

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.  
3 51 entitled “An act relating to the Vermont unpaid caregiver tax credit”  
4 respectfully reports that it has considered the same and recommends that the  
5 House propose to the Senate that the bill be amended by striking out all after  
6 the enacting clause and inserting in lieu thereof the following:

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

8 § 5830f. VERMONT CHILD TAX CREDIT

9 (a) A resident individual or part-year resident individual who is entitled to a  
10 child tax credit under the laws of the United States or who would have been  
11 entitled to a child tax credit under the laws of the United States but for the fact  
12 that the individual or the individual’s spouse does not have a taxpayer  
13 identification number shall be entitled to a refundable credit against the tax  
14 imposed by section 5822 of this title for the taxable year. The total credit per  
15 taxable year shall be in the amount of \$1,000.00 per qualifying child, as  
16 defined under 26 U.S.C. § 152(c) but notwithstanding the taxpayer  
17 identification number requirements under 26 U.S.C. § 24(e) and (h)(7), who is  
18 ~~five~~ six years of age or younger as of the close of the calendar year in which  
19 the taxable year of the taxpayer begins. For a part-year resident individual, the  
20 amount of the credit shall be multiplied by the percentage that the individual’s  
21 income that is earned or received during the period of the individual’s

1 residency in this State bears to the individual's total income. An otherwise  
2 eligible individual shall be entitled to the credit under this section without  
3 regard for the laws of the United States pertaining to the amount of federal  
4 child tax credit that may be refunded.

5 \* \* \*

6 Sec. 2. 32 V.S.A. § 5828b is amended to read:

7 § 5828b. EARNED INCOME TAX CREDIT

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

1 income that is earned or received during the period of the individual's  
2 residency in this State bears to the individual's total income. A resident  
3 individual or part-year resident individual who would have been entitled to or  
4 granted an earned income tax credit under the laws of the United States but for  
5 the fact that the individual, the individual's spouse, or one or more of the  
6 individual's children does not have a qualifying taxpayer identification number  
7 shall be entitled to a credit under this section.

8 \* \* \*

9 Sec. 3. 32 V.S.A. § 5830e is amended to read:

10 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

11 (a) Social Security income. The portion of federally taxable Social  
12 Security benefits excluded from taxable income under subdivision  
13 5811(21)(B)(iv) of this chapter shall be as follows:

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

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

19 (B) If the federal adjusted gross income of the taxpayer is greater than  
20 ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of  
21 federally taxable benefits received under the Social Security Act to be

1 excluded shall be proportional to the amount of the taxpayer's federal adjusted  
2 gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

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

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

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

9 (C) If the federal adjusted gross income of the taxpayer is equal to or  
10 greater than ~~\$60,000.00~~ \$65,000.00, no amount of the federally taxable  
11 benefits received under the Social Security Act shall be excluded under this  
12 section.

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

14 (A) If the federal adjusted gross income of the taxpayer is less than or  
15 equal to ~~\$65,000.00~~ \$70,000.00, all federally taxable benefits received under  
16 the Social Security Act shall be excluded.

17 (B) If the federal adjusted gross income of the taxpayer is greater than  
18 ~~\$65,000.00~~ \$70,000.00 but less than ~~\$75,000.00~~ \$80,000.00, the percentage of  
19 federally taxable benefits received under the Social Security Act to be  
20 excluded shall be proportional to the amount of the taxpayer's federal adjusted  
21 gross income over ~~\$65,000.00~~ \$70,000.00, determined by:

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

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 federally taxable benefits received under the Social Security Act.

7 (C) If the federal adjusted gross income of the taxpayer is equal to or  
8 greater than ~~\$75,000.00~~ \$80,000.00, no amount of the federally taxable  
9 benefits received under the Social Security Act shall be excluded under this  
10 section.

