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March 14, 2023

Re: SB 33 – Exempt All Social Benefits
Proponent – Oral – In-person

From:

Glenda DuBoise, AARP Kansas State Director
AARP Kansas, 785-806-7517

Chairman Adam Smith

House Committee on Taxation

Good afternoon, my name is Glenda DuBoise and I am the AARP Kansas State Director.

AARP has 278,000 members in Kansas. We are a non-profit, non-partisan organization that works across Kansas to strengthen communities and advocate for issues that matter most to families, such as healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

Thank you for the opportunity to testify today in support of the section of SB 33, which would exempt all social security benefits from Kansas income tax. This legislation will help ensure that even more middle-class retirees and their families can keep more of their hard-earned benefits, a continued priority for AARP Kansas. We supported both SB 33 and SB 52 in recent Senate hearings.

Kansas is one of only 12 states that still tax Social Security benefits. We continuously hear from our members and your constituents that aside from being grossly unfair, these taxes on their Social Security benefits could go to several essential uses – like paying for the ever-growing cost of prescription medications, as well as food and

utility bills. In fact, according to AARP research, the average annual cost of prescription drug treatment increased by 26.3 percent between 2015-2019. Many retirees tell us they are using their Social Security to help care for their own parents, their spouses and, more and more often, are taking on the financial challenge of raising or helping care for their grandchildren. They also feel they have limited options for rejoining the workforce and virtually no time horizon to increase their savings.

Older Kansans on fixed incomes clearly feel the effects of inflation more than the rest of us. Social Security tax relief is one way the state can help retirees stretch their hard-earned dollars. This will afford them increased financial security throughout their retirement years, hopefully allowing them to care for their family and age in their own homes and communities - as so many of us would like to be able to do.

Moreover, these tax savings come right back to Kansas. Our research shows that annual Social Security benefits to Kansans pump at least \$10 billion into the state economy. Recipients buy goods and services with their Social Security benefits, increasing business sales—which help not only the companies making those sales but also the firms that supply them. The result is more jobs and income to businesses and workers in Kansas.

Within our state, Kansans age 50 and over create an economic impact much greater than their portion of the population. As the percentage of state residents over 50 continues to grow, so will their contributions to our economy. According to the “Longevity Economy,” a report prepared by AARP and the Economist, Kansans 50 and older generated 37 percent of the state’s gross domestic product in 2018, totaling \$67 billion. Moreover, the report found that state residents 50 and older made up just 35 percent of Kansas’ population in 2018 but supported 795,000 jobs across the state and generated \$45 billion in wages and salary. Our older population in Kansas also contributed \$3.9 billion in unpaid caregiving in 2018 for spouses, parents, aunts, uncles, and Kansas’ children.

Kansas should consider maintaining and adopting programs and policies that keep this important economic engine in our state, rather than policies that might drive retirees and their contributions to our state’s economy and workforce elsewhere. AARP Kansas is always available to work with this Committee to achieve that end.

Thank you for your time today.

Sincerely,

Glenda DuBoise

Glenda DuBoise
AARP Kansas State Director