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H.558

Introduced by Representatives Harrison of Chittenden, Achey of Middletown
Springs, Beck of St. Johnsbury, Birong of Vergennes, Brownell
of Pownal, Christie of Hartford, Coffey of Guilford, Dolan of
Waitsfield, Donahue of Northfield, Gannon of Wilmington,
Goslant of Northfield, Gregoire of Fairfield, Hango of
Berkshire, Hooper of Burlington, Labor of Morgan, Leffler of
Enosburgh, Morgan, L. of Milton, Morgan, M. of Milton,
Morris of Springfield, Norris of Sheldon, Noyes of Wolcott,
Page of Newport City, Palasik of Milton, Parsons of Newbury,
Peterson of Clarendon, Rosenquist of Georgia, Scheuermann of
Stowe, Smith of Derby, Troiano of Stannard, and Williams of
Granby

Referred to Committee on

Date:

Subject: Taxation; personal income tax; exemption; Social Security benefits

Statement of purpose of bill as introduced: This bill proposes to amend the
Vermont personal income tax exemption for Social Security benefits by
increasing the income thresholds by \$10,000.00.

1 An act relating to increasing the income tax exemption for Social Security
2 benefits

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

4 Sec. 1. 32 V.S.A. § 5830e is amended to read:

5 § 5830e. SOCIAL SECURITY INCOME

6 The portion of federally taxable Social Security benefits excluded from
7 taxable income under subdivision 5811(21)(B)(iv) of this chapter shall be as
8 follows:

9 (1) For taxpayers whose filing status is single, married filing separately,
10 head of household, or ~~qualifying widow or widower~~ surviving spouse:

11 (A) If the federal adjusted gross income of the taxpayer is less than or
12 equal to ~~\$45,000.00~~ \$55,000.00, all federally taxable benefits received under
13 the federal Social Security Act shall be excluded.

14 (B) If the federal adjusted gross income of the taxpayer is greater
15 than ~~\$45,000.00~~ \$55,000.00 but less than ~~\$55,000.00~~ \$65,000.00, the
16 percentage of federally taxable benefits received under the Social Security Act
17 to be excluded shall be proportional to the amount of the taxpayer's federal
18 adjusted gross income over ~~\$45,000.00~~ \$55,000.00, determined by:

19 (i) subtracting the federal adjusted gross income of the taxpayer
20 from ~~\$55,000.00~~ \$65,000.00;

21 (ii) dividing the value under subdivision (i) of this subdivision (B)
22 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this
2 subdivision (B) by the federally taxable benefits received under the Social
3 Security Act.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$55,000.00~~ \$65,000.00, no amount of the federally taxable
6 benefits received under the Social Security Act shall be excluded under this
7 section.

8 (2) For taxpayers whose filing status is married filing jointly:

9 (A) If the federal adjusted gross income of the taxpayer is less than or
10 equal to ~~\$60,000.00~~ \$70,000.00, all federally taxable benefits received under
11 the Social Security Act shall be excluded.

12 (B) If the federal adjusted gross income of the taxpayer is greater
13 than ~~\$60,000.00~~ \$70,000.00 but less than ~~\$70,000.00~~ \$80,000.00, the
14 percentage of federally taxable benefits received under the Social Security Act
15 to be excluded shall be proportional to the amount of the taxpayer's federal
16 adjusted gross income over ~~\$60,000.00~~ \$70,000.00, determined by:

17 (i) subtracting the federal adjusted gross income of the taxpayer
18 from ~~\$70,000.00~~ \$80,000.00;

19 (ii) dividing the value under subdivision (i) of this subdivision (B)
20 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this
2 subdivision (B) by the federally taxable benefits received under the Social
3 Security Act.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$70,000.00~~ \$80,000.00, no amount of the federally taxable
6 benefits received under the Social Security Act shall be excluded under this
7 section.

8 Sec. 2. EFFECTIVE DATE

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