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H.26

Introduced by Representatives Birong of Vergennes, Hango of Berkshire, and
Sibilia of Dover

Referred to Committee on

Date:

Subject: Taxation; income tax; National Guard state active duty subsistence

Statement of purpose of bill as introduced: This bill proposes to exempt the
state active duty subsistence and quarters allowance paid to resident and
nonresident members of the National Guard from income tax in Vermont.

An act relating to an income tax exemption for members of the National
Guard

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 5823 is amended to read:

§ 5823. VERMONT INCOME OF INDIVIDUALS, ESTATES, AND
TRUSTS

(a) For any taxable year, the Vermont income of a resident individual is the
adjusted gross income of the individual for that taxable year, and the Vermont
income of a resident estate or trust is its gross income for the taxable year, less:

* * *

1 (2)(A) military pay for full-time active duty with the U.S. Armed
2 Services Forces earned outside the State; and

3 (B) the first \$2,000.00 of military pay for unit training in the State to
4 National Guard and U.S. Reserve personnel for whom the Adjutant and
5 Inspector General or Reserve Component Commander certifies that the
6 taxpayer completed all unit training of ~~his or her~~ the taxpayer's unit during the
7 calendar year, and who has a federal adjusted gross income of less than
8 \$50,000.00;

9 (C) state active duty subsistence and quarters allowance paid to
10 members of the National Guard under 20 V.S.A. § 603; and

11 (3)(D) funds received through the federal Armed Forces Educational
12 Loan Repayment Program under 10 U.S.C. chapters 109 and 1609, to the
13 extent the funds are included in adjusted gross income of the taxpayer for the
14 taxable year; and

15 * * *

16 (b) For any taxable year, the Vermont income of a nonresident individual,
17 estate, or trust is the sum of the following items of income to the extent they
18 are required to be included in the adjusted gross income of the individual or the
19 gross income of an estate or trust for that taxable year:

20 * * *

1 (3) wages, salaries, commissions, or other income received with respect
2 to services performed within this State, (but excluding the following:

3 (A) military pay for full-time active duty with the U.S. Armed
4 ~~Services and also excluding~~ Forces;

5 (B) funds received through the federal Armed Forces Educational
6 Loan Repayment Program under 10 U.S.C. chapters 109 and 1609; ~~and also~~
7 ~~excluding~~

8 (C) the first \$2,000.00 of military pay for unit training in the State to
9 National Guard and U.S. Reserve personnel for whom the Adjutant and
10 Inspector General or Reserve Component Commander certifies that the
11 taxpayer completed all unit training of ~~his or her~~ the taxpayer's unit during the
12 calendar year, and who has a federal adjusted gross income of less than
13 \$50,000.00) ~~received with respect to services performed within this State; and~~

14 (D) state active duty subsistence and quarters allowance paid to
15 members of the National Guard under 20 V.S.A. § 603;

16 * * *

17 Sec. 2. EFFECTIVE DATE

18 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
19 January 1, 2023 and apply to taxable years beginning on and after January 1,
20 2023.