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H.20

Introduced by Representatives Donahue of Northfield, Goslant of Northfield,
and Grad of Moretown

Referred to Committee on

Date:

Subject: Taxation; income taxation; exemption for military retirement income

Statement of purpose of bill as introduced: This bill proposes to exempt from
income taxation the first \$5,000.00 of military retirement income.

An act relating to creating a military pension income tax exemption

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

Sec. 1. 32 V.S.A. § 5823 is amended to read:

§ 5823. VERMONT INCOME OF INDIVIDUALS, ESTATES, AND
TRUSTS

(a) For any taxable year, the Vermont income of a resident individual is the
adjusted gross income of the individual for that taxable year, and the Vermont
income of a resident estate or trust is its gross income for the taxable year, less:

* * *

(2) Military pay for full-time active duty with the U.S. Armed Services
earned outside the State; and the first \$2,000.00 of military pay for unit
training in the State to National Guard and U.S. Reserve personnel for whom

1 the Adjutant and Inspector General or Reserve Component Commander
2 certifies that the taxpayer completed all unit training of his or her unit during
3 the calendar year, and who has a federal adjusted gross income of less than
4 \$50,000.00; and the first \$5,000.00 of military retirement pay.

5 * * *

6 (b) For any taxable year, the Vermont income of a nonresident individual,
7 estate or trust is the sum of the following items of income to the extent they are
8 required to be included in the adjusted gross income of the individual or the
9 gross income of an estate or trust for that taxable year:

10 * * *

11 (3) Wages, salaries, commissions, or other income (excluding military
12 pay for full-time active duty with the U.S. Armed Services and also excluding
13 funds received through the federal Armed Forces Educational Loan Repayment
14 Program under 10 U.S.C. chapters 109 and 1609; and also excluding the first
15 \$2,000.00 of military pay for unit training in the State to National Guard and
16 U.S. Reserve personnel for whom the Adjutant and Inspector General or
17 Reserve Component Commander certifies that the taxpayer completed all unit
18 training of his or her unit during the calendar year, and who has a federal
19 adjusted gross income of less than \$50,000.00; and also excluding the first
20 \$5,000.00 of military retirement pay) received with respect to services
21 performed within this State.

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Sec. 2. EFFECTIVE DATE

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Notwithstanding 1 V.S.A. § 214, this act shall apply retroactively to

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January 1, 2019, and shall apply to taxable year 2019 and after.