



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

March 17, 2025

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S.51 – An act relating to the Vermont unpaid caregiver tax credit

As recommended by the Senate Committee on Finance, Draft 1.4^{1,i}

Bill Summary

This bill would provide resident individuals or part-year residents who provide uncompensated care a refundable credit against their personal income tax liability valued up to \$1,000 if certain, income, familial, and time requirements are met.

Fiscal Impact

The Joint Fiscal Office (JFO) estimates that this credit would result in approximately \$6.0 million in forgone revenue to the General Fund annually, beginning in fiscal year 2026. The cost of the credit may be reasonably expected to grow over time as Vermont's population ages.

The tax credit would take effect retroactively on January 1, 2025 and affect tax filings for tax year 2025. This would reduce available General Fund revenue by approximately \$6 million beginning in fiscal year 2026.

Background and Details

The following sections have a fiscal impact.

Sections 2-3: Vermont Unpaid Caregiver Tax Credit

The statutory purpose of the unpaid caregiver tax credit is to provide financial support to Vermonters who spend significant time providing uncompensated care for a family member. This bill would provide tax filers a refundable credit up to a maximum value of \$1,000 if the claimant provides at least 20 hours of uncompensated care on a weekly basis. The credit is prorated by the number of months that the individual met the hourly threshold. The individual who is receiving the uncompensated care must:

- be related to the caregiver by blood, civil marriage, or adoption;
- need assistance with activities of daily living, home health care, or assistance remaining safe at home;
- have a medically diagnosed disability or health condition; and
- not reside at a residential care home, assisted living residence, or nursing home.

¹ The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

Further, the credit requires that the claimant have \$125,000 or less in adjusted gross income (AGI) to qualify for the full credit amount. The credit is phased out by \$20 per \$1,000 in additional AGI above \$125,000 such that a tax filer reporting an AGI of \$175,000 is not eligible for the credit. Currently, approximately 79% of Vermont resident returns would be income eligible for the full credit amount and approximately 10 percent would be income eligible for the partial credit. This covers approximately 89% of Vermont resident income tax returns.

The bill would require the claimant to attest that they met all requirements to qualify for the credit. Upon the Commissioner of 'Taxes' request, they must be able to provide supporting documentation relating to their qualification for the credit. This includes a form to be executed by a licensed medical professional attesting to the fact that they provide primary or specialized medical care and that the individual receiving care requires assistance for at least 20 hours per week.

JFO estimates that this credit will result in approximately \$6.0 million in forgone revenue to the General Fund annually, beginning in fiscal year 2026. This cost may grow over time as Vermont's population continues to age.

Section 4: Effective Date

The credit would take effect retroactively on January 1, 2025 and affect filings for tax year 2025. This would reduce the amount of General Fund revenue forecasted for fiscal year 2026 and beyond.

Notes About the Estimate

There are several assumptions and caveats about this fiscal estimate that should be considered:

- It assumes full compliance with the self-attestation requirement for the number of hours of uncompensated care provided weekly;
- It assumes that all reported hours are related to care directly related to the medically-diagnosed disability or health condition; and
- It relies on survey information from AARP², the Department of Health (VDH)³, and the Department of Disabilities, Aging and Independent Living (DAIL), relating to the number of caregivers and the share of those receiving care who live at home and receive care from a family member. The estimate assumes that this data can be applied to the broader spectrum of unpaid caregivers in Vermont, but it should be noted that comprehensive data on unpaid caregivers in Vermont is not available. The extent to which actual tax credit claims activity deviates from this assumption could affect the fiscal impact of the bill.

ⁱ The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.

² <https://www.aarp.org/content/dam/aarp/ppi/2023/3/valuing-the-invaluable-2023-update.doi.10.26419-2Fppi.00082.006.pdf>

³ <https://www.healthvermont.gov/sites/default/files/document/hpdp-brain-health-caregiver-lived-experience-brief.pdf>