

## MEMORANDUM

**To:** Senator Ann Cummings, Chair, Senate Finance Committee  
**From:** Adaline Strumolo, Deputy Commissioner, DVHA  
**Date:** April 18, 2022  
**Subject:** H. 510 An act relating to a Vermont Child Tax Credit and the Vermont Social Security income exclusion

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DVHA has had the opportunity to confer with the Department for Children and Families and the Vermont Department of Tax on H. 510 and would like to offer the following feedback for your consideration.

Payments made to Vermonters could have a negative impact on Medicaid benefits if they count against federal and state financial eligibility limits. It is DVHA's understanding that the payments contemplated in H. 510 are intended to be disregarded for purposes of Medicaid eligibility. To bring this to fruition, DVHA seeks to:

1. Confirm the applicability of the General Welfare Doctrine to the H. 510 Child Tax Credit program for the purpose of excluding the payments for Medicaid financial eligibility that is based on federal taxable income (Medicaid for Children and Adults). Our understanding is that the drafters and Legislative Counsel have already determined applicability, but we seek confirmation.
2. Inform Committee members that DVHA must ask the federal government for permission to exclude the payments for purposes of Medicaid financial eligibility that is not based on taxable income, Medicaid for the Aged, Blind and Disabled (MABD). MABD has both income and resource eligibility limits. Permission to exclude the payments for MABD would happen through a federal process that DVHA could undertake within the next year, consistent with the last sentence of Section 1.



DVHA would also suggest the following technical changes to the bill text:

1. Add reference to Medical Assistance (Medicaid) 33 V.S.A. Chapter 19 in the list of programs in Section 1 at § 5830f (c).
2. Remove the reference to the “period of 12 months” in Section 1 at § 5830f (c). For Medicaid eligibility, income is only countable in the month received. If it is retained by the individual into the following month, it is considered a resource. Only MABD has a resource test and the authority to exclude the payments as a resource for 12 months is contained in the U. S. Code provision already cited in this section (26 U.S.C. § 6409).
3. To the extent Section 4 remains in the bill, add DVHA as a consulted department.

Sec. 1. 32 V.S.A. § 5830f is added to read: § 5830f. VERMONT CHILD TAX CREDIT

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(c) Notwithstanding any provision of law to the contrary, the refundable credit and its payment authorized under this section shall be treated in the same manner as the federal Earned Income Tax Credit and shall not be considered as assets, income, or resources to the same extent the credit and its payment would be disregarded pursuant to 26 U.S.C. § 6409 and the general welfare doctrine for purposes of determining eligibility for benefits or assistance, or the amount or extent of those benefits or assistance, under any State or local program, including programs established under 33 V.S.A. § 3512 and chapters 11, 17, 19, 21, 25, and 26, ~~for a period of 12 months from receipt~~. This subsection shall only apply to the extent that it does not conflict with federal law relating to the benefit or assistance program and that any required federal approval or waiver is first obtained for that program.

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Sec. 4. REPORT ON MONTHLY CHILD TAX CREDIT PAYMENTS On or before January 15, 2023, the Commissioner of Taxes, in consultation with the Commissioners for Children and Families and Vermont Health Access, shall report to the House Committees on Human Services and on Ways and Means and the Senate Committees on Finance and on Health and Welfare recommendations and considerations for making advance monthly payments of the child tax credit under 32 V.S.A. § 5830f, including:

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