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NEWS RELEASE: Senator Bert Johnson Introduces Bills to Protect Seniors from Pension, Social Security Tax Hikes

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Senator Bert Johnson Introduces Bills to Protect Seniors from Pension, Social Security Tax Hikes

LANSING – Senator Bert Johnson (D-Detroit) introduced legislation today that would repeal Governor Snyder’s proposed tax on all public and private pensions and prevent seniors’ Social Security from being taxed. The bills were cosponsored by all Senate Democrats, who have consistently stood up for Michigan seniors and opposed legislation to hike their taxes.

“We’ve stood time and again this year with the people of the State of Michigan,” Johnson said. “And that continues with these bills. It’s simple: Democrats do not approve of increasing taxes, especially on seniors with fixed incomes, and especially not to pay for billion dollar giveaways to large corporations.”

In order to help pay for a \$1.8 billion tax break for corporations, Governor Snyder and the Republican-led Legislature recently passed a complex, three-tiered system to tax seniors' pensions, raising their taxes by an estimated \$330 million next year alone. Under the pension tax plan as passed, seniors born after 1952 would have the choice of taking an exemption on their Social Security income and the \$3,700 personal tax exemption or the \$20,000/\$40,000 exemption. One of Senator Johnson's bills introduced would completely repeal the new tax on pensions. With the understanding that the Republican Legislature would callously refuse to eliminate the overbearing pension tax, Senator Johnson introduced a second bill to remove any reference to Social Security in the new tax law, thereby ensuring that seniors' Social Security would not be a part of the pension tax equation.

Yesterday, Governor Snyder signed the Fiscal Year 2011 budget into law, a budget balanced on the backs of Michigan's seniors and children. Adding insult to injury, Governor Snyder's Budget Director John Nixon recently conceded that the pension tax was unnecessary. In a speech he gave on Monday to the Jackson Chamber of Commerce's Economic Club, Nixon said "We could have balanced the budget without taxing pensions." Michigan's seniors are being asked to sacrifice an exorbitant, inequitable and apparently unnecessary amount to pay for the Governor's tax cuts for big business.

"Social Security is a social safety net cherished by the American people," said Johnson. "It allows our seniors to get by with modest means and has kept tens of millions of retired families living comfortably and with dignity over the years. It's a complete abdication of our duties to our constituents to institute a tax on the few dollars seniors receive each month."

Last week, Senator Johnson also introduced a resolution condemning U.S. Congressman Paul Ryan's federal budget proposal that attacks Medicare and Medicaid, and calls on Congress and the President of the United States to oppose any action that would eliminate traditional Medicare or convert Medicaid to a block grant program. With Michigan's pension tax in place, these federal attacks could further compound the increased costs and higher tax burden being placed on Michigan seniors.

"I fear for our seniors," Johnson said. "To face a double-whammy of state Republicans taxing their pensions and national Republicans ruining their Medicare – it's got to be overwhelming and it must be stopped."

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