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H.74

Introduced by Representatives Harrison of Chittenden, Noyes of Wolcott,
Bailey of Hyde Park, Bartley of Fairfax, Birong of Vergennes,
Bosch of Clarendon, Boyden of Cambridge, Burditt of West
Rutland, Burrows of West Windsor, Burt of Cabot, Casey of
Hubbardton, Christie of Hartford, Coffin of Cavendish, Cooper
of Pownal, Demar of Enosburgh, Dickinson of St. Albans
Town, Dobrovich of Williamstown, Galfetti of Barre Town,
Greer of Bennington, Gregoire of Fairfield, Hango of Berkshire,
Harple of Glover, Harvey of Castleton, Headrick of Burlington,
Higley of Lowell, Howard of Rutland City, Howland of Rutland
Town, Kascenska of Burke, Keyser of Rutland City, Krasnow
of South Burlington, Labor of Morgan, Laroche of Franklin,
Luneau of St. Albans City, Maguire of Rutland City, Malay of
Pittsford, Marcotte of Coventry, McCoy of Poultney, McFaun
of Barre Town, McGill of Bridport, Micklus of Milton, Morgan,
L. of Milton, Morgan, M. of Milton, Morris of Springfield,
Morrissey of Bennington, Morrow of Weston, Nielsen of
Brandon, North of Ferrisburgh, Ode of Burlington, Page of
Newport City, Pinsonault of Dorset, Priestley of Bradford,
Pritchard of Pawlet, Southworth of Walden, Surprenant of

1 Barnard, Tagliavia of Corinth, Taylor of Milton, Toof of St.
2 Albans Town, Waszazak of Barre City, Wells of Brownington,
3 White of Bethel, Winter of Ludlow, and Wood of Waterbury

4 Referred to Committee on

5 Date:

6 Subject: Taxation; income tax; Social Security benefits; tax exemption

7 Statement of purpose of bill as introduced: This bill proposes to phase in a full
8 income tax exemption for Social Security benefits over eight years. The
9 existing partial exemption exempts a larger portion of Social Security benefits
10 each year for seven years and Social Security benefits become fully exempt in
11 the eighth year.

12 An act relating to exempting Social Security benefits from Vermont income
13 tax

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

15 Sec. 1. 32 V.S.A. § 5830e is amended to read:

16 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

17 (a) Social Security income. The portion of federally taxable Social
18 Security benefits excluded from taxable income under subdivision
19 5811(21)(B)(iv) of this chapter shall be as follows:

1 (1) For taxpayers whose filing status is single, married filing separately,
2 head of household, or surviving spouse:

3 (A) If the federal adjusted gross income of the taxpayer is less than or
4 equal to ~~\$50,000.00~~ \$65,000.00, all federally taxable benefits received under
5 the federal Social Security Act shall be excluded.

6 (B) If the federal adjusted gross income of the taxpayer is greater
7 than ~~\$50,000.00~~ \$65,000.00 but less than ~~\$60,000.00~~ \$75,000.00, the
8 percentage of federally taxable benefits received under the Social Security Act
9 to be excluded shall be proportional to the amount of the taxpayer's federal
10 adjusted gross income over ~~\$50,000.00~~ \$65,000.00, determined by:

11 (i) subtracting the federal adjusted gross income of the taxpayer
12 from ~~\$60,000.00~~ \$75,000.00;

13 (ii) dividing the value under subdivision (i) of this subdivision (B)
14 by \$10,000.00; and

15 (iii) multiplying the value under subdivision (ii) of this
16 subdivision (B) by the federally taxable benefits received under the Social
17 Security Act.

18 (C) If the federal adjusted gross income of the taxpayer is equal to or
19 greater than ~~\$60,000.00~~ \$75,000.00, no amount of the federally taxable
20 benefits received under the Social Security Act shall be excluded under this
21 section.

