

HB 2098 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/11, 5/22

WHAT THE MEASURE DOES:

Extends the sunset of the tax credit for certain retirement income by six years, from January 1, 2026 to January 1, 2032.

ISSUES DISCUSSED:

- Background on the credit
- Decreasing credit use reflective of means testing limitations not indexed to inflation.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Individuals aged 62 years or older who receive certain taxable retirement income may qualify for a tax credit equal to nine percent of their qualified net pension income. Qualified pension income includes taxable income from: a deferred compensation plan such as a 401(k) or 457 plan, employee pension benefit plan, federal/state/local public retirement system, individual retirement account (IRA) and/or employee annuity account. Net pension income qualification limits result in the credit being claimed by predominately lower income taxpayers. More detailed information/analysis of the credit is available in the 2025 [Tax Credit Report](#) prepared by the Legislative Revenue Office.