



SENATE TAXATION

EXHIBIT NO. 2

DATE 2.11.09

BILL NO. SB282-1
SB284

NATIONAL ACTIVE AND RETIRED FEDERAL EMPLOYEES Montana Federation of Chapters

NARFE Testimony for Senate Taxation Committee

Support SB282 and SB284

*Great Falls
Chapter 107*

*Missoula
Chapter 322*

*Billings
Chapter 459*

*Butte
Chapter 460*

*Flathead Area
Chapter 646*

*Helena
Chapter 769*

*Bozeman
Chapter 843*

*Hamilton
Chapter 876*

*Mission Valley
Chapter 1744*

*Central Montana
Chapter 1909*

*Red Lodge
Chapter 1961*

*Miles City
Chapter 1973*

*Havre
Chapter 2056*

*Glasgow
Chapter 2057*

*Glendive
Chapter 2064*

*Livingston
Chapter 2066*

Mister Chairman, Members of the Committee, my name is Gladys Hardin. I am here today representing the Montana Federation of NARFE chapters. NARFE stands for the National Active and Retired Federal Employees association. The goal of NARFE is to protect and enhance federal employees retirement and health benefits. NARFE has over 1,000 members in Montana in 15 local chapters. Our work benefits over 11,000 federal annuitants in Montana and about the same number of active federal employees.

The past three Montana NARFE conventions have passed resolutions urging support of legislation to increase the State of Montana income tax deduction and the accompanying income limitation for pension income. SB282 would increase the partial exemption from \$3600 to \$5,000, and SB284 would increase the income limitation from \$30,000 to \$35,000. This exemption has not been changed since its enactment, 20 years ago. Inflation has averaged about 3% per year since that time.

Retired federal employees are not wealthy. The mean annuity payment for a retired employee is about \$2500 per month, and for a survivor only about \$1200. This means almost half of retired federal employees will not qualify for this exemption this year, based on their federal retirement alone, not counting any additional funds from employment or savings.

The deduction is of particular importance to federal civil service annuitants, since, unlike Social Security, their annuities are almost 100% taxable. These proposed increases are modest, and would put additional dollars into the pockets of lower-income seniors. Most of them will spend the entire increase on necessities.

Please vote yes on SB 282 and SB284.

Thank you.

Gladys Hardin
Legislative Chair