1 (2) For taxpayers whose filing status is married filing jointly:

2 (A) If the federal adjusted gross income of the taxpayer is less than or
3 equal to ~~\$65,000.00~~ \$80,000.00, all federally taxable benefits received under
4 the Social Security Act shall be excluded.

5 (B) If the federal adjusted gross income of the taxpayer is greater
6 than ~~\$65,000.00~~ \$80,000.00 but less than ~~\$75,000.00~~ \$90,000.00, the
7 percentage of federally taxable benefits received under the Social Security Act
8 to be excluded shall be proportional to the amount of the taxpayer's federal
9 adjusted gross income over ~~\$65,000.00~~ \$80,000.00, determined by:

10 (i) subtracting the federal adjusted gross income of the taxpayer
11 from ~~\$75,000.00~~ \$90,000.00;

12 (ii) dividing the value under subdivision (i) of this subdivision (B)
13 by \$10,000.00; and

14 (iii) multiplying the value under subdivision (ii) of this
15 subdivision (B) by the federally taxable benefits received under the Social
16 Security Act.

17 (C) If the federal adjusted gross income of the taxpayer is equal to or
18 greater than ~~\$75,000.00~~ \$90,000.00, no amount of the federally taxable
19 benefits received under the Social Security Act shall be excluded under this
20 section.

21 * * *

1 Sec. 2. 32 V.S.A. § 5830e is amended to read:

2 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

3 (a) Social Security income. The portion of federally taxable Social
4 Security benefits excluded from taxable income under subdivision
5 5811(21)(B)(iv) of this chapter shall be as follows:

6 (1) For taxpayers whose filing status is single, married filing separately,
7 head of household, or surviving spouse:

8 (A) If the federal adjusted gross income of the taxpayer is less than or
9 equal to ~~\$65,000.00~~ \$77,000.00, all federally taxable benefits received under
10 the federal Social Security Act shall be excluded.

11 (B) If the federal adjusted gross income of the taxpayer is greater
12 than ~~\$65,000.00~~ \$77,000.00 but less than ~~\$75,000.00~~ \$87,000.00, the
13 percentage of federally taxable benefits received under the Social Security Act
14 to be excluded shall be proportional to the amount of the taxpayer's federal
15 adjusted gross income over ~~\$65,000.00~~ \$77,000.00, determined by:

16 (i) subtracting the federal adjusted gross income of the taxpayer
17 from ~~\$75,000.00~~ \$87,000.00;

18 (ii) dividing the value under subdivision (i) of this subdivision (B)
19 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this
2 subdivision (B) by the federally taxable benefits received under the Social
3 Security Act.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$75,000.00~~ \$87,000.00, no amount of the federally taxable
6 benefits received under the Social Security Act shall be excluded under this
7 section.

8 (2) For taxpayers whose filing status is married filing jointly:

9 (A) If the federal adjusted gross income of the taxpayer is less than or
10 equal to ~~\$80,000.00~~ \$92,000.00, all federally taxable benefits received under
11 the Social Security Act shall be excluded.

12 (B) If the federal adjusted gross income of the taxpayer is greater
13 than ~~\$80,000.00~~ \$92,000.00 but less than ~~\$90,000.00~~ \$102,000.00, the
14 percentage of federally taxable benefits received under the Social Security Act
15 to be excluded shall be proportional to the amount of the taxpayer's federal
16 adjusted gross income over ~~\$80,000.00~~ \$92,000.00, determined by:

17 (i) subtracting the federal adjusted gross income of the taxpayer
18 from ~~\$90,000.00~~ \$102,000.00;

19 (ii) dividing the value under subdivision (i) of this subdivision (B)
20 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this
2 subdivision (B) by the federally taxable benefits received under the Social
3 Security Act.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$90,000.00~~ \$102,000.00, no amount of the federally taxable
6 benefits received under the Social Security Act shall be excluded under this
7 section.

