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H.168

Introduced by Representatives Hooper of Burlington, Anthony of Barre City,
Austin of Colchester, Birong of Vergennes, Casey of
Montpelier, Chase of Colchester, Christie of Hartford, Demar of
Enosburgh, Harrison of Chittenden, McCann of Montpelier,
Morgan of Milton, Morris of Springfield, Nugent of South
Burlington, Peterson of Clarendon, Troiano of Stannard, and
Waters Evans of Charlotte

Referred to Committee on

Date:

Subject: Veterans; database; motor vehicles; registration fees; taxation; income
tax; exemption; U.S. military retirement pay

Statement of purpose of bill as introduced: This bill proposes to:

- (1) require the Vermont Office of Veterans' Affairs to develop and maintain a database of veterans in Vermont with any information that is collected exempt from public inspection and copying;
- (2) waive 100 percent or 50 percent of the registration fee for certain motor vehicles upon proof that the registered owner or co-owner is a veteran who received a discharge under other than dishonorable conditions; and
- (3) increase the portion of U.S. military retirement pay that is exempt from the Vermont personal income tax.

1 An act relating to the maintenance of a database of veterans in Vermont,
2 reduced motor vehicle registration fees for veterans, and exempting U.S.
3 military retirement pay from Vermont income tax

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

5 * * * Database of Veterans in Vermont * * *

6 Sec. 1. 20 V.S.A. chapter 88 is added to read:

7 CHAPTER 88. VETERANS IN VERMONT

8 § 1751. MAINTENANCE OF A DATABASE OF VETERANS IN
9 VERMONT

10 The Director of the Vermont Office of Veterans' Affairs shall work with
11 other agencies, offices, and departments to develop and maintain a database of
12 veterans in Vermont. All agencies, offices, and departments shall, to the
13 maximum extent practicable and consistent with State and federal law, provide
14 information on veterans in Vermont to the Director of the Vermont Office of
15 Veterans' Affairs. Any personally identifying information about veterans in
16 Vermont collected by the Vermont Office of Veterans' Affairs is exempt from
17 public inspection and copying under the Public Records Act and shall be kept
18 confidential. Notwithstanding 1 V.S.A. § 317(e), the Public Records Act
19 exemption created in this section shall continue in effect and shall not be
20 repealed through operation of 1 V.S.A. § 317(e).

1 * * * Reduced Motor Vehicle Registration Fees for Veterans * * *

2 Sec. 2. 23 V.S.A. § 378 is amended to read:

3 § 378. VETERANS' EXEMPTIONS

4 (a) No fees shall be charged ~~an honorably discharged~~ to a veteran of the
5 U.S. Armed Forces who received a discharge under other than dishonorable
6 conditions and is a resident of the State of Vermont for the registration of a
7 motor vehicle that the veteran has acquired with financial assistance from the
8 U.S. Department of Veterans Affairs, or for the registration of a motor vehicle
9 owned by ~~him or her~~ the veteran during ~~his or her~~ the veteran's lifetime
10 obtained as a replacement thereof, when ~~his or her~~ the veteran's application is
11 accompanied by a copy of an approved VA Form 21-4502 issued by the U.S.
12 Department of Veterans Affairs certifying ~~him or her~~ the veteran to be entitled
13 to the financial assistance.

14 (b) A veteran of the U.S. Armed Forces who received a discharge under
15 other than dishonorable conditions and is a resident of the State of Vermont
16 shall be entitled to a 50 percent reduction of the registration fees owed under
17 sections 361 (pleasure cars), 364 (motorcycles), 364a (motor-driven cycles),
18 364b (all-surface vehicles), 373 (exhibition vehicles), 382 (diesel-powered
19 pleasure cars), 3204 (snowmobiles), 3204a (antique snowmobiles),
20 3305 (motorboats), and 3504 (all-terrain vehicles) of this title and 3 V.S.A.
21 § 2822(m) (Clean Air Fund) when the veteran's registration form or renewal

1 registration form is accompanied by a copy of an approved DD Form 214.

2 This reduction in registration fees shall be available if the veteran is listed as
3 an owner or co-owner of the motor vehicle on any registration forms filed with
4 the Department of Motor Vehicles.

5 (c) Notwithstanding subsection (b) of this section, a veteran of the U.S.
6 Armed Forces who received a discharge under other than dishonorable
7 conditions and is a resident of the State of Vermont shall be entitled to one 100
8 percent reduction of the registration fees listed in subsection (b) per calendar
9 year when the veteran's registration form or renewal registration form is
10 accompanied by a copy of an approved DD Form 214, provided that the
11 veteran is not already receiving a fee exemption under subsection (a) of this
12 section. This reduction in registration fees shall be available if the veteran is
13 listed as an owner or co-owner of the motor vehicle on any registration forms
14 filed with the Department of Motor Vehicles.

