

S.51

Introduced by Senators Hardy, Clarkson, Gulick, Harrison, Major, Norris,
Vyhovsky, Weeks and White

Referred to Committee on Finance

Date: February 6, 2025

Subject: Taxation; income tax; tax credit

Statement of purpose of bill as introduced: This bill proposes to create a
Vermont unpaid caregiver tax credit to provide financial support to Vermonters
who spend significant time providing uncompensated care for a family
member.

~~An act relating to the Vermont unpaid caregiver tax credit~~ *An act relating to
Vermont income tax exclusions and tax credits*

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

~~Sec. 1. FINDINGS~~

~~The General Assembly finds:~~

~~(1) According to the U.S. Department of Labor, women in the United
States 55 years of age and older provide 26.6 million hours of unpaid care to
family and friends daily.~~

~~(2) According to the AARP:~~

1 ~~(A) More than 75 percent of family caregivers 50 years of age and~~
2 ~~older who retired early because of family caregiving responsibilities would~~
3 ~~have remained in the workforce longer if they had access to financial or~~
4 ~~nonfinancial supports.~~

5 (B) ~~If family caregivers aged 50 years of age and older have access~~
6 ~~to support in the workplace, U.S. Gross Domestic Product could grow by an~~
7 ~~additional \$1.7 trillion (5.5 percent) in 2030.~~

8 (3) ~~According to a 2023 report by the Urban Institute, entitled “Lifetime~~
9 ~~Employment-Related Costs to Women of Providing Family Care,” the~~
10 ~~employment-related costs for mothers of providing unpaid care to minor~~
11 ~~children and parents, parents-in-law, and spouses (including unmarried~~
12 ~~partners) with care needs average \$295,000.00 over a lifetime.~~

13 (4) ~~Using a national survey and six focus groups, the Commonwealth~~
14 ~~Fund identified financial compensation for the time spent caregiving as a top~~
15 ~~policy priority for family caregivers.~~

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

17 § 5813. STATUTORY PURPOSES

18 * * *

19 (aa) ~~The statutory purpose of the unpaid caregiver tax credit in section~~
20 ~~5830g of this title is to provide financial support to Vermonters who spend~~
21 ~~significant time providing uncompensated care for a family member.~~

1 ~~Sec. 3. 32 V.S.A. § 5830g is added to read:~~

2 § 5830g. VERMONT UNPAID CAREGIVER TAX CREDIT

3 (a) A resident individual or part-year resident individual who provides
4 uncompensated care shall be entitled to a refundable credit against the tax
5 imposed by section 5822 of this title for the taxable year. The maximum
6 allowable credit per taxable year shall be \$2,500.00 for providing 12 months
7 of uncompensated care. The credit shall be based on the number of months the
8 individual caregiver spent providing at least 20 hours per week of
9 uncompensated care for an individual who:

- 10 (1) is related to the caregiver by blood, civil marriage, or adoption;
11 (2) needs assistance with daily activities, home health care, or assistance
12 remaining safe at home;
13 (3) has a medically diagnosed disability or health condition; and
14 (4) does not reside at a residential care home, an assisted living
15 residence, or nursing home as defined by 33 V.S.A. § 7102, or any other
16 similar adult care home that is licensed or required to be licensed pursuant to
17 33 V.S.A. chapter 71.

18 (b) Notwithstanding subsection (a) of this section, the amount of the credit
19 under this section shall be reduced by \$50.00 for each \$1,000.00, or fraction
20 thereof, by which the individual's adjusted gross income exceeds \$125,000.00;

spouses filing jointly shall be considered an individual.

(c) An individual claiming the credit under this section shall attest that they met all requirements under this section for the number of months claimed.

Upon the Commissioner's request, an individual claiming a credit under this section shall provide supporting documentation or other information relating to the individual's qualification for the credit.

Sec. 4. EFFECTIVE DATE

Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on January 1, 2025 and apply to taxable years beginning on and after January 1, 2025.

Sec. 1. FINDINGS

The General Assembly finds:

(1) According to the U.S. Department of Labor, women in the United States 55 years of age and older provide 26.6 million hours of unpaid care to family and friends daily.

(2) According to the AARP:

(A) More than 75 percent of family caregivers 50 years of age and older who retired early because of family caregiving responsibilities would have remained in the workforce longer if they had access to financial or nonfinancial supports.

