

1 H.701

2 Introduced by Representatives Demrow of Corinth and Beck of St. Johnsbury

3 Referred to Committee on

4 Date:

5 Subject: Taxation; personal income tax; earned income tax credit; child tax
6 credit; debt setoff

7 Statement of purpose of bill as introduced: This bill proposes to amend the
8 amounts of the Vermont earned income tax credit and the Vermont child tax
9 credit and to exclude payment of these credits from tax debt setoff.

10 An act relating to the Vermont earned income tax credit and the Vermont
11 child tax credit

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

13 Sec. 1. 32 V.S.A. § 5828b is amended to read:

14 § 5828b. EARNED INCOME TAX CREDIT

15 (a)(1) A resident individual or part-year resident individual who is entitled
16 to an earned income tax credit granted under the laws of the United States or
17 who would have been entitled to an earned income tax credit under the laws of
18 the United States but for the fact that the individual, the individual's spouse, or
19 one or more of the individual's children does not have a qualifying taxpayer
20 identification number shall be entitled to a credit against the tax imposed for

1 each year by section 5822 of this title. The credit shall be ~~38 percent a~~
2 percentage, as determined under subdivision (2) of this subsection, of the
3 earned income tax credit granted to the individual under the laws of the United
4 States or that would have been granted to the individual under the laws of the
5 United States but for the fact that the individual, the individual's spouse, or one
6 or more of the individual's children does not have a qualifying taxpayer
7 identification number, multiplied by the percentage that the individual's
8 income that is earned or received during the period of the individual's
9 residency in this State bears to the individual's total income.

10 (2) The credit under this section shall be a percentage of the earned
11 income tax credit granted to the individual under the laws of the United States
12 as follows:

13 (A) for an individual who claims one qualifying child or more than
14 one qualifying child for purposes of the earned income tax credit under this
15 section during the taxable year, 55 percent; and

16 (B) for an individual who does not claim any qualifying children for
17 purposes of the earned income tax credit under this section during the taxable
18 year, 100 percent.

19 * * *

20 (c) Notwithstanding sections 3112 and 5891 and chapter 151, subchapter
21 12 of this title and any other provision of law to the contrary, the credit under

1 this section shall not be subject to tax debt setoff under the laws of this State or
2 another state.

3 Sec. 2. 32 V.S.A. § 5830f is amended to read:

4 § 5830f. VERMONT CHILD TAX CREDIT

5 * * *

6 (e) Notwithstanding sections 3112 and 5891 and chapter 151, subchapter
7 12 of this title and any other provision of law to the contrary, the credit under
8 this section shall not be subject to tax debt setoff under the laws of this State or
9 another state.

10 Sec. 3. EFFECTIVE DATE

11 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
12 January 1, 2024 and shall apply to taxable years beginning on and after
13 January 1, 2024.