

H.510 – CHILD TAX CREDIT AND SOCIAL SECURITY INCOME – SIDE-BY-SIDE SUMMARY
As Passed by House vs. Senate Finance Strike-All Amendment
April 21, 2022

Sec.	As Passed House	Sec.	Senate Finance Strike-All Amendment
1	<p>Child Tax Credit 32 V.S.A. § 5830f</p> <p>Adds a new section of statute creating a refundable Vermont Child Tax Credit.</p> <p>Subsec. (a)</p> <ul style="list-style-type: none"> • Available to residents or part-year residents who are entitled to a federal child tax credit (a part-year resident’s credit is pro-rated by their non-Vermont income). • \$1,200 credit <ul style="list-style-type: none"> ○ Per qualifying child as defined in 26 U.S.C. § 152(c) ○ Child must be six years of age or younger as of the close of the calendar year <p>Subsec. (b)</p> <p>Phases out credit amount for taxpayers whose AGI exceeds \$200,000 by \$50/1,000 of income. Phaseout threshold of \$200,000 applies to all filing statuses, both single and joint filers.</p> <p>Subsec. (c)</p> <p>Clarifies intent that the credit not be counted, to the extent allowable under federal law, and in the same way that the Earned Income Tax Credit is treated, in any income determinations for eligibility or the amount or extent of benefits provided under any State or local benefits or assistance programs.</p> <ul style="list-style-type: none"> • This includes: CCFAP, Reach Up, SNAP/3SquaresVT, General Assistance, Home Weatherization, and LIHEAP. 	1	<p>Child Tax Credit 32 V.S.A. § 5830f</p> <p>Same as version As Passed House, except:</p> <ul style="list-style-type: none"> • \$1,000 credit • Five years of age or younger • Phases out credit amount for taxpayers whose AGI exceeds \$55,000 by \$125/\$10,000 of income. • Requires taxpayers who are not otherwise required to file a return to file a simplified return in order to take the child tax credit.

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2	<p>Child Tax Credit 32 V.S.A. § 5830f(d)</p> <p>Adds a new subsection requiring Commissioner of Taxes to make one annual advance payment of credit on or before Sept. 1. Payment #1 occurs on or before Sept. 1, 2023. See, Sec. 6(c).</p>	2	<p>Child and Dependent Care Tax Credit 32 V.S.A. § 5822(d)</p> <p>Strikes credit for 24% of federal child and dependent care tax credit allowed to taxpayer.</p> <p><i>Removed House Sec. 2 on annual advance child tax credit payment.</i></p>
3	<p>Child Tax Credit 32 V.S.A. § 5813(y)</p> <p>Statutory purpose for Child Tax Credit is to provide financial support to families with young children.</p> <p>A statutory purpose is required by 32 V.S.A. § 312(d), which requires tax expenditures to have a statutorily enacted purpose explaining the policy goal behind the expenditure.</p>	3	<p>Child and Dependent Care Tax Credit 32 V.S.A. § 5828c</p> <p>Amends low-income child and dependent care credit to remove income-eligibility requirement and provide a fully refundable child and dependent care credit that is 100% of federal credit allowed to taxpayer.</p> <p><i>Statutory purpose for child tax credit is moved to Sec. 9.</i></p>
4	<p>Child Tax Credit REPORT; MONTHLY CHILD TAX CREDIT PAYMENTS</p> <p>Requires Commissioner of Taxes, in consultation with Commissioner for Children and Families, to report to House Committees on Human Services and on Ways and Means and Senate Committees on Finance and on Health and Welfare on or before January 15, 2023.</p> <p>Report must make recommendations and considerations for making advance monthly payments of the child tax credit, including:</p> <p style="padding-left: 40px;">(1) options for administering advance monthly payments during the taxable year;</p>	4	<p>Student Loan Interest Deduction 32 V.S.A. § 5811</p> <p>Allows qualified resident taxpayers to deduct all interest paid on a qualified education loan for costs of attendance at an eligible educational institution (as defined under federal student loan deduction law, I.R.C. § 221).</p> <p>Taxpayers must meet income limits:</p> <ul style="list-style-type: none"> • \$120,000 if filing status is single, head of household, or married filing separately • \$200,000 if filing status is married filing jointly <p><i>Removed House Sec. 4 report on monthly child tax credit payments.</i></p>

