

1 H.483

2 Representatives Lipsky of Stowe, Cina of Burlington, Hango of Berkshire,
3 Hooper of Randolph, Pinsonault of Dorset, and Sibia of Dover move that the
4 bill be amended by striking out all after the enacting clause and inserting in
5 lieu thereof the following:

6 Sec. 1. PURPOSE

7 The purpose of this act is to:

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

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

12 (3) increase the income thresholds used to determine eligibility for the
13 partial exemption of Social Security benefits and retirement income; and

14 (4) exempt military retirement and survivor benefit income from
15 Vermont income tax.

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

17 § 5830f. VERMONT CHILD TAX CREDIT

18 (a) A resident individual or part-year resident individual who is entitled to a
19 child tax credit under the laws of the United States or who would have been
20 entitled to a child tax credit under the laws of the United States but for the fact
21 that the individual or the individual's spouse does not have a taxpayer

1 identification number shall be entitled to a refundable credit against the tax
2 imposed by section 5822 of this title for the taxable year. The total credit per
3 taxable year shall be in the amount of \$1,000.00 per qualifying child, as
4 defined under 26 U.S.C. § 152(c) but notwithstanding the taxpayer
5 identification number requirements under 26 U.S.C. § 24(e) and (h)(7), who is
6 ~~five~~ six years of age or younger as of the close of the calendar year in which
7 the taxable year of the taxpayer begins. For a part-year resident individual, the
8 amount of the credit shall be multiplied by the percentage that the individual's
9 income that is earned or received during the period of the individual's
10 residency in this State bears to the individual's total income. An otherwise
11 eligible individual shall be entitled to the credit under this section without
12 regard for the laws of the United States pertaining to the amount of federal
13 child tax credit that may be refunded.

14 * * *

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

16 § 5828b. EARNED INCOME TAX CREDIT

17 (a) A resident individual or part-year resident individual who is entitled to
18 an earned income tax credit granted under the laws of the United States ~~or who~~
19 ~~would have been entitled to an earned income tax credit under the laws of the~~
20 ~~United States but for the fact that the individual, the individual's spouse, or one~~
21 ~~or more of the individual's children does not have a qualifying taxpayer~~

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

17 * * *

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

19 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

1 (a) Social Security income. The portion of federally taxable Social
2 Security benefits excluded from taxable income under subdivision
3 5811(21)(B)(iv) of this chapter shall be as follows:

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

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

9 (B) If the federal adjusted gross income of the taxpayer is greater than
10 ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of
11 federally taxable benefits received under the Social Security Act to be
12 excluded shall be proportional to the amount of the taxpayer's federal adjusted
13 gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

14 (i) subtracting the federal adjusted gross income of the taxpayer
15 from ~~\$60,000.00~~ \$65,000.00;

16 (ii) dividing the value under subdivision (i) of this subdivision (B)
17 by \$10,000.00; and

18 (iii) multiplying the value under subdivision (ii) of this subdivision
19 (B) by the federally taxable benefits received under the Social Security Act.

20 (C) If the federal adjusted gross income of the taxpayer is equal to or
21 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.

1 (b) Civil Service Retirement System income. The portion of income
2 received from the Civil Service Retirement System excluded from taxable
3 income under subdivision 5811(21)(B)(iv) of this title shall be subject to the
4 limitations under subsection (e) of this section and shall be determined as
5 follows:

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

8 (A) If the federal adjusted gross income of the taxpayer is less than or
9 equal to ~~\$50,000.00~~ \$55,000.00, the first \$10,000.00 of income received from
10 the Civil Service Retirement System shall be excluded.

11 (B) If the federal adjusted gross income of the taxpayer is greater than
12 ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of
13 the first \$10,000.00 of income received from the Civil Service Retirement
14 System to be excluded shall be proportional to the amount of the taxpayer's
15 federal adjusted gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

16 (i) subtracting the federal adjusted gross income of the taxpayer
17 from ~~\$60,000.00~~ \$65,000.00;

18 (ii) dividing the value under subdivision (i) of this subdivision (B)
19 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this subdivision
2 (B) by the first \$10,000.00 of income received from the Civil Service
3 Retirement System.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$60,000.00~~ \$65,000.00, no amount of the income received from
6 the Civil Service Retirement System shall be excluded under this section.