(B) If family caregivers aged 50 years of age and older have access to support in the workplace, U.S. Gross Domestic Product could grow by an additional \$1.7 trillion (5.5 percent) in 2030.

(3) According to a 2023 report by the Urban Institute, entitled "Lifetime Employment-Related Costs to Women of Providing Family Care," the employment-related costs for mothers of providing unpaid care to minor

~~children and parents, parents-in-law, and spouses (including unmarried partners) with care needs average \$295,000.00 over a lifetime.~~

~~(4) Using a national survey and six focus groups, the Commonwealth Fund identified financial compensation for the time spent caregiving as a top policy priority for family caregivers.~~

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

§ 5813. STATUTORY PURPOSES

* * *

~~(aa) The statutory purpose of the unpaid caregiver tax credit in section 5830g of this title is to provide financial support to Vermonters who spend significant time providing uncompensated care for a family member.~~

Sec. 3. 32 V.S.A. § 5830g is added to read:

§ 5830g. VERMONT UNPAID CAREGIVER TAX CREDIT

~~(a) A resident individual or part-year resident individual who provides uncompensated care shall be entitled to a refundable credit against the tax imposed by section 5822 of this title for the taxable year. The maximum allowable credit per taxable year shall be \$1,000.00 for providing 12 months of uncompensated care. The credit shall be based on the number of months the individual caregiver spent providing at least 20 hours per week of uncompensated care for an individual who:~~

~~(1) is related to the caregiver by blood, civil marriage, or adoption;~~

~~(2) needs assistance with activities of daily living, home health care, or assistance remaining safe at home;~~

~~(3) has a medically diagnosed disability or health condition; and~~

~~(4) does not reside at a residential care home, an assisted living residence, or nursing home as defined by 33 V.S.A. § 7102, or any other similar adult care home that is licensed or required to be licensed pursuant to 33 V.S.A. chapter 71.~~

~~(b) Notwithstanding subsection (a) of this section, the amount of the credit under this section shall be reduced by \$20.00 for each \$1,000.00, or fraction thereof, by which the individual's adjusted gross income exceeds \$125,000.00, irrespective of the individual's filing status. For purposes of this subsection, spouses filing jointly shall be considered an individual.~~

~~(c) An individual claiming the credit under this section shall attest that they met all requirements under this section for the number of months claimed.~~

~~(d) Upon the Commissioner's request, an individual claiming a credit under this section shall provide supporting documentation or other information relating to the individual's qualification for the credit, including a form prepared by the Commissioner, to be executed by a licensed medical professional, attesting that the licensed medical professional provides primary or specialized medical care for the individual receiving uncompensated care and that the individual has a medical diagnosis requiring assistance with activities of daily living for at least 20 hours per week. The individual claiming the credit shall have the medical professional execute the form prior to claiming the credit, shall retain the executed form for a period of at least three years, and shall provide the form to the Commissioner on request.~~

Sec. 4. EFFECTIVE DATE

~~Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on January 1, 2025 and apply to taxable years beginning on and after January 1, 2025.~~

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

§ 5830f. VERMONT CHILD TAX CREDIT

(a) A resident individual or part-year resident individual who is entitled to a child tax credit under the laws of the United States or who would have been entitled to a child tax credit under the laws of the United States but for the fact that the individual or the individual's spouse does not have a taxpayer identification number shall be entitled to a refundable credit against the tax imposed by section 5822 of this title for the taxable year. The total credit per taxable year shall be in the amount of \$1,000.00 per qualifying child, as defined under 26 U.S.C. § 152(c) but notwithstanding the taxpayer identification number requirements under 26 U.S.C. § 24(e) and (h)(7), who is ~~five~~ six years of age or younger as of the close of the calendar year in which the taxable year of the taxpayer begins. For a part-year resident individual, the amount of the credit shall be multiplied by the percentage that the individual's income that is earned or received during the period of the individual's residency in this State bears to the individual's total income. Any otherwise eligible individual shall be entitled to the credit under this section without regard for the laws of the United States pertaining to the amount of federal child tax credit that may be refunded.

