

House Proposal of Amendment

S. 51

An act relating to the Vermont unpaid caregiver tax credit

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

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. An 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.

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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.

and that after passage the title of the bill be amended to read: “An act relating to Vermont income tax exclusions and tax credits”