

HB 7127 Social Security Tax Elimination

To: Chairman Abney and members of the House Finance Committee

My name is Daniel Liparini, a resident of North Kingstown, and I am writing in support of the bill to eliminate the state tax on Social Security.

I understand that Rhode Island is struggling with balancing its budget partly due to the uncertainty around federal funding and partly due to the need to help people who are impacted by higher costs. And in this Rhode Island is not dissimilar from other states with these same issues. But where Rhode Island older citizens are adversely affected as compared to most other states is that we are taxed on our Social Security payments.

Forty-two other states have figured out how to balance their budgets without taxing Social Security, so it is possible. And while one of our neighboring states, Connecticut, still taxes Social Security, they only tax 20% of it.

A common misconception is that this is a tax on rich people, which is far from the truth. More than 7,000 Rhode Islanders with incomes under \$75,000 are being taxed on their benefits. Obviously, these are all people who have claimed early, many of them before age 65. So, in many cases, they are still purchasing their own medical insurance in the private market, which has just increased in cost.

Due to the age requirement to get an exemption, married couples who retire before 67, making less than \$134K are taxed. These are certainly not rich people, but their tax on their SS earnings could be several thousand dollars per year. Now that may not seem like much compared to their salary; but it is a lot of money when you compare it to what disposable income they have after paying their bills along with the rising costs of electricity, food and medical expenses they are seeing. This tax could account for most if not all of their disposable income.

And the impact on those making \$134K - \$150K can be a tax impact of \$3,000 to \$4,000 per year, regardless of age. Again, that is a big impact on their disposable income each year. And over a ten-year period can add up to \$30 to \$40 thousand dollars on our middle class retirees. This is clearly an excessive cost.

Please support this bill.

Daniel Liparini

North Kingstown