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AARP Testimony
Senate Property Tax Committee
Senior Citizens' Property Tax Deferral
3.8.2022

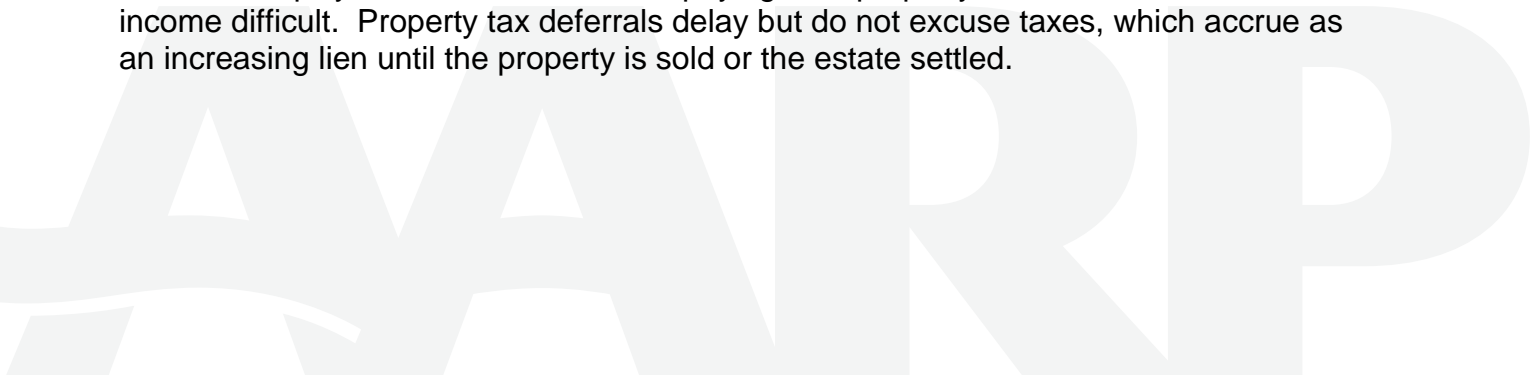
Mr. Chairman and members of the Committee, my name is Mary Jo George, and I am the Associate Director of Advocacy for AARP Minnesota. AARP appreciates the attention paid to reducing property taxes for seniors, as housing costs can be the largest expense for older Minnesotans and directly affect day-to-day financial security. On behalf of our membership, we are here in support of Senator Klein's bill **SF 3184, The Senior Citizens' Property Tax Deferral**.

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. Property tax continues to be among the most financially burdensome for low-income seniors on a fixed income and people with disabilities to absorb. As home values continue to spike, homeowners and renters alike can struggle to keep up with paying property taxes.

Under **SF 3184**, the bill expands the income limit for the Senior Property Tax Deferral Program by increasing the income limit to \$96,000 and reducing 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 faced by cash-strapped seniors with significant equity in their homes to pay current property taxes. They allow senior homeowners to use an otherwise illiquid asset—their home equity—to satisfy their property tax obligations. Since the tax is repaid out of the proceeds when the property is sold or transferred, deferrals have no long-term cost to other taxpayers. Also, by reducing the length of years a senior has to live in their home from 15 years to 5 years, we believe this can help many seniors who have moved or downsized but still want to stay in their communities.

Property tax deferrals programs like **SF 3184** can relieve the tax burden for seniors who have built equity in their homes but find paying their property tax bill from current income difficult. Property tax deferrals delay but do not excuse taxes, which accrue as an increasing lien until the property is sold or the estate settled.



Providing a deferral option to taxpayers is important because it essentially precludes the possibility of long-time homeowners being forced out of their homes due to rising taxes. Participation in deferral programs can be increased by raising public awareness through outreach and advertising, streamlining application processes, and offering low-interest rates.

For these reasons, AARP Minnesota supports **SF 3184**. These changes to Minnesota's deferral program will provide the chance for more of Minnesota 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.

Thank you.

