



# WEEKLY REPORT

State Senator Gary Nodler  
District 32



Room 433 - State Capitol Bldg. - Jefferson City, MO 65101 – Contact Barbara Mustoe Phone: (573) 751-2306

**Week of April 30, 2007**

## **Taking Care of Missouri's Seniors**

---

For many seniors, living on a retirement income means struggling to make ends meet. These people have to stretch their pensions and Social Security benefits to cover their food, medication, and utility payments. This week the Senate took the time to make that process a little easier by ending an unfair taxation on seniors' retirement benefits.

Under House Bill 444, the state will begin phasing out the taxing of Social Security benefit income paid to the disabled and those 62 or older. Also included in the phased exempting are retirement benefits from certain non-private pension plans such as those for firefighters, policemen, teachers, veterans, railroad workers, and certain federal civil service employees. An income limit would apply to individuals making more than \$85,000 and couples together making more than \$100,000, meaning taxes would continue to be paid on income over these thresholds.

The legislation will be phased in over a six-year period, starting with a 20 percent exemption in the 2007 tax year for Social Security benefits. The exemption percentage will continue to rise until 2012, when a 100 percent exemption takes effect. Over the same timeframe, income from qualified public pension plans will be exempted up to amounts matching the respective Social Security exemptions.

Taxpayers will be able to choose the phased-in exemption amount or an existing base exemption of \$6,000, whichever is better for the individual.

There are approximately 250,000 seniors in the state that would benefit from this legislation. People pay into the Social Security system throughout their working lives, so it is not fair for the state to tax them again in their older years on the benefits they rightfully earned. HB 444 brings an end to this excessive practice. In fact, Missouri is one of only 15 states that still taxes Social Security. By no longer applying state income tax to the benefits, we are bringing Missouri up to the same standard as other states and encouraging seniors to stay in this state.

These exemptions are necessary and important, but that doesn't mean we are not being fiscally responsible about its implementation. The bill also closes a loophole that allowed non-Missouri residents working in the state to pay fewer taxes than in-state residents, resulting in \$11 million in state revenue. Through this measure, we are able to give our seniors the tax credits they deserve while remaining watchful of state revenues.

House Bill 444 received first round approval in the Senate and, after a final vote, will move back to the House. This is an important step in taking care of Missouri's seniors, and I will look forward to sending the bill to the governor's desk.

*Senator Gary Nodler represents the people of Newton, Jasper  
and Dade counties in the Missouri Senate.*