

**H.510, AN ACT RELATING TO A VERMONT CHILD TAX CREDIT AND THE VERMONT
SOCIAL SECURITY INCOME EXCLUSION, AS PASSED BY HOUSE
SECTION-BY-SECTION SUMMARY – March 15, 2022**

Sec.	Topic	Notes
Child Tax Credit		
1	<p>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 under 26 U.S.C. § 152(c) ○ child must be six years of age or younger as of the close of the calendar year in which the taxable year of the taxpayer begins <p>Subsec. (b)</p> <p>Phases out the amount of credit for taxpayers whose adjusted gross income exceeds \$200,000. Phase out 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 the following programs: CCFAP, Reach Up, SNAP/3SquaresVT, General Assistance, Home Weatherization, and LIHEAP. <p>Credit would take effect retroactively in taxable year 2022, and first available in filing season 2023. See, Sec. 6(b).</p>	
2	<p>32 V.S.A. § 5830f(d)</p> <p>Adds a new subsection requiring the Commissioner of Taxes to make one annual advance payment of the credit on or before September 1.</p> <p>The first payment would occur on or before September 1, 2023. See, Sec. 6(c).</p>	
3	<p>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>	

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4	<p>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> <ul style="list-style-type: none"> (1) options for administering advance monthly payments during the taxable year; (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 (3) any proposed legislative action. 	
Social Security Income Exclusion		
5	<p>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> <p>Corrects a reference to Vermont income tax filing statuses, which under 32 V.S.A. § 5822 include surviving spouses, not qualifying widows or widowers.</p>	
Effective Dates		
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 and apply to taxable years beginning on and after January 1, 2022.</p> <p>(c) Sec. 2 (advance payment of child tax credit) takes effect on January 1, 2023 and applies to taxable years beginning on and after January 1, 2023.</p>	