credit allowed to
18 each individual for the taxable year. The monthly payments made to an
19 individual during the calendar year shall be in equal amounts, except that the
20 Commissioner may modify the monthly amount upon receipt of any
21 information furnished by the individual that allows the Commissioner to

1 determine the annual amount. The remaining 50 percent of the annual amount
2 of the credit allowed to each individual shall be determined at the time of filing
3 a Vermont personal income tax return for the taxable year pursuant to section
4 5861 of this title.

5 (2) The Commissioner shall provide a process by which individuals may
6 elect not to receive advance monthly payments under this subsection.

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

8 (y) The statutory purpose of the Vermont child tax credit in section 5830f
9 of this title is to provide financial support to families with young children.

10 Sec. 3. EFFECTIVE DATE

11 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
12 January 1, 2022 and shall apply to taxable years beginning on and after
13 January 1, 2022.