15 * * * U.S. Military Retirement Pay Exemption from Taxable Income * * *

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

17 § 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

18 * * *

19 (b) Civil Service Retirement System income. The portion of income
20 received from the Civil Service Retirement System excluded from taxable
21 income under subdivision 5811(21)(B)(iv) of this title shall be subject to the

1 limitations under subsection (e) of this section and shall be determined as
2 follows:

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

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

8 (B) If the federal adjusted gross income of the taxpayer is greater
9 than \$50,000.00 but less than \$60,000.00, the percentage of the first
10 \$10,000.00 of income received from the Civil Service Retirement System to be
11 excluded shall be proportional to the amount of the taxpayer's federal adjusted
12 gross income over \$50,000.00, determined by:

13 * * *

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

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

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

1 (B) If the federal adjusted gross income of the taxpayer is greater
2 than \$65,000.00 but less than \$75,000.00, the percentage of the first
3 \$10,000.00 of income received from the Civil Service Retirement System to be
4 excluded shall be proportional to the amount of the taxpayer's federal adjusted
5 gross income over \$65,000.00, determined by:

6 * * *

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

10 * * *

11 (d) U.S. military retirement income. The portion of U.S. military
12 retirement income received by a taxpayer of this State shall be excluded
13 pursuant to subsection (b) of this section as though the income were received
14 from the Civil Service Retirement System and excluded from taxable income
15 under subdivision 5811(21)(B)(iv) of this title shall be subject to the
16 limitations under subsection (e) of this section and shall be determined as
17 follows:

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

1 (A) If the federal adjusted gross income of the taxpayer is less than or
2 equal to \$50,000.00, the first \$15,000.00 of income received in U.S. military
3 retirement pay shall be excluded.

4 (B) If the federal adjusted gross income of the taxpayer is greater
5 than \$50,000.00 but less than \$60,000.00, the percentage of the first
6 \$15,000.00 of income received in U.S. military retirement pay to be excluded
7 shall be proportional to the amount of the taxpayer's federal adjusted gross
8 income over \$50,000.00, determined by:

9 (i) subtracting the federal adjusted gross income of the taxpayer
10 from \$60,000.00;

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

13 (iii) multiplying the value under subdivision (ii) of this
14 subdivision (B) by the income received in U.S. military retirement pay, but not
15 to exceed \$15,000.00.

16 (C) If the federal adjusted gross income of the taxpayer is equal to or
17 greater than \$60,000.00, no amount of the income received in U.S. military
18 retirement pay shall be excluded under this section.

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

1 (A) If the federal adjusted gross income of the taxpayer is less than or
2 equal to \$65,000.00, the first \$15,000.00 of income received in U.S. military
3 retirement pay shall be excluded.

4 (B) If the federal adjusted gross income of the taxpayer is greater
5 than \$65,000.00 but less than \$75,000.00, the percentage of the first
6 \$15,000.00 of income received in U.S. military retirement pay to be excluded
7 shall be proportional to the amount of the taxpayer's federal adjusted gross
8 income over \$65,000.00, determined by:

9 (i) subtracting the federal adjusted gross income of the taxpayer
10 from \$75,000.00;

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

13 (iii) multiplying the value under subdivision (ii) of this
14 subdivision (B) by the income received in U.S. military retirement pay, but not
15 to exceed \$15,000.00.

16 (C) If the federal adjusted gross income of the taxpayer is equal to or
17 greater than \$75,000.00, no amount of the income received in U.S. military
18 retirement pay shall be excluded under this section.

19 (e) Requirement to elect one exclusion. A taxpayer of this State who is
20 eligible during the taxable year for the Social Security income exclusion under
21 subsection (a) of this section and any of the exclusions under subsections (b)–

1 (d) of this section shall elect either one of the exclusions for which the
2 taxpayer is eligible under subsections (b)–(d) of this section or the Social
3 Security income exclusion under subsection (a) of this section, but not both,
4 for the taxable year. A taxpayer of this State who is eligible during the taxable
5 year for more than one of the exclusions under subsections (b)–(d) of this
6 section shall elect only one of the exclusions for which the taxpayer is eligible
7 for the taxable year.

8 * * * Effective Dates * * *

9 Sec. 4. EFFECTIVE DATES

10 (a) This section shall take effect on passage.

11 (b) Notwithstanding 1 V.S.A. § 214, Sec. 3 (U.S. military retirement
12 income exemption; 32 V.S.A. § 5830a) shall take effect retroactively on
13 January 1, 2023 and shall apply to taxable years beginning on and after
14 January 1, 2023.

15 (c) Secs. 1 (veterans database; 20 V.S.A. chapter 88) and 2 (reduced motor
16 vehicle registration fees for veterans; 23 V.S.A. § 378) shall take effect on
17 January 1, 2024.