

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill
3 No. 510 entitled “An act relating to creating a Vermont child tax credit”
4 respectfully reports that it has considered the same and recommends that the
5 bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 * * * Child Tax Credit * * *

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

9 § 5830f. VERMONT CHILD TAX CREDIT

10 (a) A resident individual or part-year resident individual who is entitled to a
11 child tax credit under the laws of the United States shall be entitled to a
12 refundable credit against the tax imposed by section 5822 of this title for the
13 taxable year. The total credit per taxable year shall be in the amount of
14 \$1,200.00 per qualifying child, as defined under 26 U.S.C. § 152(c), who is six
15 years of age or younger as of the close of the calendar year in which the
16 taxable year of the taxpayer begins. For a part-year resident individual, the
17 amount of the credit shall be multiplied by the percentage that the individual’s
18 income that is earned or received during the period of the individual’s
19 residency in this State bears to the individual’s total income.

20 (b) Notwithstanding subsection (a) of this section, the amount of the credit
21 under this section shall be reduced, but not below zero, by \$50.00 for each

1 \$1,000.00, or fraction thereof, by which the individual's adjusted gross income
2 exceeds \$200,000.00, irrespective of the individual's filing status. For
3 purposes of this subsection, spouses filing jointly shall be considered an
4 individual.

5 (c) Notwithstanding any provision of law to the contrary, the refundable
6 credit and its payment authorized under this section shall be treated in the same
7 manner as the federal Earned Income Tax Credit and shall not be considered as
8 assets, income, or resources to the same extent the credit and its payment
9 would be disregarded pursuant to 26 U.S.C. § 6409 and the general welfare
10 doctrine for purposes of determining eligibility for benefits or assistance, or the
11 amount or extent of those benefits or assistance, under any State or local
12 program, including programs established under 33 V.S.A. § 3512 and chapters
13 11, 17, 21, 25, and 26, for a period of 12 months from receipt. This subsection
14 shall only apply to the extent that it does not conflict with federal law relating
15 to the benefit or assistance program and that any required federal approval or
16 waiver is first obtained for that program.

17 Sec. 2. 32 V.S.A. § 5830f(d) is added to read:

18 (d) The Commissioner shall determine and pay 50 percent of the credit
19 allowed to each individual under this section on or before September 1 of the
20 taxable year, unless the individual elects not to receive the payment. The
21 remaining credit allowed to each individual under this section shall be

1 determined at the time of filing a Vermont personal income tax return for the
2 taxable year pursuant to section 5861 of this title.

3 Sec. 3. 32 V.S.A. § 5813(y) is added to read:

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

6 Sec. 4. REPORT ON MONTHLY CHILD TAX CREDIT PAYMENTS

7 On or before January 15, 2023, the Commissioner of Taxes, in consultation
8 with the Commissioner for Children and Families, shall report to the House
9 Committees on Human Services and on Ways and Means and the Senate
10 Committees on Finance and on Health and Welfare recommendations and
11 considerations for making advance monthly payments of the child tax credit
12 under 32 V.S.A. § 5830f, including:

13 (1) options for administering advance monthly payments during the
14 taxable year;

15 (2) structuring the advance monthly payments or requesting preliminary
16 approvals or waivers from federal benefit and assistance programs in a manner
17 that will exclude the advance monthly payments from income, assets, or
18 resources used in making benefit and assistance determinations; and

19 (3) any proposed legislative action.

20 * * * Social Security Income Exclusion * * *

1 Sec. 5. 32 V.S.A. § 5830e is amended to read:

2 § 5830e. SOCIAL SECURITY INCOME

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

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

8 (A) If the federal adjusted gross income of the taxpayer is less than or
9 equal to ~~\$45,000.00~~ \$50,000.00, all federally taxable benefits received under
10 the federal Social Security Act shall be excluded.

11 (B) If the federal adjusted gross income of the taxpayer is greater
12 than ~~\$45,000.00~~ \$50,000.00 but less than ~~\$55,000.00~~ \$60,000.00, the
13 percentage of federally taxable benefits received under the Social Security Act
14 to be excluded shall be proportional to the amount of the taxpayer's federal
15 adjusted gross income over ~~\$45,000.00~~ \$50,000.00, determined by:

16 (i) subtracting the federal adjusted gross income of the taxpayer
17 from ~~\$55,000.00~~ \$60,000.00;

18 (ii) dividing the value under subdivision (i) of this subdivision (B)
19 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~~ \$60,000.00, 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~~ \$65,000.00, 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~~ \$65,000.00 but less than ~~\$70,000.00~~ \$75,000.00, 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~~ \$65,000.00, determined by:

17 (i) subtracting the federal adjusted gross income of the taxpayer
18 from ~~\$70,000.00~~ \$75,000.00;

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~~ \$75,000.00, no amount of the federally taxable
6 benefits received under the Social Security Act shall be excluded under this
7 section.

8 * * * Effective Dates * * *

9 Sec. 6. EFFECTIVE DATES

10 (a) This section and Sec. 4 (report on monthly child tax credit payments)
11 shall take effect on passage.

12 (b) Notwithstanding 1 V.S.A. § 214, Secs. 1 (child tax credit), 3 (child tax
13 credit statutory purpose), and 5 (Social Security income exclusion) shall take
14 effect retroactively on January 1, 2022 and shall apply to taxable years
15 beginning on and after January 1, 2022.

16 (c) Sec. 2 (advance payment of child tax credit) shall take effect on January
17 1, 2023 and shall apply to taxable years beginning on and after January 1,
18 2023.

19 and that after passage the title of the bill be amended to read: “An act
20 relating to a Vermont Child Tax Credit and the Vermont Social Security
21 income exclusion”

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7 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE