

<b>HOUSE PASSED TAX RELIEF PROPOSAL</b>	<b>GOVERNOR'S TAX RELIEF PROPOSAL</b>
<ol style="list-style-type: none"> <li>1. A new tax credit for taxpayers with children 6 and under. <ul style="list-style-type: none"> <li>▪ Helps 34,000 Vermonters but creates cliff when a child turns 7.</li> </ul> </li>   <li>2. Expand the income thresholds for Vermont's Social Security exemption by \$5,000. <ul style="list-style-type: none"> <li>▪ Helps 7,800 Vermonters.</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Increase the Earned Income Tax Credit from 36% to 45%. <ul style="list-style-type: none"> <li>▪ Helps 40,000 low- and moderate-income Vermonters.</li> </ul> </li>   <li>2. Increase the Child and Dependent Care Tax Credit from 24% to 65%. <ul style="list-style-type: none"> <li>▪ Helps 14,000 Vermonters.</li> </ul> </li>   <li>3. Expand the income thresholds for Vermont's Social Security exemption by \$30,000. <ul style="list-style-type: none"> <li>▪ Helps 25,000 Vermonters</li> </ul> </li>   <li>4. Exempt Military Pensions from state income taxes for members and their spouses. <ul style="list-style-type: none"> <li>▪ Helps nearly 4,000 retirees here now and 750 surviving spouses/dependents.</li> </ul> </li>   <li>5. Remove the cap on Student Loan Interest Deduction and exempt all student loan interest paid each year. <ul style="list-style-type: none"> <li>▪ Helps 16,000 Vermonters.</li> </ul> </li>   <li>6. \$1000 tax credit for nurses.</li>   <li>7. \$1000 tax credit for childcare workers.</li> </ol>
<p><b>TOTAL: \$49.7M</b>  <b>Helps 13% of Resident Taxpayers</b></p>	<p><b>TOTAL: \$47.6M</b>  <b>Helps 25% of Resident Taxpayers</b></p>

## House Passed (H.10) Tax Relief Proposal:

### 1. Child Tax Credit:

- \$1,200 per child aged six and under for taxpayers with Adjusted Gross Income (AGI) of \$200,000 and under. For taxpayers with incomes greater than \$200,000, the credit is phased out over the next \$10,000 of income.
- This creates a cliff when a child turns 7.

### 2. Social Security Tax Exemption:

- Single taxpayers with AGI below \$50,000 and married taxpayers with AGI below \$65,000 would now receive a full Vermont tax exemption on Social Security benefits.

## Governor's Tax Relief Proposal:

### 1. Earned Income Tax Credit:

- Current Vermont law allows recipients to receive 36% of the Federal Earned Income Tax Credit on their Vermont tax return, the Governor has proposed increasing that to 45%.
- The Earned Income Tax Credit supports about 40,000 lower and moderate-income Vermont workers and families by giving a tax break based on earned income.

### 2. Child and Dependent Care Tax Credit:

- Current Vermont law offers two versions, but for most families, they receive 24% of the Federal credit on their Vermont taxes.
- The Governor's proposal would expand the credit to 65% the Federal amount a family qualifies for and would make the credit fully refundable for all families.
- This would help about 14,000 Vermont families pay for their childcare expenses.

### 3. Social Security Tax Exemption:

- Vermont currently allows seniors with less than \$45,000 of income, or couples with less than \$60,000 of income, to fully exempt their social security benefits from state income tax.
- The Governor's proposal increases these income thresholds by \$30,000, allowing more seniors to exempt some, or all, of their social security benefits from state incoming tax. This would help an estimated 25,000 Vermont seniors each year. (37 states don't tax social security, including MA, NY, and NH)

### 4. Military Pension Exemption:

- The Governor is proposing to exempt military pensions from state income taxes for military retirees and surviving spouses or dependents because Vermont is one of only 3 states that fully tax this benefit.
- Exempting this pay would help the nearly 4,000 retirees here now and 750 surviving spouses and dependents, as well as make Vermont more attractive for new retirees.

### 5. Student Loan Interest Deduction:

- The Governor is proposing to help make Vermont more affordable for young workers and middle-income families by allowing all Vermonters to deduct all student loan interest on their state taxes.
- This would expand upon an existing federal deduction that caps at \$2,500 of interest paid per year, and Vermonters who have significant student loan payments often exceed that cap.
- This proposal would help reduce the tax burden for more than 16,000 Vermonters.

### 6. Nurses Tax Credit:

- The Governor is proposing that every Registered Nurse, Advanced Practice Registered Nurse, Licensed Practical Nurse, Licensed Nursing Assistant, and Nurse Educator who lives in Vermont and works for a Vermont healthcare provider receive a \$1,000 annual refundable tax credit.
- This initiative is just one piece of a larger retention and recruitment package for our health care workforce.

### 7. Childcare Workers Tax Credit:

- The Governor is proposing to a \$1,000 refundable income tax credit for all childcare workers providing private pre-K or childcare services within the regulated system.
- This will help recruit and retain additional childcare workers to ensure we have the workforce we need to offer Vermonters affordable and accessible childcare services.