11 (b) Civil Service Retirement System income. The portion of income  
12 received from the Civil Service Retirement System excluded from taxable  
13 income under subdivision 5811(21)(B)(iv) of this title shall be subject to the  
14 limitations under subsection (e) of this section and shall be determined as  
15 follows:

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

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

1 (B) If the federal adjusted gross income of the taxpayer is greater than  
2 ~~\$50,000.00~~ \$55,000.00 but less than ~~\$60,000.00~~ \$65,000.00, the percentage of  
3 the first \$10,000.00 of income received from the Civil Service Retirement  
4 System to be excluded shall be proportional to the amount of the taxpayer's  
5 federal adjusted gross income over ~~\$50,000.00~~ \$55,000.00, determined by:

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

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

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

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

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

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

20 (B) If the federal adjusted gross income of the taxpayer is greater than  
21 ~~\$65,000.00~~ \$70,000.00 but less than ~~\$75,000.00~~ \$80,000.00, the percentage of

1 the first \$10,000.00 of income received from the Civil Service Retirement  
2 System to be excluded shall be proportional to the amount of the taxpayer's  
3 federal adjusted gross income over ~~\$65,000.00~~ \$70,000.00, determined by:

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

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

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

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

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

20 \* \* \*

1       (d) U.S. military retirement income and U.S. military survivor benefit  
2 income. For taxpayers of any filing status, U.S. military retirement income,  
3 and U.S. military survivor benefit income received by an eligible beneficiary,  
4 received by a taxpayer of this State shall be excluded from taxable income  
5 under subdivision 5811(21)(B)(iv) of this chapter as follows:

6           (1) If the federal adjusted gross income of the taxpayer is less than or  
7 equal to \$125,000.00, all federally taxable U.S. military retirement income and  
8 survivor benefit income shall be excluded.

9           (2) If the federal adjusted gross income of the taxpayer is greater than  
10 \$125,000.00 but less than \$175,000.00, the percentage of federally taxable  
11 U.S. military retirement income and survivor benefit income to be excluded  
12 shall be proportional to the amount of the taxpayer's federal adjusted gross  
13 income over \$125,000.00, determined by:

14           (A) subtracting the federal adjusted gross income of the taxpayer  
15 from \$175,000.00;

16           (B) dividing the value under subdivision (A) of this subdivision (2)  
17 by \$50,000.00; and

18           (C) multiplying the value under subdivision (B) of this subdivision  
19 (2) by the federally taxable U.S. military retirement income and survivor  
20 benefit income received.



1           ~~(3) pursuant to subsection (b) of this section as though the income were~~  
2           ~~received from the Civil Service Retirement System and shall be subject to the~~  
3           ~~limitations under subsection (e) of this section~~ If the federal adjusted gross  
4           ~~income of the taxpayer is equal to or greater than \$175,000.00, no amount of~~  
5           ~~the federally taxable U.S. military retirement income and survivor benefit~~  
6           ~~income received shall be excluded under this section.~~

7           (e)(1) Requirement to elect one exclusion. A taxpayer of this State who is  
8           eligible during the taxable year for more than one of the exclusions under  
9           subsections (a), (b), and (c) of this section ~~the Social Security income~~  
10           ~~exclusion under subsection (a) of this section and any of the exclusions under~~  
11           ~~subsections (b)–(d) of this section shall elect either only one of the exclusions~~  
12           ~~for which the taxpayer is eligible under subsections (b)–(d) of this section or~~  
13           ~~the Social Security income exclusion under subsection (a) of this section, but~~  
14           ~~not both, for the taxable year. A taxpayer of this State who is eligible during~~  
15           ~~the taxable year for more than one of the exclusions under subsections (b)–(d)~~  
16           ~~of this section shall elect only one of the exclusions for which the taxpayer is~~  
17           ~~eligible for the taxable year.~~

18           (2) A taxpayer of this State who is eligible during the taxable year for  
19           the military retirement and survivor benefit exclusion under subsection (d) of  
20           this section may elect that exclusion regardless of whether the taxpayer also  
21           elects an exclusion under subsections (a)–(c) of this section.

## § 5813. STATUTORY PURPOSES

(aa) The statutory purpose of the Vermont veteran tax credit in section

Sec. 5. 32 V.S.A. § 5830g is added to read:

§ 5830g. VERMONT VETERAN TAX CREDIT

(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.

## Sec. 6. EFFECTIVE DATE

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

(Committee vote: \_\_\_\_\_)

Representative \_\_\_\_\_

FOR THE COMMITTEE