

1 Introduced by the Committee on Ways and Means
2 Referred to Committee on
3 Date:
4 Subject: Taxation; income tax; tax credits
5 Statement of purpose of bill as introduced: This bill proposes to expand the
6 eligibility requirement for the Vermont Child Tax Credit to allow a credit for
7 children six years of age or younger, expand the earned income tax credit for
8 individuals without qualifying children to 100 percent of the federal credit, and
9 increase the income thresholds used to determine eligibility for the partial
10 exemption of Social Security benefits and retirement income.

11 An act relating to the expansion of existing income tax credits

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

13 Sec. 1. PURPOSE

14 The purpose of this act is to:

15 (1) expand the eligibility requirement for the Vermont Child Tax Credit
16 to allow a credit for children six years of age or younger;

17 (2) expand the earned income tax credit for individuals without
18 qualifying children to 100 percent of the federal credit; and

19 (3) increase the income thresholds used to determine eligibility for the
20 partial exemption of Social Security benefits and retirement income.

1 Sec. 2. 32 V.S.A. § 5830f is amended to read:

2 § 5830f. VERMONT CHILD TAX CREDIT

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

20 * * *

21 Sec. 3. 32 V.S.A. § 5828b is amended to read:

1 § 5828b. EARNED INCOME TAX CREDIT

2 (a) A resident individual or part-year resident individual who is entitled to
3 an earned income tax credit granted under the laws of the United States ~~or who~~
4 ~~would have been entitled to an earned income tax credit under the laws of the~~
5 ~~United States but for the fact that the individual, the individual's spouse, or one~~
6 ~~or more of the individual's children does not have a qualifying taxpayer~~
7 ~~identification number~~ shall be entitled to a credit against the tax imposed for
8 each year by section 5822 of this title. The credit shall be for an individual
9 who claims one or more qualifying children 38 percent or for an individual
10 who does not claim one or more qualifying children 100 percent of the earned
11 income tax credit granted to the individual under the laws of the United States
12 ~~or that would have been granted to the individual under the laws of the United~~
13 ~~States but for the fact that the individual, the individual's spouse, or one or~~
14 ~~more of the individual's children does not have a qualifying taxpayer~~
15 ~~identification number~~, multiplied by the percentage that the individual's
16 income that is earned or received during the period of the individual's
17 residency in this State bears to the individual's total income. A resident
18 individual or part-year resident individual who would have been entitled to or
19 granted an earned income tax credit under the laws of the United States but for
20 the fact that the individual, the individual's spouse, or one or more of the

1 individual's children does not have a qualifying taxpayer identification number
2 shall be entitled to a credit under this section.

3 * * *

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

5 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

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

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

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

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

19 (i) subtracting the federal adjusted gross income of the taxpayer
20 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;

