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AARP Testimony
Support for Tax Relief for Senior Citizens in HF 3669
House Tax Committee
4-5-2022

Thank you for the opportunity to testify on the House Omnibus Tax bill, which provides much-needed tax relief for lower and middle-income seniors. My name is Mary Jo George, and I am the Associate State Director of Advocacy for AARP Minnesota. On behalf of our 630,000 members statewide, we are testifying in strong support of measures to lower property taxes for both renters and homeowners and the bold step to eliminate taxes on Social Security benefits for middle-income retirees.

AARP appreciates the attention paid to reducing property taxes for seniors, as housing costs can be the largest expense for older Minnesotans and directly affect day-to-day financial security. The vast majority of adults over the age of 65 want to stay in their homes as long as possible, and challenges like housing costs and financial uncertainty can put that possibility out of reach. As home values continue to spike, homeowners and renters alike can struggle to keep up with paying property taxes. That's why AARP strongly supports several measures in the bill to reduce property taxes. Together, these measures will allow more of Minnesota's older residents to continue to age in their own homes and communities among family and friends and offer an additional step toward remedying long-standing inequalities in the housing arena. These include the following:

- **Homestead Credit Refund (Art 10; Sec 7)** increases the maximum refund by \$200 and provides property tax relief to households with the least ability to pay between \$21,410 and \$77,870.
- **Renter's Credit (Art 8)** provides more relief to low-income renters by reducing barriers by making it part of the income tax filing process, simplifying the definition of income, and providing larger refunds sooner. No longer will renters have to wait until September to get their refunds.
- **Expansion of the Senior Citizens' Property Tax Deferral (Art 4; Sec 29)** expands the income limit to \$96,000 and reduces the length of years a senior has to live in their home from 15 years to 5 years. Tax deferral programs directly address the problems cash-strapped seniors face with

significant equity in their homes to pay current property taxes. We also believe this can help many seniors who have moved or downsized but still want to stay in their communities.

- **Additional Targeted Relief (Art 10; Sec 8)** provides relief to homeowners who have experienced a spike in their property taxes of 10% from 12% and increases the maximum refund from \$1,000 to \$2,000. This will go a long way in helping retired seniors living on a fixed income who have modest incomes and have to pay other increasing expenses like medications, utilities, and groceries.

AARP also wants to thank the committee for including tax relief for middle-income retirees on Social Security. Under this bold approach, lower and middle-income retirees will no longer pay taxes up to the new income threshold amounts of \$75,000 for married couples and \$58,600 for single filers. The reduced subtraction could continue for higher-income earners. These new limits are consistent with the threshold amounts, albeit adjusted for inflation, put in place by Congress in 1983. By adjusting them for inflation, lower and middle-income retirees will no longer be paying taxes on their Social Security benefits. Several states use this approach, including Vermont, Kansas, and New Mexico. Not only is this a fair approach, but it is much simpler for Minnesotan seniors to understand and will go a long way in helping middle-income seniors feeling the pressure of rising costs and living on a fixed budget. Providing more relief to middle-income retirees is consistent with our policy that taxes should be equitable; consider people's ability to pay; and produce revenue sufficient to sustain essential programs for seniors and their families, as well as all Minnesotans in need.

Thank you again for the opportunity to testify. AARP stands ready to work with lawmakers to pass House File 3669.