

1 H.584

2 Introduced by Representative Casey of Montpelier

3 Referred to Committee on

4 Date:

5 Subject: Taxation; income tax; public safety pensions

6 Statement of purpose of bill as introduced: This bill proposes to exclude
7 income from public safety pensions and survivor benefits from Vermont
8 income taxation.

9 An act relating to excluding public safety pension and survivor benefit
10 income from income taxation

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

12 Sec. 1. 32 V.S.A. § 5811 is amended to read:

13 § 5811. DEFINITIONS

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

15 * * *

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

18 * * *

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

* * *

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

(v) the amount of any federal deduction or credit that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E; and

(vi) the amount of interest paid by a qualified resident taxpayer during the taxable year on a qualified education loan for the costs of attendance at an eligible educational institution; and

(vii) any pension or survivor benefit income received from a U.S. state or municipality relating to service as a police officer, firefighter, or emergency medical technician; and

* * *

Sec. 2. 32 V.S.A. § 5813 is amended to read:

§ 5813. STATUTORY PURPOSES

* * *

(bb) The statutory purpose of the exemption of pension and survivor benefit income in subdivision 5811(21)(B)(vii) of this title is to lessen the tax

1 burden on Vermonters who derive part of their income from benefits for public
2 safety professionals.

3 Sec. 3. EFFECTIVE DATE

4 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
5 January 1, 2026, and apply to taxable years beginning on and after January 1,
6 2026.