OLR Bill Analysis
HB 6174

AN ACT EXEMPTING SOCIAL SECURITY BENEFITS FROM STATE INCOME TAX AND STUDYING THE EFFECT OF THE EXEMPTION ON TAXPAYER MIGRATION OUT OF STATE.

SUMMARY

Beginning with the 2019 tax year, this bill increases the income thresholds at which taxpayers qualify for a 100% income tax exemption for Social Security benefits. Current law allows a 100% exemption for single filers and married people filing separately with federal adjusted gross incomes (AGI) of less than $75,000 and joint filers and heads of household with federal AGIs of less than $100,000. The bill increases these income thresholds to $100,000 and $125,000, respectively.

As under current law, taxpayers with incomes equal to or greater than these thresholds qualify for a 75% exemption.

The bill also requires the Department of Revenue Services (DRS) commissioner to study changes in out-of-state migration by taxpayers ages 62 and older who receive the full social security income exemption and report to the Finance, Revenue and Bonding Committee by July 1, 2020.

EFFECTIVE DATE: Upon passage; the social security income exemption applies to tax years beginning on and after January 1, 2019.

DRS STUDY

Under the bill, the DRS commissioner must study:

1. changes in out-of-state migration by taxpayers ages 62 and older who receive the full social security income exemption from the bill’s effective date until the 2020 tax year;
2. changes in state tax revenue related to any decrease in migration of these taxpayers;

3. the projected impact on state revenues in FYs 2021 through 2025 of providing the full Social Security income exemption to residents in certain income brackets (the bill does not specify which income brackets); and

4. the projected impact on state revenues in FYs 2021 through 2025 of extending the full Social Security income exemption to all residents.

COMMITTEE ACTION

Aging Committee

Joint Favorable
Yea 13  Nay 0  (02/20/2019)