

2007 Legislative Year Report

The Missouri National Guard Association has supported efforts in the Missouri Legislature to make military retirement pay exempt from Missouri state income tax for the last several years. The MoNGA supported legislation again this year along with other interested groups and we were finally successful in getting a bill passed and signed into law by Governor Matt Blunt.

House Bill 444, the “Senior Tax Justice Act”, was passed in May 2007 and signed into law on July 5, 2007 by Governor Blunt. It became effective on August 28, 2007. It provides for a phase in over a six year period and increase in the exemption for pension plans and Social Security payments to recipients age 62 and older. This exemption also includes military retirement pay.

Please see the news releases below for more details on the provisions of the bill.

House Communications – News

5/11 – Tax Cut for Seniors Receives Final Approval - 5/11/2007

Jefferson City – Approximately 220,000 older Missourians will receive a tax break under a bill passed by the Missouri House today. Called the “Senior Tax Justice Act” by its sponsor, House Bill 444 eliminates a “double tax” over six years for Missourians age 62 or older. Currently, the Social Security retirement income Missourians receive is included in their state taxable income.

“Why should I give [my money] to the government to hold for me and then when I get it back, now I have to pay taxes on it again?” asked Speaker Rod Jetton (R-Marble Hill), sponsor of HB 444.

HB 444 began as a proposal to give a state income tax deduction for Social Security benefits received, regardless of recipients’ age or income. When it passed in the House it was retooled and expanded. It gave an income tax deduction to retirees and disabled Missourians receiving Social Security and to retired firefighters, teachers, police officers, and others receiving public pensions in lieu of Social Security. It also authorized a deduction for capital gains or taxable interest of \$6,000 for any individual retirement plan.

After being amended in the Senate, HB 444 allows Missourians 62 years or older to deduct from state taxable income an increasing percentage of the retirement income they receive from Social Security or from sources not privately-funded over the course of six years. Missourians who are single with an annual income of \$85,000 or less or who are married with an annual income of \$100,000 or less if married will qualify for the deduction.

The final bill will benefit seniors, military veterans, teachers, disabled Missourians, and others like firefighters and police officers with a combined \$155 million in tax savings over the next six years.

“The bottom line is we’re going to cut taxes for hundreds of thousands of people around the state of Missouri,” said Speaker Jetton.

While Speaker Jetton’s call to end the tax on Social Security benefits gained attention this year, it is something he wanted to do when he was first elected to office.

“This is what I wanted to do ... when I walked through that door to be a state rep,” said Jetton, “but we couldn’t afford it. We didn’t have the money. We were broke.”

Speaker Jetton attributed the state’s ability to give Missourians a substantial tax cut to a changed economic environment he believes was spurred by controlling government spending and holding the line on tax increases.

“Today we have almost a \$500 million dollar surplus this fiscal year and I predict we’re going to have at least a \$500 million dollar carry forward going into next year,” said Jetton. “And how do we have that? Because we’ve changed [the] environment of this state. We’ve put people back to work.”

HB 444 passed with a vote of 133 to 11. It now awaits the signature of Governor Blunt.

FOR IMMEDIATE RELEASE

Friday, May 11, 2007

Contact: Jessica Robinson, 573-751-0290

Blunt Praises General Assembly's Action to End Social Security Cut

JEFFERSON CITY– Gov. Matt Blunt today applauded the Missouri General Assembly for giving final approval of tax relief to Missouri's seniors. The tax cut, House Bill 444, sponsored by House Speaker Rod Jetton, was one of Blunt's top priorities.

"This is a great day for Missouri seniors," Gov. Blunt said. "Today the Missouri General Assembly passed Speaker Jetton's legislation to stop the cut on Social Security benefits for thousands of Missouri seniors. The Social Security tax was a Social Security cut and today's action allows more Missouri seniors to keep their hard earned money. I appreciate Speaker Jetton's leadership on this legislation and I congratulate him on this tremendous accomplishment for Missouri seniors."

"I am extremely happy to be able to get this bill passed this year and end the double taxation on some Missourians," said House Speaker Rod Jetton. "However we were only able to do it in the first place because our economy has turned around and put us in the position that we have budget surpluses to work with. We are always looking for an opportunity to cut unnecessary taxes and return some of the hard earned dollars back to Missourians."

House Bill 444, the Senior Tax Justice Act, provides tax relief to thousands of Missouri's seniors by phasing in the state income tax exemption on Social Security benefits over six years. The legislation would also provide relief for teachers, firefighters, police officers, military personnel, federal employees and railroad workers.