

House Concurrent Resolution No. 24

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES COLONA (Sponsor) AND HODGES (Co-sponsor).

5100L.011

2 **WHEREAS**, the nation's nearly 63 million Social Security recipients will get a 1.5% cost
3 of living increase in 2014, slightly less than the 1.7% cost of living increase in 2013; and

4 **WHEREAS**, the Social Security tax cap is the maximum amount of income subject to
5 Social Security tax. The Social Security tax cap is adjusted each year to account for inflation;
6 and

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8 **WHEREAS**, the maximum amount of a worker's pay subject to the Social Security tax,
9 which is linked to an increase in average wages, will increase by 2.9% from \$113,700 to
10 \$117,000; and

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12 **WHEREAS**, the Social Security tax rate is 12.4%, with 6.2% paid by the employee and
13 6.2% by the employer; and

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15 **WHEREAS**, according to the Social Security Trustees, the Social Security Trust Fund
16 will be able to pay full benefits until 2033, and incoming payroll taxes will be sufficient to pay
17 about 75% of benefits thereafter; and

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19 **WHEREAS**, under current law, Social Security contributions and benefits are based on
20 earnings that fall below an annual cap, which is \$117,000 in 2014. In 1983, the cap was set at
21 a level that covered about 90% of all earnings paid in covered employment. The assumption was
22 that as the cap rose with inflation, the Social Security tax would continue to cover 90% of all
23 such earnings; and

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25 **WHEREAS**, currently, however, only about 84% of such earnings are subject to the
26 Social Security payroll tax; and

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28 **WHEREAS**, restoring the tax cap to a level that would again cover 90% of earnings -
29 a cap of \$180,000 - would reduce Social Security's long-term deficit over its 75 year solvency
30 period by nearly 25%; and

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32 **WHEREAS**, removing the cap completely would erase virtually all (86%) of Social
33 Security's funding gap over the next 75 years; and

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35 **WHEREAS**, eliminating the cap on earnings would call on top earners to contribute
36 more toward the basic economic security of the nation's elderly and families, commensurate with
37 their ability to pay; and
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39 **WHEREAS**, eliminating the cap on earnings would eliminate the regressive nature of
40 the Social Security tax by requiring all workers and employers to pay the same 6.2% rate on all
41 earnings, the same rate as workers making less than \$117,000 already pay; and
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43 **WHEREAS**, by calling on top earners to contribute to Social Security in line with their
44 ability to pay, the Social Security system is protected and maintained for all Americans:
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46 **NOW, THEREFORE, BE IT RESOLVED** that the members of the House of
47 Representatives of the Ninety-seventh General Assembly, Second Regular Session, the Senate
48 concurring therein, hereby strongly urge the United States Congress to end the regressive nature
49 of Social Security taxation by increasing or eliminating the cap on earnings in order to improve
50 fairness and balance Social Security's finances for the long term; and
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52 **BE IT FURTHER RESOLVED** that the Chief Clerk of the Missouri House of
53 Representatives be instructed to prepare properly inscribed copies of this resolution for the
54 Majority and Minority leaders of United States House of Representatives and United States
55 Senate, and each member of the Missouri Congressional delegation.

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