8 * * *

9 Sec. 3. 32 V.S.A. § 5830e is amended to read:

10 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

11 (a) Social Security income. The portion of federally taxable Social
12 Security benefits excluded from taxable income under subdivision
13 5811(21)(B)(iv) of this chapter shall be as follows:

14 (1) For taxpayers whose filing status is single, married filing separately,
15 head of household, or surviving spouse:

16 (A) If the federal adjusted gross income of the taxpayer is less than or
17 equal to ~~\$77,000.00~~ \$87,000.00, all federally taxable benefits received under
18 the federal Social Security Act shall be excluded.

19 (B) If the federal adjusted gross income of the taxpayer is greater
20 than ~~\$77,000.00~~ \$87,000.00 but less than ~~\$87,000.00~~ \$97,000.00, the
21 percentage of federally taxable benefits received under the Social Security Act

1 to be excluded shall be proportional to the amount of the taxpayer's federal
2 adjusted gross income over ~~\$77,000.00~~ \$87,000.00, determined by:

3 (i) subtracting the federal adjusted gross income of the taxpayer
4 from ~~\$87,000.00~~ \$97,000.00;

5 (ii) dividing the value under subdivision (i) of this subdivision (B)
6 by \$10,000.00; and

7 (iii) multiplying the value under subdivision (ii) of this
8 subdivision (B) by the federally taxable benefits received under the Social
9 Security Act.

10 (C) If the federal adjusted gross income of the taxpayer is equal to or
11 greater than ~~\$87,000.00~~ \$97,000.00, no amount of the federally taxable
12 benefits received under the Social Security Act shall be excluded under this
13 section.

14 (2) For taxpayers whose filing status is married filing jointly:

15 (A) If the federal adjusted gross income of the taxpayer is less than or
16 equal to ~~\$92,000.00~~ \$102,000.00, all federally taxable benefits received under
17 the Social Security Act shall be excluded.

18 (B) If the federal adjusted gross income of the taxpayer is greater
19 than ~~\$92,000.00~~ \$102,000.00 but less than ~~\$102,000.00~~ \$112,000.00, the
20 percentage of federally taxable benefits received under the Social Security Act

1 to be excluded shall be proportional to the amount of the taxpayer's federal
2 adjusted gross income over ~~\$92,000.00~~ \$102,000.00, determined by:

3 (i) subtracting the federal adjusted gross income of the taxpayer
4 from ~~\$102,000.00~~ \$112,000.00;

5 (ii) dividing the value under subdivision (i) of this subdivision (B)
6 by \$10,000.00; and

7 (iii) multiplying the value under subdivision (ii) of this
8 subdivision (B) by the federally taxable benefits received under the Social
9 Security Act.

10 (C) If the federal adjusted gross income of the taxpayer is equal to or
11 greater than ~~\$102,000.00~~ \$112,000.00, no amount of the federally taxable
12 benefits received under the Social Security Act shall be excluded under this
13 section.

14 * * *

15 Sec. 4. 32 V.S.A. § 5830e is amended to read:

16 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

17 (a) Social Security income. The portion of federally taxable Social
18 Security benefits excluded from taxable income under subdivision
19 5811(21)(B)(iv) of this chapter shall be as follows:

20 (1) For taxpayers whose filing status is single, married filing separately,
21 head of household, or surviving spouse:

1 (A) If the federal adjusted gross income of the taxpayer is less than or
2 equal to ~~\$87,000.00~~ \$97,000.00, all federally taxable benefits received under
3 the federal Social Security Act shall be excluded.

4 (B) If the federal adjusted gross income of the taxpayer is greater
5 than ~~\$87,000.00~~ \$97,000.00 but less than ~~\$97,000.00~~ \$107,000.00, the
6 percentage of federally taxable benefits received under the Social Security Act
7 to be excluded shall be proportional to the amount of the taxpayer's federal
8 adjusted gross income over ~~\$87,000.00~~ \$97,000.00, determined by:

9 (i) subtracting the federal adjusted gross income of the taxpayer
10 from ~~\$97,000.00~~ \$107,000.00;

11 (ii) dividing the value under subdivision (i) of this subdivision (B)
12 by \$10,000.00; and

13 (iii) multiplying the value under subdivision (ii) of this
14 subdivision (B) by the federally taxable benefits received under the Social
15 Security Act.

