

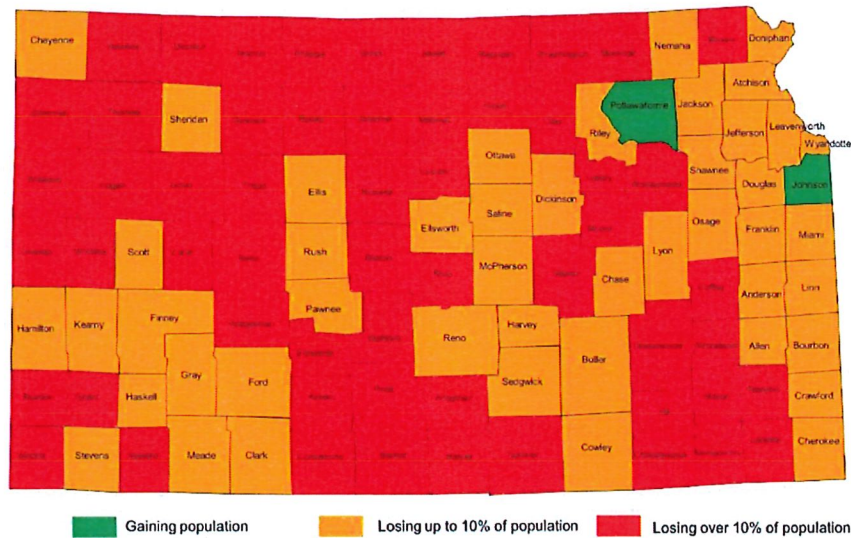
**Senate Committee on Assessment and Taxation
Testimony in Support of Senate Bill 52
Presented by Eric Stafford, Vice President of Government Affairs**

Tuesday, February 7, 2023

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to provide testimony in support of Senate Bill 52, which modifies how the state taxes social security benefits.

As the legislature considers improvements to our tax code in 2023, addressing retiree income is essential to our workforce issues facing the state. The map below outlines the significant decline in working-age population expected through 2029. We must ensure that retirees do not face an overly burdensome tax climate that encourages them to walk their money to another state.

Kansas Working Age (25-64) Projected Population Growth 2019-2029



One of the recommendations from the Tax Foundation report on effectively modernizing the Kansas tax code was to eliminate the social security cliff where individuals receiving social security benefits who earn \$75,000 or less are exempt from income taxes, but once they earn over \$75,000, all income is subject to Kansas income taxes. The Tax Foundation recommends a gradual phase out to avoid the cliff (see page 3 of our testimony for a copy from the Tax Foundation report).

Another alternative policy consideration to avoid a cliff would be to maintain the current \$75,000 exemption, but implement income taxes from \$75,001 rather than from \$1.

SB 52 appears to phase in income taxes to remove the “cliff” currently in place and this would be a good step to avoid discouraging those receiving social security benefits from continuing to contribute through work.

We appreciate the committee hearing testimony on Senate Bill 52, and I’d be happy to answer questions at the appropriate time.