

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

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

4 * * *

5 (iii) recapture of State and local income tax deductions not taken
6 against Vermont income tax; ~~and~~

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

10 (v) [Reserved.]

11 (vi) the first \$10,000.00 of federally taxable U.S. military
12 retirement pay; and

13 * * *

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

15 (y) The statutory purpose of the exclusion of the first \$10,000.00 of
16 federally taxable U.S. military retirement pay in subdivision 5811(21)(B)(vi)
17 of this title is to recognize the military service of Vermonters who derive part
18 of their income from military retirement pay.

19 Sec. __. EFFECTIVE DATES

20 (x) Notwithstanding 1 V.S.A. § 214, Sec. X (military retirement pay) shall
21 take effect on January 1, 2021 and shall apply to taxable years beginning on
22 and after January 1, 2021.