7 (2) For taxpayers whose filing status is married filing jointly:

8 (A) If the federal adjusted gross income of the taxpayer is less than or
9 equal to ~~\$65,000.00~~ \$70,000.00, the first \$10,000.00 of income received from
10 the Civil Service Retirement System shall be excluded.

11 (B) If the federal adjusted gross income of the taxpayer is greater than
12 ~~\$65,000.00~~ \$70,000.00 but less than ~~\$75,000.00~~ \$80,000.00, the percentage of
13 the first \$10,000.00 of income received from the Civil Service Retirement
14 System to be excluded shall be proportional to the amount of the taxpayer's
15 federal adjusted gross income over ~~\$65,000.00~~ \$70,000.00, determined by:

16 (i) subtracting the federal adjusted gross income of the taxpayer
17 from ~~\$75,000.00~~ \$80,000.00;

18 (ii) dividing the value under subdivision (i) of this subdivision (B)
19 by \$10,000.00; and

1 (iii) multiplying the value under subdivision (ii) of this subdivision
2 (B) by the first \$10,000.00 of income received from the Civil Service
3 Retirement System.

4 (C) If the federal adjusted gross income of the taxpayer is equal to or
5 greater than ~~\$75,000.00~~ \$80,000.00, no amount of the income received from
6 the Civil Service Retirement System shall be excluded under this section.

7 (c) Other contributory retirement systems; earnings not covered by Social
8 Security. Other retirement income, ~~except U.S. military retirement income~~
9 ~~pursuant to subsection (d) of this section~~, received by a taxpayer of this State
10 shall be excluded pursuant to subsection (b) of this section as though the
11 income were received from the Civil Service Retirement System and shall be
12 subject to the limitations under subsection (e) of this section, provided that:

13 (1) the income is received from a contributory annuity, pension,
14 endowment, or retirement system of:

15 (A) the U.S. government or a political subdivision or instrumentality
16 of the U.S. government;

17 (B) this State or a political subdivision or instrumentality of this
18 State; or

19 (C) another state or a political subdivision or instrumentality of
20 another state; and

1 (2) the contributory system from which the income is received was
2 based on earnings that were not covered by the Social Security Act.

3 ~~(d) U.S. military retirement income. U.S. military retirement income~~
4 ~~received by a taxpayer of this State shall be excluded pursuant to subsection~~
5 ~~(b) of this section as though the income were received from the Civil Service~~
6 ~~Retirement System and shall be subject to the limitations under subsection (e)~~
7 ~~of this section. [Repealed.]~~

8 (e) Requirement to elect one exclusion. A taxpayer of this State who is
9 eligible during the taxable year for the Social Security income exclusion under
10 subsection (a) of this section and ~~any one or both~~ of the exclusions under
11 subsections (b)—~~(d)~~ and (c) of this section shall elect either one of the
12 exclusions for which the taxpayer is eligible under subsections (b)—~~(d)~~ and (c)
13 of this section or the Social Security income exclusion under subsection (a) of
14 this section, but not both, for the taxable year. A taxpayer of this State who is
15 eligible during the taxable year for ~~more than one of the both~~ exclusions under
16 subsections (b)—~~(d)~~ and (c) of this section shall elect only one of the
17 exclusions for which the taxpayer is eligible for the taxable year.

18 Sec. 5. 32 V.S.A. § 5811 is amended to read:

19 § 5811. DEFINITIONS

20 As used in this chapter unless the context requires otherwise:

21 * * *

* * *

1 (iii) recapture of State and local income tax deductions not taken
2 against Vermont income tax;

3 (iv) the portion of certain retirement income and federally taxable
4 benefits received under the federal Social Security Act that is required to be
5 excluded under section 5830e of this chapter;

6 (v) the amount of any federal deduction or credit that the taxpayer
7 would have been allowed for the cultivation, testing, processing, or sale of
8 cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37,
9 but for 26 U.S.C. § 280E; ~~and~~

10 (vi) the amount of interest paid by a qualified resident taxpayer
11 during the taxable year on a qualified education loan for the costs of attendance
12 at an eligible educational institution; and

13 (vii) U.S. military retirement income and U.S. military survivor
14 benefit income received by the surviving spouse or dependent of the deceased
15 service member; and

16 * * *

17 Sec. 6. EFFECTIVE DATES

18 (a) This section shall take effect on passage.

19 (b) Notwithstanding 1 V.S.A. § 214, Secs. 1–5 shall take effect
20 retroactively on January 1, 2025 and shall apply to taxable years beginning on
21 and after January 1, 2025.