

1 S.269

2 Introduced by Senator Chittenden

3 Referred to Committee on

4 Date:

5 Subject: Taxation and finance; education property tax; homestead property tax

6 credit and renter credit; household income; Social Security;

7 Supplemental Security Income

8 Statement of purpose of bill as introduced: This bill proposes to exclude

9 Supplemental Security Income payments from the definition of “household

10 income” for purposes of calculating the homestead property tax credit and

11 renter credit.

12 An act relating to excluding Supplemental Security Income payments from
13 household income

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

15 Sec. 1. 32 V.S.A. § 6061 is amended to read:

16 § 6061. DEFINITIONS

17 As used in this chapter ~~unless the context requires otherwise:~~

18 * * *

* * *

1 § 1101(5) that is in effect at the time the claimant reports household income to
2 the Department of Taxes.

3 (5) “Modified adjusted gross income” means “federal adjusted gross
4 income”:

5 (A) Before the deduction of any trade or business loss from a sole
6 proprietorship, loss from a partnership, loss from a limited liability company or
7 “subchapter S” corporation, loss from a rental property, or capital loss, except
8 that in the case of a business that sells a business property with respect to
9 which it is required, under the Internal Revenue Code, to report a capital gain,
10 a business loss incurred in the same tax year with respect to the same business
11 may be netted against such capital gain, and except that a business loss from a
12 sole proprietorship may be netted against a business gain from a sole
13 proprietorship, as long as the loss and the gain are incurred in the same tax
14 year with respect to different business.

15 (B) With the addition of the following, to the extent not included in
16 adjusted gross income: alimony, support money other than gifts, gifts received
17 by the household in excess of a total of \$6,500.00 in cash or ~~cash equivalents~~
18 cash equivalents, cash public assistance and relief (not including relief granted
19 under this subchapter), ~~cost-of-living~~ cost-of-living allowances paid to federal
20 employees, allowances received by dependents of ~~servicemen and women~~
21 service members, the portion of Roth IRA distributions representing

1 investment earnings and not included in adjusted gross income, railroad
2 retirement benefits, payments received under the federal Social Security Act
3 other than Supplemental Security Income payments, all benefits under
4 Veterans' Acts, federal pension, and annuity benefits not included in adjusted
5 gross income, nontaxable interest received from the state or federal
6 government or any of its instrumentalities, workers' compensation, the gross
7 amount of "loss of time" insurance, and the amount of capital gains excluded
8 from adjusted gross income, less the net employment and self-employment
9 taxes withheld from or paid by the individual (exclusive of any amounts
10 deducted to arrive at adjusted gross income or deducted on account of excess
11 payment of employment taxes) on account of income included under this
12 section, less any amounts paid as child support money if substantiated by
13 receipts or other evidence that the Commissioner may require.

14 (C) Without the inclusion of: any gifts from nongovernmental
15 sources other than those described in subdivision (B) of this subdivision (5),
16 surplus food or other relief in kind supplied by a governmental agency, or the
17 first \$6,500.00 of income earned by a full-time student who qualifies as a
18 dependent of the claimant under the federal Internal Revenue Code, the first
19 \$6,500.00 of income received by a person who qualifies as a dependent of the
20 claimant under the Internal Revenue Code and who is the claimant's parent or
21 adult child with a disability, any income attributable to cancellation of debt, or

1 payments made by the State pursuant to 33 V.S.A. chapters 49 and 55 for
2 foster care, or payments made by the State or an agency designated in 18
3 V.S.A. § 8907 for adult foster care or to a family for the support of a person
4 who is eligible and who has a developmental disability. If the Commissioner
5 determines, upon application by the claimant, that a person resides with a
6 claimant who has a disability or was at least 62 years of age as of the end of
7 the year preceding the claim, for the primary purpose of providing attendant
8 care services as defined in 33 V.S.A. § 6321 or homemaker or companionship
9 services, with or without compensation, which allow the claimant to remain in
10 ~~his or her~~ the claimant's home or avoid institutionalization, the Commissioner
11 shall exclude that person's modified adjusted gross income from the claimant's
12 household income. The Commissioner may require that a certificate in a form
13 satisfactory to ~~him or her~~ the Commissioner be submitted that supports the
14 claim.

15 (D) Without the inclusion of adjustments to total income except
16 certain business expenses of reservists, one-half of self-employment tax paid,
17 alimony paid, deductions for tuition and fees, health insurance costs of self-
18 employed individuals, and health savings account deductions.

19 (E) With the addition of an asset adjustment of ~~4~~ one times the sum
20 of interest and dividend income included in household income above

1 \$10,000.00 for claimants under ~~age~~ 65 years of age, regardless of whether that
2 dividend or interest income is included in federal adjusted gross income.

3 * * *

4 (18) Notwithstanding subdivisions (4) and (5) of this section, for the
5 purposes of the renter credit, “income” means federal adjusted gross income
6 increased by the following:

7 (A) trade or business loss from a sole proprietorship, loss from a
8 partnership, loss from a limited liability company or “subchapter S”
9 corporation, loss from a rental property, capital loss, loss from an estate or
10 trust, loss from a real estate mortgage investment conduit, farm rental loss, any
11 loss associated with the sale of business property, and farm losses included in
12 adjusted gross income;

13 (B) exempt interest received or accrued during the taxable year;

14 (C) 75 percent of the portion of Social Security benefits as defined
15 under 26 U.S.C. § 86(d) that is excluded from gross income under 26 U.S.C.
16 § 86 for the taxable year; and

17 (D) to the extent excluded from federal adjusted gross income,
18 educator expenses; certain business expenses of reservists, performing artists,
19 and fee-basis government officials; health savings account deductions; moving
20 expenses for members of the U.S. Armed Forces; the deductible part of self-
21 employment tax; self-employed SEP, SIMPLE, and qualified plan deductions;

1 self-employed health insurance deductions; the penalty for early withdrawal of
2 savings; alimony paid; certain IRA retirement savings deductions; student loan
3 interest deductions; and tuition and fees deductions.

4 * * *

5 Sec. 2. EFFECTIVE DATE

6 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
7 January 1, 2026, and apply to taxable years beginning on or after January 1,
8 2026.