16 (C) If the federal adjusted gross income of the taxpayer is equal to or
17 greater than ~~\$97,000.00~~ \$107,000.00, no amount of the federally taxable
18 benefits received under the Social Security Act shall be excluded under this
19 section.

20 (2) For taxpayers whose filing status is married filing jointly:

1 Sec. 5. 32 V.S.A. § 5830e is amended to read:

2 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

3 (a) Social Security income. The portion of federally taxable Social
4 Security benefits excluded from taxable income under subdivision
5 5811(21)(B)(iv) of this chapter shall be as follows:

6 (1) For taxpayers whose filing status is single, married filing separately,
7 head of household, or surviving spouse:

8 (A) If the federal adjusted gross income of the taxpayer is less than or
9 equal to ~~\$97,000.00~~ \$107,000.00, all federally taxable benefits received under
10 the federal Social Security Act shall be excluded.

11 (B) If the federal adjusted gross income of the taxpayer is greater
12 than ~~\$97,000.00~~ \$107,000.00 but less than ~~\$107,000.00~~ \$117,000.00, the
13 percentage of federally taxable benefits received under the Social Security Act
14 to be excluded shall be proportional to the amount of the taxpayer's federal
15 adjusted gross income over ~~\$97,000.00~~ \$107,000.00, determined by:

16 (i) subtracting the federal adjusted gross income of the taxpayer
17 from ~~\$107,000.00~~ \$117,000.00;

18 (ii) dividing the value under subdivision (i) of this subdivision (B)
19 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this
2 subdivision (B) by the federally taxable benefits received under the Social
3 Security Act.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$107,000.00~~ \$117,000.00, no amount of the federally taxable
6 benefits received under the Social Security Act shall be excluded under this
7 section.

8 (2) For taxpayers whose filing status is married filing jointly:

9 (A) If the federal adjusted gross income of the taxpayer is less than or
10 equal to ~~\$112,000.00~~ \$122,000.00, all federally taxable benefits received under
11 the Social Security Act shall be excluded.

12 (B) If the federal adjusted gross income of the taxpayer is greater
13 than ~~\$112,000.00~~ \$122,000.00 but less than ~~\$122,000.00~~ \$132,000.00, the
14 percentage of federally taxable benefits received under the Social Security Act
15 to be excluded shall be proportional to the amount of the taxpayer's federal
16 adjusted gross income over ~~\$112,000.00~~ \$122,000.00, determined by:

17 (i) subtracting the federal adjusted gross income of the taxpayer
18 from ~~\$122,000.00~~ \$132,000.00;

19 (ii) dividing the value under subdivision (i) of this subdivision (B)
20 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this
2 subdivision (B) by the federally taxable benefits received under the Social
3 Security Act.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$122,000.00~~ \$132,000.00, no amount of the federally taxable
6 benefits received under the Social Security Act shall be excluded under this
7 section.

8 * * *

9 Sec. 6. 32 V.S.A. § 5830e is amended to read:

10 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

11 (a) Social Security income. The portion of federally taxable Social
12 Security benefits excluded from taxable income under subdivision
13 5811(21)(B)(iv) of this chapter shall be as follows:

14 (1) For taxpayers whose filing status is single, married filing separately,
15 head of household, or surviving spouse:

16 (A) If the federal adjusted gross income of the taxpayer is less than or
17 equal to ~~\$107,000.00~~ \$117,000.00, all federally taxable benefits received under
18 the federal Social Security Act shall be excluded.

