

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

6 (1) For taxpayers of any filing status:

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

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

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

17 (B) dividing the value under subdivision (A) of this subdivision (3)
18 by \$50,000.00; and

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

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

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

1 Sec. 4. 32 V.S.A. § 5813 is amended to read:

2 § 5813. STATUTORY PURPOSES

3 * * *

4 (aa) The statutory purpose of the Vermont veteran tax credit in section
5 5830g of this title is to provide financial support to Vermonters who served in
6 the U.S. uniformed services.

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

8 § 5830g. VERMONT VETERAN TAX CREDIT

9 (a) A resident individual or part-year resident individual who served in the
10 uniformed services shall be entitled to a refundable credit against the tax
11 imposed by section 5822 of this title for the taxable year.

12 (b) A taxpayer shall be eligible for the credit under this section provided
13 the taxpayer has a discharge record, or other record of separation from active
14 duty, verifying service in the uniformed services.

15 (c)(1) If the federal adjusted gross income of the taxpayer is less than or
16 equal to \$25,000.00, the amount of tax credit provided under this section shall
17 be \$250.00.

18 (2) If the federal adjusted gross income of the taxpayer is greater than
19 \$25,000.00 but less than \$30,000.00, the amount of credit shall be \$250.00 less
20 \$5.00 per \$100.00 of federal adjusted gross income exceeding \$25,000.00 of
21 federal adjusted gross income.

1 (3) If the federal adjusted gross income of the taxpayer is \$30,000.00 or
2 greater, no amount of credit shall be provided under this section.

3 Sec. 6. EFFECTIVE DATE

4 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on
5 January 1, 2025 and apply to taxable years beginning on and after January 1,
6 2025.

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

9

10 (Committee vote: _____)

11

12

Representative _____

13

FOR THE COMMITTEE