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H.651

Introduced by Representatives Terenzini of Rutland Town, Batchelor of
Derby, Beyor of Highgate, Brennan of Colchester, Cupoli of
Rutland City, Fagan of Rutland City, Helm of Fair Haven,
Lawrence of Lyndon, Mitchell of Fairfax, Quimby of Concord,
and Van Wyck of Ferrisburgh

Referred to Committee on

Date:

Subject: Taxation; military; retirement pay

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

An act relating to military retirement pay income tax exemption

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 ~~armed services~~ U.S.
Armed Services earned outside the ~~state~~ State; and the first \$2,000.00 of
military pay for unit training in the ~~state~~ State to National Guard and ~~United~~
~~States~~ U.S. Reserve personnel for whom the ~~adjutant general or reserve~~
~~component commander~~ Adjutant and Inspector General or Reserve Component
Commander certifies that the taxpayer completed all unit training of his or her

1 unit during the calendar year, and who has a federal adjusted gross income of
2 less than \$50,000.00; and any income received from the U.S. government as
3 retirement pay for a retired member of the U.S. Armed Forces or National
4 Guard.

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

6 (3) Wages, salaries, commissions, or other income (excluding military
7 pay for full-time active duty with the ~~armed services~~ U.S. Armed Forces and
8 also excluding funds received through the federal armed forces educational
9 loan repayment program under 10 U.S.C. chapters 109 and 1609; and also
10 excluding the first \$2,000.00 of military pay for unit training in the ~~state~~ State
11 to National Guard and ~~United States~~ U.S. Reserve personnel for whom the
12 ~~adjutant general or reserve component commander~~ Adjutant and Inspector
13 General or Reserve Component Commander certifies that the taxpayer
14 completed all unit training of his or her unit during the calendar year, and who
15 has a federal adjusted gross income of less than \$50,000.00; and also excluding
16 any income received from the U.S. government as retirement pay for a retired
17 member of the U.S. Armed Forces or National Guard) received with respect to
18 services performed within this ~~state~~ State.

19 Sec. 3. EFFECTIVE DATE

20 This act shall take effect on January 1, 2015 and shall apply to taxable years
21 beginning on or after January 1, 2015.