19 (B) If the federal adjusted gross income of the taxpayer is greater
20 than ~~\$107,000.00~~ \$117,000.00 but less than ~~\$117,000.00~~ \$127,000.00, the
21 percentage of federally taxable benefits received under the Social Security Act

1 to be excluded shall be proportional to the amount of the taxpayer's federal
2 adjusted gross income over ~~\$107,000.00~~ \$117,000.00, determined by:

3 (i) subtracting the federal adjusted gross income of the taxpayer
4 from ~~\$117,000.00~~ \$127,000.00;

5 (ii) dividing the value under subdivision (i) of this subdivision (B)
6 by \$10,000.00; and

7 (iii) multiplying the value under subdivision (ii) of this
8 subdivision (B) by the federally taxable benefits received under the Social
9 Security Act.

10 (C) If the federal adjusted gross income of the taxpayer is equal to or
11 greater than ~~\$117,000.00~~ \$127,000.00, no amount of the federally taxable
12 benefits received under the Social Security Act shall be excluded under this
13 section.

14 (2) For taxpayers whose filing status is married filing jointly:

15 (A) If the federal adjusted gross income of the taxpayer is less than or
16 equal to ~~\$122,000.00~~ \$132,000.00, all federally taxable benefits received under
17 the Social Security Act shall be excluded.

18 (B) If the federal adjusted gross income of the taxpayer is greater
19 than ~~\$122,000.00~~ \$132,000.00 but less than ~~\$132,000.00~~ \$142,000.00, the
20 percentage of federally taxable benefits received under the Social Security Act

1 to be excluded shall be proportional to the amount of the taxpayer's federal
2 adjusted gross income over ~~\$122,000.00~~ \$132,000.00, determined by:

3 (i) subtracting the federal adjusted gross income of the taxpayer
4 from ~~\$132,000.00~~ \$142,000.00;

5 (ii) dividing the value under subdivision (i) of this subdivision (B)
6 by \$10,000.00; and

7 (iii) multiplying the value under subdivision (ii) of this
8 subdivision (B) by the federally taxable benefits received under the Social
9 Security Act.

10 (C) If the federal adjusted gross income of the taxpayer is equal to or
11 greater than ~~\$132,000.00~~ \$142,000.00, no amount of the federally taxable
12 benefits received under the Social Security Act shall be excluded under this
13 section.

14 * * *

15 Sec. 7. 32 V.S.A. § 5830e is amended to read:

16 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

17 (a) Social Security income. The portion of federally taxable Social
18 Security benefits excluded from taxable income under subdivision
19 5811(21)(B)(iv) of this chapter shall be as follows:

20 (1) For taxpayers whose filing status is single, married filing separately,
21 head of household, or surviving spouse:

1 (A) If the federal adjusted gross income of the taxpayer is less than or
2 equal to ~~\$117,000.00~~ \$127,000.00, all federally taxable benefits received under
3 the federal Social Security Act shall be excluded.

4 (B) If the federal adjusted gross income of the taxpayer is greater
5 than ~~\$117,000.00~~ \$127,000.00 but less than ~~\$127,000.00~~ \$137,000.00, the
6 percentage of federally taxable benefits received under the Social Security Act
7 to be excluded shall be proportional to the amount of the taxpayer's federal
8 adjusted gross income over ~~\$117,000.00~~ \$127,000.00, determined by:

9 (i) subtracting the federal adjusted gross income of the taxpayer
10 from ~~\$127,000.00~~ \$137,000.00;

11 (ii) dividing the value under subdivision (i) of this subdivision (B)
12 by \$10,000.00; and

13 (iii) multiplying the value under subdivision (ii) of this
14 subdivision (B) by the federally taxable benefits received under the Social
15 Security Act.

16 (C) If the federal adjusted gross income of the taxpayer is equal to or
17 greater than ~~\$127,000.00~~ \$137,000.00, no amount of the federally taxable
18 benefits received under the Social Security Act shall be excluded under this
19 section.