* * *

Sec. 2. 32 V.S.A. § 5828b is amended to read:

§ 5828b. EARNED INCOME TAX CREDIT

(a) A resident individual or part-year resident individual who is entitled to an earned income tax credit granted under the laws of the United States or who would have been entitled to an earned income tax credit under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number shall be entitled to a credit against the tax imposed for each year by section 5822 of this title. The credit shall be for an individual who claims one or more qualifying children 38 percent or for an individual who does not claim one or more qualifying children 100 percent of the earned income tax credit granted to the individual under the laws of the United States or that would have been granted to the individual under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number, multiplied by the percentage that the individual's income that is earned or received during the period of the individual's residency in this State bears to the individual's total income. A resident individual or part-year resident individual who would have been entitled to or granted an earned income tax credit under the laws of the United States but for the fact that the individual, the individual's spouse, or one or more of the individual's children does not have a qualifying taxpayer identification number shall be entitled to a credit under this section.

* * *

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

§ 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

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

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

(A) If the federal adjusted gross income of the taxpayer is less than or equal to ~~\$50,000.00~~ \$55,000.00, all federally taxable benefits received under the federal Social Security Act shall be excluded.

(B) If the federal adjusted gross income of the taxpayer is greater than ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of federally taxable benefits received under the Social Security Act to be excluded shall be proportional to the amount of the taxpayer's federal adjusted gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

(i) *subtracting the federal adjusted gross income of the taxpayer from ~~\$60,000.00~~ \$65,000.00;*

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

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

(C) *If the federal adjusted gross income of the taxpayer is equal to or greater than ~~\$60,000.00~~ \$65,000.00, no amount of the federally taxable benefits received under the Social Security Act shall be excluded under this section.*

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

(A) *If the federal adjusted gross income of the taxpayer is less than or equal to ~~\$65,000.00~~ \$70,000.00, all federally taxable benefits received under the Social Security Act shall be excluded.*

(B) *If the federal adjusted gross income of the taxpayer is greater than ~~\$65,000.00~~ \$70,000.00 but less than ~~\$75,000.00~~ \$80,000.00, the percentage of federally taxable benefits received under the Social Security Act to be excluded shall be proportional to the amount of the taxpayer's federal adjusted gross income over ~~\$65,000.00~~ \$70,000.00, determined by:*

(i) *subtracting the federal adjusted gross income of the taxpayer from ~~\$75,000.00~~ \$80,000.00;*

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

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

(C) *If the federal adjusted gross income of the taxpayer is equal to or greater than ~~\$75,000.00~~ \$80,000.00, no amount of the federally taxable benefits received under the Social Security Act shall be excluded under this section.*

(b) *Civil Service Retirement System income. The portion of income received from the Civil Service Retirement System excluded from taxable income under subdivision 5811(21)(B)(iv) of this title shall be subject to the limitations under subsection (e) of this section and shall be determined as follows:*

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

(A) If the federal adjusted gross income of the taxpayer is less than or equal to ~~\$50,000.00~~ \$55,000.00, the first \$10,000.00 of income received from the Civil Service Retirement System shall be excluded.

(B) If the federal adjusted gross income of the taxpayer is greater than ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of the first \$10,000.00 of income received from the Civil Service Retirement System to be excluded shall be proportional to the amount of the taxpayer's federal adjusted gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

(i) subtracting the federal adjusted gross income of the taxpayer from ~~\$60,000.00~~ \$65,000.00;

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

(iii) multiplying the value under subdivision (ii) of this subdivision (B) by the first \$10,000.00 of income received from the Civil Service Retirement System.

(C) If the federal adjusted gross income of the taxpayer is equal to or greater than ~~\$60,000.00~~ \$65,000.00, no amount of the income received from the Civil Service Retirement System shall be excluded under this section.

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

(A) If the federal adjusted gross income of the taxpayer is less than or equal to ~~\$65,000.00~~ \$70,000.00, the first \$10,000.00 of income received from the Civil Service Retirement System shall be excluded.

(B) If the federal adjusted gross income of the taxpayer is greater than ~~\$65,000.00~~ \$70,000.00 but less than ~~\$75,000.00~~ \$80,000.00, the percentage of the first \$10,000.00 of income received from the Civil Service Retirement System to be excluded shall be proportional to the amount of the taxpayer's federal adjusted gross income over ~~\$65,000.00~~ \$70,000.00, determined by:

(i) subtracting the federal adjusted gross income of the taxpayer from ~~\$75,000.00~~ \$80,000.00;

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

(iii) multiplying the value under subdivision (ii) of this subdivision (B) by the first \$10,000.00 of income received from the Civil Service Retirement System.

