

House Republican Press Release

March 1, 2007
Press Office: 860-240-8700

Senior tax relief: GOP proposes legislation to exempt pension benefits from state income tax



House Republicans are pushing legislation that would exempt retirees' pension benefits from the state income tax in order to eliminate tax payer flight to states where this relief is guaranteed. Connecticut is one of four states that fully tax all pensions as earned income, and one of only five states that provides no relief for veterans.

With energy and healthcare costs on the rise, House Republicans believe it is more important than ever to take prompt action in order to keep our residents here.

"We are seeing ever increasing pressure with the upward spiral of state taxes, property taxes, health care and energy costs. This effort would at least provide a recognition of the difficulties being faced by folks who are on fixed incomes," said Rep. Richard Ferrari (R-62)

"We must do all we can to help our seniors make ends meet. Reducing the state's tax burden is one of the most important actions that we can take, and eliminating the double taxation on pension income is just one small way to help encourage seniors to remain in Connecticut," said Rep. Ruth Fahrbach (R-61).

"Our senior citizens have contributed much to society during their lifetimes. The least we can do is offer a tax break on their pension incomes to help them stay in their homes in their communities," said Rep. Bill Aman (R-14). "Connecticut is one of only four states that taxes pension income. It is time to correct that policy."

House Republicans have proposed House Bill 5541 which would eliminate the personal income tax on pensions and Social Security for individuals 62 years of age or older. This bill would undoubtedly retain more Connecticut residents and reduce the incentive for leaving in order to sustain a more reasonable tax break.

"Our seniors have worked too long to ask them to continue paying taxes on their retirement benefits that the state treats as earned income," said House Minority Leader Lawrence Cafero. "We owe them a debt of gratitude in their golden years. "As a state, we want to keep our retirees in Connecticut because of what they have to offer to ensure we preserve a high standard of living. Our seniors are the backbone of our volunteer community; they are our parents and grandparents. We owe them that much."

This issue is part of an overall larger effort by House Republicans to provide incentives for not only seniors, but to younger people as well to remain in Connecticut. Proposed House Bill 5490 provides Connecticut college students with a trust fund consisting of their income tax payments for 10 years after graduation to use as a down payment toward a house.

Connecticut had a net loss of over 7,000 taxpayers of all ages to other states in a period of one year from 2003 to 2004. Those net 7,393 taxpayers took with them an estimated \$404.8 million in AGI (adjusted gross income).

House Republicans have repeatedly proposed tax relief for senior citizens and are stepping up their efforts on this issue again this session.