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Tax Cut on Social Security Helps Seniors and the Economy

In recent years, Missouri lawmakers have passed a number of measures that have helped put our economy on solid ground. This combined with an overall upsurge in Missouri's economy has resulted in a budget surplus of hundreds of millions of dollars. Because these funds belong to taxpayers, the Legislature has the opportunity to return much of this surplus to hardworking Missourians. However, I have found that in Jefferson City, ever-expanding government programs and bureaucracy will absorb every available dollar if left unchecked.

This session a bill is working its way through the Legislature that would eliminate Missouri's tax on Social Security benefits, reducing the burden on Missouri seniors. This is an excellent place to start providing tax relief. Missourians are taxed on their income for their entire working careers, and much of this revenue goes into Social Security. Then, when these individuals reach the age when they can retire and receive the benefits they have paid into for years, they are taxed again on those benefits.

Social Security income was not originally taxed, but because Missouri's income tax is directly tied to the federal tax code, changes in 1984 resulted in a Missouri state income tax on these benefits. Only 15 states currently tax Social Security benefits, and two of those are in the process of eliminating the practice. Also, since few states tax Social Security benefits, there is a strong incentive for seniors to move out of the Show-Me State in search of a more friendly tax climate.

Not only would eliminating the tax on Social Security benefits do justice to Missouri seniors, it also makes good fiscal sense. Eliminating the tax would inject approximately \$116 million into the pockets of some 250,000 seniors. That money will then flow back into the economy, helping our state and its citizens.

Working Missourians should not have to pay into the system twice, especially when they retire and must live on a fixed income. As we all know, health-care and prescription-drug costs are anything but fixed. In addition, we should do all we can to make sure our economy stays strong. This tax cut will benefit not only seniors, but our state as a whole.

If you have comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by e-mail at matt_bartle@senate.mo.gov or by phone at (888) 711-9278.

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