

1 S.51

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

4 Referred to Committee on Finance

5 Date: February 6, 2025

6 Subject: Taxation; income tax; tax credit

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

11 An act relating to the Vermont unpaid caregiver tax credit

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

13 ~~Sec. 1. FINDINGS~~

14 ~~The General Assembly finds:~~

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

18 ~~(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;

1 ~~respective of the individual's filing status. For purposes of this subsection,~~  
2 ~~spouses filing jointly shall be considered an individual.~~

3 (c) ~~An individual claiming the credit under this section shall attest that they~~  
4 ~~met all requirements under this section for the number of months claimed.~~  
5 ~~Upon the Commissioner's request, an individual claiming a credit under this~~  
6 ~~section shall provide supporting documentation or other information relating to~~  
7 ~~the individual's qualification for the credit.~~

8 Sec. 4. EFFECTIVE DATE

9 ~~Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on~~  
10 ~~January 1, 2025 and apply to taxable years beginning on and after January 1,~~  
11 ~~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.