

HB 1129 Testimony

This bill, if passed, would eliminate State Income Tax on Social Security Benefits.

Before 1984, Social Security benefits were not taxable under the federal personal income tax. In 1983, Congress enacted legislation to tax Social Security, up to half of the Social Security benefits of taxpayers with incomes above certain threshold levels with the proceeds from the tax to be put into the Social Security trust funds. The formula for taxation was written in such a way that few retirees would be affected. The provision was not indexed for inflation. Thus, more retirees pay tax every year. Social Security taxes are strictly a middle-class tax. Most if not all, the other provisions of the federal income tax are indexed to inflation, but not Social Security.

In 1994, the amount taxed was raised to 85% of Social Security benefits.

Currently, 37 states do not tax Social Security benefits.

For decades, seniors have paid into Social Security with their tax dollars. Now, when many seniors are on a fixed income and struggling financially, they are being double taxed because of income taxes on their Social Security. To me, this is just plain wrong.

Seniors have already paid taxes on their Social Security, since Social Security is not pretax. I view ending the taxation on Social Security as a simple idea and the right thing to do. In many cases, by taxing Social Security, we are punishing people who saved for retirement. This is not fair. I consider this a double tax on benefits that seniors have already paid for. I feel that we as Americans already pay too many taxes, federal taxes, state taxes, property taxes, sales taxes and the list goes on.

Taxing Social Security benefits is an unfair double tax. The need our seniors face is even greater this year due to the numerous financial stresses caused by COVID. Repealing this unfair tax will allow more money to be spent in North Dakota and hopefully attract more retirees to North Dakota. I don't think it is right to tax Social Security, especially now that our nation is reeling from the economic fallout of Covid-19. Let's "kill the double tax".