(C) If the federal adjusted gross income of the taxpayer is equal to or greater than ~~\$75,000.00~~ \$80,000.00, no amount of the income received from the Civil Service Retirement System shall be excluded under this section.

(c) Other contributory retirement systems; earnings not covered by Social Security. Other retirement income, except U.S. military retirement income pursuant to subsection (d) of this section, received by a taxpayer of this State shall be excluded pursuant to subsection (b) of this section as though the income were received from the Civil Service Retirement System and shall be subject to the limitations under subsection (e) of this section, provided that:

** * **

(d) U.S. military retirement income and U.S. military survivor benefit income. For taxpayers of any filing status, U.S. military retirement income, and U.S. military survivor benefit income received by an eligible beneficiary, received by a taxpayer of this State shall be excluded from taxable income under subdivision 5811(21)(B)(iv) of this chapter as follows:

(1) If the federal adjusted gross income of the taxpayer is less than or equal to \$125,000.00, all federally taxable U.S. military retirement income and survivor benefit income shall be excluded.

(2) If the federal adjusted gross income of the taxpayer is greater than \$125,000.00 but less than \$175,000.00, the percentage of federally taxable U.S. military retirement income and survivor benefit income to be excluded shall be proportional to the amount of the taxpayer's federal adjusted gross income over \$125,000.00, determined by:

(A) subtracting the federal adjusted gross income of the taxpayer from \$175,000.00;

(B) dividing the value under subdivision (A) of this subdivision (2) by \$50,000.00; and

(C) multiplying the value under subdivision (B) of this subdivision (2) by the federally taxable U.S. military retirement income and survivor benefit income received.

(3) ~~pursuant to subsection (b) of this section as though the income were received from the Civil Service Retirement System and shall be subject to the limitations under subsection (e) of this section~~ If the federal adjusted gross income of the taxpayer is equal to or greater than \$175,000.00, no amount of the federally taxable U.S. military retirement income and survivor benefit income received shall be excluded under this section.

(e)(1) Requirement to elect one exclusion. A taxpayer of this State who is eligible during the taxable year for more than one of the exclusions under subsections (a), (b), and (c) of this section ~~the Social Security income exclusion under subsection (a) of this section and any of the exclusions under subsections (b)–(d) of this section~~ shall elect either only one of the exclusions

~~for which the taxpayer is eligible under subsections (b)–(d) of this section or the Social Security income exclusion under subsection (a) of this section, but not both, for the taxable year. A taxpayer of this State who is eligible during the taxable year for more than one of the exclusions under subsections (b)–(d) of this section shall elect only one of the exclusions for which the taxpayer is eligible for the taxable year.~~

~~(2) A taxpayer of this State who is eligible during the taxable year for the military retirement and survivor benefit exclusion under subsection (d) of this section may elect that exclusion regardless of whether the taxpayer also elects an exclusion under subsections (a)–(c) of this section.~~

Sec. 4. 32 V.S.A. § 5813 is amended to read:

§ 5813. STATUTORY PURPOSES

* * *

~~(aa) The statutory purpose of the Vermont veteran tax credit in section 5830g of this title is to provide financial support to Vermonters who served in the U.S. uniformed services.~~

Sec. 5. 32 V.S.A. § 5830g is added to read:

§ 5830g. VERMONT VETERAN TAX CREDIT

~~(a) A resident individual or part-year resident individual who served in the uniformed services shall be entitled to a refundable credit against the tax imposed by section 5822 of this title for the taxable year.~~

~~(b) A taxpayer shall be eligible for the credit under this section provided the taxpayer has a discharge record, or other record of separation from active duty, verifying service in the uniformed services.~~

~~(c)(1) If the federal adjusted gross income of the taxpayer is less than or equal to \$25,000.00, the amount of tax credit provided under this section shall be \$250.00.~~

~~(2) If the federal adjusted gross income of the taxpayer is greater than \$25,000.00 but less than \$30,000.00, the amount of credit shall be \$250.00 less \$5.00 per \$100.00 of federal adjusted gross income exceeding \$25,000.00 of federal adjusted gross income.~~

~~(3) If the federal adjusted gross income of the taxpayer is \$30,000.00 or greater, no amount of credit shall be provided under this section.~~

Sec. 6. EFFECTIVE DATE

Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on January 1, 2025 and apply to taxable years beginning on and after January 1, 2025.