

1 S.51

2 An act relating to Vermont income tax exclusions and tax credits

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

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

5 § 5830f. VERMONT CHILD TAX CREDIT

6 (a) A resident individual or part-year resident individual who is entitled to a
7 child tax credit under the laws of the United States or who would have been
8 entitled to a child tax credit under the laws of the United States but for the fact
9 that the individual or the individual's spouse does not have a taxpayer
10 identification number shall be entitled to a refundable credit against the tax
11 imposed by section 5822 of this title for the taxable year. The total credit per
12 taxable year shall be in the amount of \$1,000.00 per qualifying child, as
13 defined under 26 U.S.C. § 152(c) but notwithstanding the taxpayer
14 identification number requirements under 26 U.S.C. § 24(e) and (h)(7), who is
15 ~~five~~ six years of age or younger as of the close of the calendar year in which
16 the taxable year of the taxpayer begins. For a part-year resident individual, the
17 amount of the credit shall be multiplied by the percentage that the individual's
18 income that is earned or received during the period of the individual's
19 residency in this State bears to the individual's total income. An otherwise
20 eligible individual shall be entitled to the credit under this section without
21 regard for the laws of the United States pertaining to the amount of federal
22 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

1 the fact that the individual, the individual's spouse, or one or more of the
2 individual's children does not have a qualifying taxpayer identification number
3 shall be entitled to a credit under this section.

4 * * *

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

6 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

7 (a) Social Security income. The portion of federally taxable Social
8 Security benefits excluded from taxable income under subdivision
9 5811(21)(B)(iv) of this chapter shall be as follows:

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

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

15 (B) If the federal adjusted gross income of the taxpayer is greater than
16 ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of
17 federally taxable benefits received under the Social Security Act to be
18 excluded shall be proportional to the amount of the taxpayer's federal adjusted
19 gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

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

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

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

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

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

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

13 (B) If the federal adjusted gross income of the taxpayer is greater than
14 ~~\$65,000.00~~ \$70,000.00 but less than ~~\$75,000.00~~ \$80,000.00, the percentage of
15 federally taxable benefits received under the Social Security Act to be
16 excluded shall be proportional to the amount of the taxpayer's federal adjusted
17 gross income over ~~\$65,000.00~~ \$70,000.00, determined by:

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

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

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

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

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

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

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

17 (B) If the federal adjusted gross income of the taxpayer is greater than
18 ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of
19 the first \$10,000.00 of income received from the Civil Service Retirement
20 System to be excluded shall be proportional to the amount of the taxpayer's
21 federal adjusted gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

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

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

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

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

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

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

15 (B) If the federal adjusted gross income of the taxpayer is greater than
16 ~~\$65,000.00~~ \$70,000.00 but less than ~~\$75,000.00~~ \$80,000.00, the percentage of
17 the first \$10,000.00 of income received from the Civil Service Retirement
18 System to be excluded shall be proportional to the amount of the taxpayer's
19 federal adjusted gross income over ~~\$65,000.00~~ \$70,000.00, determined by:

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

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

4 (2) If the federal adjusted gross income of the taxpayer is greater than
5 \$125,000.00 but less than \$175,000.00, the percentage of federally taxable
6 U.S. military retirement income and survivor benefit income to be excluded
7 shall be proportional to the amount of the taxpayer's federal adjusted gross
8 income over \$125,000.00, determined by:

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

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

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

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

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

2 § 5830g. VERMONT VETERAN TAX CREDIT

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

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

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

12 (2) If the federal adjusted gross income of the taxpayer is greater than
13 \$25,000.00 but less than \$30,000.00, the amount of credit shall be \$250.00 less
14 \$5.00 per \$100.00 of federal adjusted gross income exceeding \$25,000.00 of
15 federal adjusted gross income.

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

18 Sec. 6. EFFECTIVE DATE

19 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
20 January 1, 2025 and apply to taxable years beginning on and after January 1,
21 2025.