

1 H.90

2 Introduced by Representatives Canfield of Fair Haven and Waszazak of Barre

3 City

4 Referred to Committee on

5 Date:

6 Subject: Taxation; personal income tax; earned income tax credit; child tax

7 credit; debt setoff

8 Statement of purpose of bill as introduced: This bill proposes to amend the
9 amounts of the Vermont earned income tax credit and the Vermont child tax
10 credit and to exclude payment of these credits from tax debt setoff.

11 An act relating to the Vermont earned income tax credit and the Vermont
12 child tax credit

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

14 Sec. 1. 32 V.S.A. § 5828b is amended to read:

15 § 5828b. EARNED INCOME TAX CREDIT

16 (a)(1) A resident individual or part-year resident individual who is entitled
17 to an earned income tax credit granted under the laws of the United States or
18 who would have been entitled to an earned income tax credit under the laws of
19 the United States but for the fact that the individual, the individual's spouse, or
20 one 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 ~~38 percent a~~
3 percentage, as determined under subdivision (2) of this subsection, of the
4 earned income tax credit granted to the individual under the laws of the United
5 States or that would have been granted to the individual under the laws of the
6 United States but for the fact that the individual, the individual's spouse, or one
7 or more of the individual's children does not have a qualifying taxpayer
8 identification number, 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.

11 (2) The credit under this section shall be a percentage of the earned
12 income tax credit granted to the individual under the laws of the United States
13 as follows:

14 (A) for an individual who claims one qualifying child or more than
15 one qualifying child for purposes of the earned income tax credit under this
16 section during the taxable year, 55 percent; and

17 (B) for an individual who does not claim any qualifying children for
18 purposes of the earned income tax credit under this section during the taxable
19 year, 100 percent.

20 * * *

1 (c) Notwithstanding sections 3112 and 5891 and chapter 151, subchapter
2 12 of this title and any other provision of law to the contrary, the credit under
3 this section shall not be subject to tax debt setoff under the laws of this State or
4 another state.

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

6 § 5830f. VERMONT CHILD TAX CREDIT

7 * * *

8 (e) Notwithstanding sections 3112 and 5891 and chapter 151, subchapter
9 12 of this title and any other provision of law to the contrary, the credit under
10 this section shall not be subject to tax debt setoff under the laws of this State or
11 another state.

12 Sec. 3. EFFECTIVE DATE

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