

S.231

Introduced by Senators Hardy, Brock, Clarkson, Gulick, Lyons, Major and
Williams

Referred to Committee on

Date:

Subject: Taxation; income tax; tax credit; family caregiver tax credit

Statement of purpose of bill as introduced: This bill proposes to create an income tax credit for family caregivers. The bill would further exclude an individual's income from household income for purposes of a property tax credit if a member of the household has properly claimed a family caregiver credit for the individual in the most recent tax year.

An act relating to a family caregiver tax credit

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

Sec. 1. 32 V.S.A. § 5813 is amended to read:

§ 5813. STATUTORY PURPOSES

* * *

(bb) The statutory purpose of the family caregiver tax credit in section 5830g of this title is to compensate Vermont taxpayers who incur expenses relating to care provided to a family member with long-term care needs.

1 Sec. 2. 32 V.S.A. § 5830g is added to read:

2 § 5830g. VERMONT FAMILY CAREGIVER TAX CREDIT

3 (a) A resident individual or part-year resident individual shall be entitled to
4 a refundable credit against the tax imposed by section 5822 of this title.

5 (b) The credit available under this section shall be limited to expenses that:

6 (1) are qualified expenses under this section; and

7 (2) are not creditable to the Child and Dependent Care Credit under 26
8 U.S.C. § 21, including expenses that do not qualify as employment-related
9 expenses under 26 U.S.C. § 21(b)(2) and expenses for an individual with long-
10 term care needs who is not a qualifying individual under 26 U.S.C. § 21(b)(1).

11 (c)(1) The amount of credit available under this section shall be equal to 30
12 percent of the qualified expenses paid by the taxpayer during the taxable year
13 for an individual with long-term care needs. The maximum allowable credit
14 per taxable year shall be \$2,500.00. The amount of the credit for a part-year
15 resident shall be multiplied by the percentage that the individual's income that
16 is earned or received during the period of the individual's residency in this
17 State bears to the individual's total income.

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

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

3 (3) Beginning with taxable year 2027, the maximum allowable credit
4 shall be adjusted annually for inflation using the last Consumer Price Index for
5 All Urban Consumers published by the U.S. Department of Labor.

6 (d) Definitions. As used in this section:

7 (1) "Activities of daily living" means:

8 (A) tasks such as eating, toileting, grooming, dressing, bathing, and
9 transferring; and

10 (B) meal planning and preparation; managing finances; shopping for
11 food, clothing, and other essential items; performing essential household
12 chores; communicating by phone or other media; and traveling around and
13 participating in the community.

14 (2) "Individual with long-term care needs" means an individual who:

15 (A) is at least 14 years of age;

16 (B) is related to the caregiver by blood, civil marriage, or adoption;

17 (C) has a medically diagnosed disability or health condition;

18 (D) does not reside at a residential care home, an assisted living
19 residence, or nursing home as defined by 33 V.S.A. § 7102, or any other
20 similar adult care home that is licensed or required to be licensed pursuant to
21 33 V.S.A. chapter 71; and

1 (E) is unable to perform without substantial assistance from another
2 individual at least two activities of daily living due to a loss of functional
3 capacity; or

4 (F) requires substantial supervision to protect the individual from
5 threats to health and safety due to severe cognitive impairment and is unable to
6 perform, without reminding or cuing assistance, at least one activity of daily
7 living.

8 (3) “Qualified expenses” means expenditures for goods, services, and
9 supports that assist an individual with long-term care needs with
10 accomplishing activities of daily living and may include reasonable
11 expenditures for goods, services, and supports for the caregiver. Qualified
12 expenses include expenditures relating to care, such as respite care, adult
13 daycare, counseling, support groups, training, lost wages for unpaid time off
14 due to providing care as verified by an employer, travel costs relating to care,
15 and assistive technologies. For purposes of this subsection, “goods, supports,
16 and services” means:

17 (A) human assistance, supervision, cuing, and standby assistance;

18 (B) assistive technologies and devices, including remote health
19 monitoring;

20 (C) environmental modifications, including home modifications;

21 (D) health maintenance tasks, such as medication management;

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1 (ii) a person residing in the household who was granted
2 humanitarian parole to enter the United States pursuant to 8 U.S.C.
3 § 1182(d)(5), who is seeking or has been granted asylum pursuant to 8 U.S.C.
4 § 1158, or who qualifies as a refugee pursuant to 8 U.S.C. § 1101(a)(42),
5 provided the person is not eligible under the laws of the United States to apply
6 for adjustment of status to lawful permanent resident; ~~or~~

7 (iii) a person residing in a household who is hired as a bona fide
8 employee to provide personal care to a member of the household and who is
9 not related to the person for whom the care is provided; or

10 (iv) a person residing in a household who is an “individual with
11 long-term care needs” and a member of the household has properly claimed a
12 credit for the individual under section 5830g of this title in the most recent tax
13 year.

14 * * *

15 Sec. 4. EFFECTIVE DATE

16 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
17 January 1, 2026 and apply to taxable years beginning on and after January 1,
18 2026.