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	<p>(2) structuring advance monthly payments of credit or requesting preliminary approvals or waivers from federal benefit and assistance programs in a way that will not include monthly payments in benefit and assistance determinations; and</p> <p>(3) any proposed legislative action.</p>		
5	<p>Social Security Income Exclusion 32 V.S.A. § 5830e</p> <p>Amends existing exclusion from Vermont taxable income for Social Security benefits. Increases adjusted gross income thresholds for determining both eligibility for the exclusion and the amount of Social Security income that may be excluded. Each threshold is increased by \$5,000.</p>	5	<p>Statutory Purposes for Tax Expenditures 32 V.S.A. § 5813</p> <p>Amending existing child and dependent care tax credit purposes and adding new purposes for:</p> <ol style="list-style-type: none"> 1. child tax credit 2. student loan interest deduction <p>32 V.S.A. § 312(d) requires the purpose for each tax expenditure to be enacted in statute.</p> <p><i>Moved House Sec. 5 Social Security Income Exclusion increase to Sec. 12.</i></p>
6	<p>Effective Dates</p> <p>(a) Effective dates section and Sec. 4 (report on monthly child tax credit payments) take effect on passage.</p> <p>(b) Secs. 1 (child tax credit), 3 (child tax credit statutory purpose), and 5 (Social Security income exclusion) take effect retroactively on January 1, 2022.</p> <p>(c) Sec. 2 (advance payment of child tax credit) takes effect on January 1, 2023.</p>	6-10	<p>Sunsets; Tax Credits and Deductions</p> <p>32 V.S.A. § 5830f: child tax credit is repealed</p> <p>32 V.S.A. §§ 5822(d) and 5828c: child and dependent care tax credit changes are struck and current statute is restored (24% credit and 50% low-income credit).</p> <p>32 V.S.A. § 5811(21)(B)(vi): student loan interest deduction is repealed.</p> <p>32 V.S.A. § 5813: statutory purposes for tax credits and deduction are amended to reflect sunsets.</p>

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		11-12	<p>Retirement Income Exemptions 32 V.S.A. § 5811(21)(B)(iv) and 32 V.S.A. § 5830e</p> <p>Increases income thresholds by \$5,000 for:</p> <ul style="list-style-type: none"> • Social Security benefit exemption • \$10,000 exemption for income from CSRS, other contributory government retirement systems, or U.S. military retirement.
		13	<p>Affordable Housing Tax Credit; Manufactured Homes 32 V.S.A. § 5930u(g)</p> <p>Increases annual amount of first-year affordable housing tax credits by \$250,000 per year. Dedicates that amount to credits used for purchasing and restoring manufactured homes.</p>
		14	<p>Appropriation for Aid for the Aged, Blind, and Disabled program</p> <p>FY2023 total appropriation of \$1.7 million to fund the Global Commitment investment, to the Secretary’s Office of the Agency of Human Services:</p> <ul style="list-style-type: none"> • \$750,000 from the General Fund • \$950,000 from federal funds. <p>Intent of General Assembly is to continue to fund annual budget for the Aid for the Aged, Blind, and Disabled program at fiscal year 2023 amount in fiscal year 2024 and going forward.</p>

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		15	<p>Appropriation for child care worker retention grant program</p> <p>FY2023 appropriation of \$3.5 million from the General Fund to the Department for Children and Families to continue to fund the early childhood staff and home-based provider retention grant program.</p>
		16	<p>Effective Dates</p> <p>(a) Effective dates section takes effect on passage.</p> <p>(b) Secs. 1–7, 11, and 12 (all tax credits and exclusions) take effect retroactively on January 1, 2022.</p> <p>(c) Secs. 6–10 (sunsets; tax credits and deduction) take effect on January 1, 2025.</p> <p>(d) Secs. 8 (affordable housing credit) and 14 and 15 (appropriations) take effect on July 1, 2022.</p>
			<p>Title</p> <p>Amends bill title after passage to: “An act relating to tax reductions and other aid for Vermonters”</p>