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H.813

Introduced by Representatives Myers of Essex, Batchelor of Derby, Gregoire
of Fairfield, and Hango of Berkshire

Referred to Committee on

Date:

Subject: Taxation; personal income tax; deductions; medical expenses

Statement of purpose of bill as introduced: This bill proposes to create a
separate Vermont personal income tax credit for premiums paid for long-term
care insurance.

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An act relating to creating a Vermont personal income tax credit for
premiums paid for long-term care insurance

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It is hereby enacted by the General Assembly of the State of Vermont:
Sec. 1. 32 V.S.A. § 5811(21) is amended to read:

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(21) "Taxable income" means, in the case of an individual, federal
adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

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(C) Decreased by the following exemptions and deductions:

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(iv) an amount equal to the itemized deduction for medical
expenses taken at the federal level by the taxpayer; under 26 U.S.C. § 213:

1 (I) minus the amount of the Vermont standard deduction and
2 Vermont personal exemptions taken by the taxpayer under this subdivision
3 (C); ~~and~~

4 (II) minus any amount deducted at the federal level that is
5 attributable to the payment of an entrance fee or recurring monthly payment
6 made to a continuing care retirement community regulated under 8 V.S.A.
7 chapter 151, ~~which that~~ exceeds the deductibility limits for premiums paid
8 during the taxable year on qualified long-term care insurance contracts under
9 26 U.S.C. 213(d)(10)(A); and

10 (III) minus any amount deducted at the federal level that is
11 attributable to the payment of premiums on qualified long-term care insurance
12 contracts under 26 U.S.C. § 213(d)(10)(A).

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14 Sec. 2. 32 V.S.A. § 5830f is added to read:

15 § 5830f. CREDIT FOR LONG-TERM CARE INSURANCE PREMIUMS

16 There is allowed a credit against the tax owed under section 5822 of this
17 title in an amount equal to 20 percent of any premiums paid in the taxable year
18 under a qualified long-term care insurance contract, as defined in 8 V.S.A.
19 § 8802. The credit available under this section is nonrefundable, but any
20 unused portion of the credit may be carried forward up to three years.

1 Sec. 3. EFFECTIVE DATE

2 Notwithstanding 1 V.S.A. § 214, this act shall take effect retroactively on

3 January 1, 2020 and apply to taxable years 2020 and after.