

HB 2528 Opponent Testimony – Written Only

House Committee on Taxation

Restricting residential homestead property taxes to not more than the established base year amount for individuals 65 years of age and older.

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Chair Smith and Members of the Committee,

We appreciate this opportunity to submit written opponent testimony for HB 2528, which Restricts residential homestead property taxes to not more than the established base year amount for individuals 65 and older. We hold the following position on HB 2528:

1. HB 2528 promotes the wasteful tendency of the government to pick winners and losers.
2. HB 2528 creates a moral hazard and can restrict housing turnover more than normal.

HB 2528 promotes the wasteful tendency of the government to pick winners and losers.

If a legislative body passes a law, there shouldn't be any exceptions to that law without some compelling reason. HB 2528 has no compelling reason. HB 2528 benefits Kansas taxpayers at the expense of everyone else. The hyper-targeting of this deduction is particularly troublesome. Tax expenditures are designed with the possibility they are available to anyone. HB 2528 is limited to those who buy and sell different motor vehicles within 180 days. HB 2528 is not a good tax policy.

HB 2528 creates a moral hazard and can encourage younger Kansans to migrate.

At a fundamental level, HB 2528 decreases the cost of living in one's home for those aged 65 and older. While such an action may seem well intended, or even desired, it creates a moral hazard. In economics, "moral hazard" describes a situation that insulates one party from bearing the full consequences of its actions.

In this case, a property tax restriction solely for those aged 65 and older will encourage localities to raise property taxes on those aged 64 years and younger. This could encourage more younger Kansans to leave Kansas as they face more of the tax burden. An ideal policy would be to lower property taxes for all, and thereby avoid stoking certain behaviors by those with different tax treatments.

For these reasons, we urge the committee to reject HB 2528 in its current form.