



**Testimony of Jess Maurer on Behalf of
The Maine Council on Aging
To Joint Standing Committee on Taxation**

**In Favor of LD 726 - An Act To Make Sales to Area
Agencies on Aging Tax-exempt**

Submitted in Person on February 27, 2019

Greetings Senator Chipman, Representative Tipping and members of the Joint Standing Committee on Taxation:

My name is Jess Maurer and I'm the Executive Director of the Maine Council on Aging (MCOA). The MCOA is a broad, multidisciplinary network of more than 75 organizations, businesses and older community members working to ensure we can all live healthy, engaged and secure lives with choices and opportunities as we age at home and in community settings. I am testifying in favor of LD 726.

In 1965, the federal government enacted the Older Americans Act (OAA), to support a range of home and community-based services. These services help seniors stay as independent as possible in their homes and communities, avoid hospitalizations and nursing home care, and save state and federal dollars that otherwise would be spent on this care. These services include answers on aging, Medicare and benefits counseling, long term care options counseling, evidence-based health programs, family caregiver support and Meals on Wheels.

The OAA created the area agencies on aging to deliver these services (AAAs). Maine has five AAAs that provide these services to more than 130,000 older Mainers, their family members and caregivers each year. Each is a stand-alone non-profit and each has been in existence for more than 40 years. Federal funds are sent to the State Unit on Aging and passed through to AAAs who provide these services. The OAA does not allow the AAAs to charge for any of the services provided under the OAA.

In order to qualify for federal funding, however, the State must also contribute. Last year, for all services provided by the AAAs, Maine contributed about \$1.4 million to support these services. The AAAs are likewise obligated to contribute these services. Last year, combined, the AAAs raised \$1.4 million in actual and in-kind donations and grants.

However, this isn't the end of the collaboration. To efficiently meet the growing demand for these services, the AAAs also engage thousands of volunteers each year who donate tens of thousands of hours. For instance, last year, just for the Meals on Wheels program, 1,057 volunteers donated 63,500 hours of time, representing a cost savings to the program of about \$642,000.

The first exemptions found in Title 36 section 1760, are state and federal governments. As nearly all of the funding for all AAA services is either from the State or Federal government and these entities are exempt from sales tax, it only makes sense that the tax exemption should extend to organizations created and operating solely to carry out federal and state mandates to provide free services to the public. There is no question that, if the state or federal government were incurring the costs of providing these services, they would not be taxed.

Home health care agencies, hospice agencies and other similar service providers like community action programs are also exempted from sales tax. As the AAAs are providing similar services, they too should be tax exempt. Finally, meals provided to and/or by the AAAs are already exempted from sales tax. It only makes sense to take the next step and exempt all of their purchases for all purposes from sales tax.

This will not have a large fiscal impact. In fact, based on some preliminary figures provided to me from the AAAs, I expect the general fund revenue loss to be less than \$25,000.

Last week, I stood before the Health & Human Services Committee in favor of LDs 472 and 474, a bill to address the significant and growing wait list for Meals on Wheels. In Maine, each year, the AAAs provide nearly 600,000 meals to nearly 5,000 homebound older Mainers who are unable to prepare a meal on their own and have no one else available to prepare a meal for them.

Last year, 1,500 people waited to receive Meals on Wheels for some duration of time. Currently, 400 people are waiting to receive home delivered meals under the program. The annual per-person cost for this program is stunningly low, about \$1,850, and yields a correspondingly impressive return on investment. This single intervention of home delivered meals has been demonstrated to aid in wound healing, decrease loneliness, reduce avoidable hospital readmissions and delay entry into facility-based care for more than two years.

While \$25,000 might not seem like a lot of money to anyone in the scheme of state government, this amount translates into 14 more people who could receive home delivered meals for a year. Realistically, because people often don't stay on the program for a full year and may only need to access the program for a few months during a health care crisis, these additional funds will serve many more people.

For all these reasons, I urge the Committee to vote unanimously in favor of LD 726.

Thank you.