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H.597

Introduced by Representatives Canfield of Fair Haven, Birong of Vergennes,  
Hango of Berkshire, Martel of Waterford, and Noyes of Wolcott

Referred to Committee on

Date:

Subject: Taxation; income tax; exemption; U.S. military retirement income;  
U.S. military survivor benefits

Statement of purpose of bill as introduced: This bill proposes to exempt  
certain military income from Vermont personal income tax. This bill would  
exempt all U.S. military retirement income and U.S. military survivor benefit  
income received by the surviving spouse of a deceased service member.

An act relating to exempting military retirement and military survivor  
benefit income

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) federally taxable U.S. military retirement income; and

6 (vii) federally taxable U.S. military survivor benefit income  
7 received by the surviving spouse of a deceased service member; and

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

9 (y) The statutory purpose of the exemptions for U.S. military retirement  
10 income and U.S. military survivor benefits in subdivisions 5811(21)(B)(vi) and  
11 (21)(B)(vii) of this title is to recognize the military service of Vermonters.

12 Sec. 3. EFFECTIVE DATE

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