20 (2) For taxpayers whose filing status is married filing jointly:

1 (A) If the federal adjusted gross income of the taxpayer is less than or
2 equal to ~~\$132,000.00~~ \$142,000.00, all federally taxable benefits received under
3 the Social Security Act shall be excluded.

4 (B) If the federal adjusted gross income of the taxpayer is greater
5 than ~~\$132,000.00~~ \$142,000.00 but less than ~~\$142,000.00~~ \$152,000.00, the
6 percentage of federally taxable benefits received under the Social Security Act
7 to be excluded shall be proportional to the amount of the taxpayer's federal
8 adjusted gross income over ~~\$132,000.00~~ \$142,000.00, determined by:

9 (i) subtracting the federal adjusted gross income of the taxpayer
10 from ~~\$142,000.00~~ \$152,000.00;

11 (ii) dividing the value under subdivision (i) of this subdivision (B)
12 by \$10,000.00; and

13 (iii) multiplying the value under subdivision (ii) of this
14 subdivision (B) by the federally taxable benefits received under the Social
15 Security Act.

16 (C) If the federal adjusted gross income of the taxpayer is equal to or
17 greater than ~~\$142,000.00~~ \$152,000.00, no amount of the federally taxable
18 benefits received under the Social Security Act shall be excluded under this
19 section.

20 * * *

1 Sec. 8. 32 V.S.A. § 5830e is amended to read:

2 § 5830e. RETIREMENT INCOME; ~~SOCIAL SECURITY INCOME~~

3 (a) ~~Social Security income. The portion of federally taxable Social~~
4 ~~Security benefits excluded from taxable income under subdivision~~
5 ~~5811(21)(B)(iv) of this chapter shall be as follows:~~

6 (1) ~~For taxpayers whose filing status is single, married filing separately,~~
7 ~~head of household, or surviving spouse:~~

8 (A) ~~If the federal adjusted gross income of the taxpayer is less than or~~
9 ~~equal to \$127,000.00, all federally taxable benefits received under the federal~~
10 ~~Social Security Act shall be excluded.~~

11 (B) ~~If the federal adjusted gross income of the taxpayer is greater~~
12 ~~than \$127,000.00 but less than \$137,000.00, the percentage of federally taxable~~
13 ~~benefits received under the Social Security Act to be excluded shall be~~
14 ~~proportional to the amount of the taxpayer's federal adjusted gross income~~
15 ~~over \$127,000.00, determined by:~~

16 (i) ~~subtracting the federal adjusted gross income of the taxpayer~~
17 ~~from \$137,000.00;~~

18 (ii) ~~dividing the value under subdivision (i) of this subdivision (B)~~
19 ~~by \$10,000.00; and~~

1 ~~(iii) multiplying the value under subdivision (ii) of this~~
2 ~~subdivision (B) by the federally taxable benefits received under the Social~~
3 ~~Security Act.~~

4 ~~(C) If the federal adjusted gross income of the taxpayer is equal to or~~
5 ~~greater than \$137,000.00, no amount of the federally taxable benefits received~~
6 ~~under the Social Security Act shall be excluded under this section.~~

7 ~~(2) For taxpayers whose filing status is married filing jointly:~~

8 ~~(A) If the federal adjusted gross income of the taxpayer is less than or~~
9 ~~equal to \$142,000.00, all federally taxable benefits received under the Social~~
10 ~~Security Act shall be excluded.~~

11 ~~(B) If the federal adjusted gross income of the taxpayer is greater~~
12 ~~than \$142,000.00 but less than \$152,000.00, the percentage of federally taxable~~
13 ~~benefits received under the Social Security Act to be excluded shall be~~
14 ~~proportional to the amount of the taxpayer's federal adjusted gross income~~
15 ~~over \$142,000.00, determined by:~~

