

SCS HCS HB 82 -- INCOME TAX EXEMPTION FOR CERTAIN RETIREMENT BENEFITS

This bill changes the laws regarding income tax exemptions for certain retirement benefits. In its main provisions, the bill:

(1) Specifies that the "maximum Social Security benefit available" will mean \$32,500 for the tax year beginning January 1, 2007, and for each subsequent tax year, the amount will increase by the percentage increase in the federal Consumer Price Index;

(2) Removes the requirement that a taxpayer be at least 62 years of age to be eligible for the publicly funded retirement benefit income tax exemption;

(3) Changes the limitation requirement for a publicly funded retirement benefit when a taxpayer receives both Social Security and publicly funded retirement benefits from the total amount of Social Security benefits not included in Missouri adjusted gross income to only the amount exempted under Section 143.125, RSMo; and

(4) Authorizes, beginning January 1, 2010, an income tax deduction from a taxpayer's Missouri adjusted gross income for 15% of any military retirement income, regardless of age or income. The tax deduction rate will increase by 15% annually until January 1, 2016, when it is fully phased in and all military retirement income will be deductible.