

HB 2657 -- PRIVATE PENSION TAXATION

SPONSOR: McGirl

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 11 to 0. Voted to "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 7 to 2.

This bill increases an individual's income tax adjustments related to private pensions in the following manner:

- (1) Single, Head of Household -- increases from \$25,000 to \$50,000;
- (2) Married Filing Combined -- increases from \$32,000 to \$64,000; and
- (3) Married Filing Separate -- increases from \$16,000 to \$32,600

This bill increases the maximum amount to be subtracted from a taxpayer's adjusted gross income for tax years beginning on or after January 1, 2025, to the first \$12,000 of any retirement allowance received from any privately funded sources. The previous maximum was \$6,000.

This bill is similar to HB 1423 (2024) and HB 356 (2023).

PROPONENTS: Supporters say that the General Assembly has already exempted public pensions, and now it is time for private pensions to enjoy the very same exemptions. This bill is beneficial because it expands the income thresholds for eligibility, allowing more people to take advantage. As a result, this bill would treat all pension holders equally, regardless of where they work.

Testifying in person for the bill were Representative McGirl and Arnie C. Dienoff.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.