16 ~~(i) subtracting the federal adjusted gross income of the taxpayer~~
17 ~~from \$152,000.00;~~

18 ~~(ii) dividing the value under subdivision (i) of this subdivision (B)~~
19 ~~by \$10,000.00; and~~

1 ~~(iii) multiplying the value under subdivision (ii) of this~~
2 ~~subdivision (B) by the federally taxable benefits received under the Social~~
3 ~~Security Act.~~

4 ~~(C) If the federal adjusted gross income of the taxpayer is equal to or~~
5 ~~greater than \$152,000.00, no amount of the federally taxable benefits received~~
6 ~~under the Social Security Act shall be excluded under this section. [Repealed.]~~

7 * * *

8 (e) Requirement to elect one exclusion. ~~A taxpayer of this State who is~~
9 ~~eligible during the taxable year for the Social Security income exclusion under~~
10 ~~subsection (a) of this section and any of the exclusions under subsections (b)–~~
11 ~~(d) of this section shall elect either one of the exclusions for which the~~
12 ~~taxpayer is eligible under subsections (b)–(d) of this section or the Social~~
13 ~~Security income exclusion under subsection (a) of this section, but not both,~~
14 ~~for the taxable year.~~ A taxpayer of this State who is eligible during the taxable
15 year for more than one of the exclusions under subsections (b)–(d) of this
16 section shall elect only one of the exclusions for which the taxpayer is eligible
17 for the taxable year.

18 Sec. 9. 32 V.S.A. § 5811 is amended to read:

19 § 5811. DEFINITIONS

20 As used in this chapter unless the context requires otherwise:

21 * * *

1 (21) “Taxable income” means, in the case of an individual, federal
2 adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

3 * * *

4 (B) decreased by the following items of income (to the extent such
5 income is included in federal adjusted gross income):

6 * * *

7 (iv) the portion of certain retirement income ~~and federally taxable~~
8 ~~benefits received under the federal Social Security Act~~ that is required to be
9 excluded under section 5830e of this chapter and all federally taxable benefits
10 received under the Social Security Act;

11 * * *

12 Sec. 10. 32 V.S.A. § 5813 is amended to read:

13 § 5813. STATUTORY PURPOSES

14 * * *

15 (w) The statutory purpose of the partial exemption of ~~federally taxable~~
16 ~~benefits under the Social Security Act~~ and certain retirement income in section
17 5830e of this title is to lessen the tax burden on Vermonters with low to
18 moderate income who derive part of their income from ~~Social Security benefits~~
19 ~~and certain~~ retirement income.

20 * * *

1 (aa) The statutory purpose of the exemption of all federally taxable benefits
2 under the Social Security Act in subdivision 5811(21)(B)(iv) of this title is to
3 lessen the tax burden on Vermonters who derive part of their income from
4 Social Security benefits.

5 Sec. 11. EFFECTIVE DATES

6 (a) Notwithstanding 1 V.S.A. § 214, Sec. 1 and this section shall take effect
7 retroactively on January 1, 2025 and apply to taxable years on and after
8 January 1, 2025.

9 (b) Sec. 2 shall take effect on January 1, 2026 and apply to taxable years on
10 and after January 1, 2026.

11 (c) Sec. 3 shall take effect on January 1, 2027 and apply to taxable years on
12 and after January 1, 2027.

13 (d) Sec. 4 shall take effect on January 1, 2028 and apply to taxable years on
14 and after January 1, 2028.

15 (e) Sec. 5 shall take effect on January 1, 2029 and apply to taxable years on
16 and after January 1, 2029.

17 (f) Sec. 6 shall take effect on January 1, 2030 and apply to taxable years on
18 and after January 1, 2030.

19 (g) Sec. 7 shall take effect on January 1, 2031 and apply to taxable years on
20 and after January 1, 2031.

- 1 (h) Secs. 8–10 shall take effect on January 1, 2032 and apply to taxable
2 years on and after January 1, 2032.