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H.435

Introduced by Representatives Ode of Burlington, Hooper of Burlington, and
O'Sullivan of Burlington

Referred to Committee on

Date:

Subject: Taxation; income tax; exemption for military retirement pay

Statement of purpose of bill as introduced: This bill proposes to exempt
military retirement pay from State income taxation.

An act relating to the exemption of military retirement pay from State
income taxation

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

Sec. 1. 32 V.S.A. § 5823(a)(2) is amended to read:

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

1 Sec. 2. 32 V.S.A. § 5823(b)(3) is amended to read:

2 (3) Wages, salaries, commissions, or other income (excluding military
3 pay for full-time active duty with the U.S. Armed Services and also excluding
4 funds received through the federal Armed Forces Educational Loan Repayment
5 Program under 10 U.S.C. chapters 109 and 1609; and also excluding the first
6 \$2,000.00 of military pay for unit training in the State to National Guard and
7 U.S. Reserve personnel for whom the Adjutant and Inspector General or
8 Reserve Component Commander certifies that the taxpayer completed all unit
9 training of his or her unit during the calendar year, and who has a federal
10 adjusted gross income of less than \$50,000.00; and also excluding military
11 retirement pay) received with respect to services performed within this State.

12 Sec. 3. EFFECTIVE DATE

13 Notwithstanding 1 V.S.A. § 214, this act shall apply retroactively to
14 January 1, 2019, and shall apply to taxable year 2019 and thereafter.