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

In Favor of LD 6 An Act To Amend the Laws Governing the Home Accessibility Tax Credit and LD 1131 An Act To Improve the Ability of Senior Citizens and Persons with Disabilities To Stay in Their Homes

Submitted in Person on March 26, 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 80 organizations, businesses, municipalities 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 LDs 6 and 1131.

The current homestead modification tax credit gives a person who makes expenditures for the purpose of making all or any portion of an existing homestead accessible to an individual with a disability or physical hardship who resides or will reside in the homestead a credit against the tax otherwise imposed. LD 6 proposes to make that tax credit refundable if the person is over 65 and has an income at or below 138% of the federal poverty limit, currently just over $17,000 for one person, or $23,000 for two.

A third of Mainers who are over 65 live on social security as their only source of income. If social security is the only source of income, the person does not file a tax return and the current tax credit that is an offset against tax owed is of no value to them. If this same person pays for a ramp to be installed, which could cost anywhere between $2,000 and $8,000 depending on the slope of the land and length of the ramp, to allow a disabled child or spouse to live at home, she should be entitled to a refundable credit.

At 138% federal poverty level, older Mainers do not have enough money to meet their basic needs. The Elder Economic Security Index says that a Maine person age 65 or older living in a home she owns without a mortgage needs $20,500 in income to meet her basic needs. A couple needs $31,400. Thus, if the couple in our scenario earns less than $23,000 annually, they are living far below the income they need to meet their basic needs. If they need to invest in a ramp, they necessarily have to eliminate other expenditures to pay for it, meaning they may go without food, heat, electricity or needed medications. We've already recognized the good public policy behind providing a credit to those who make it possible for physically challenged people to live at home. We should likewise make this credit refundable, especially when not doing so would further impoverish older people.

We also support what we understand will be an amendment to LD 1131 to increase eligibility for this tax credit to $65,000. This also makes good sense. A family of 6 earning 200% of the federal poverty limit earns $69,100. A family of 6 can be two children, their parents and their grandparents, not an unusual situation these days. A family of 4 earning 250% of the federal poverty limit earns $64,300.

Informal family care partners are quite literally the backbone of the long-term care system – without them, our system of caring for aging and disabled adults would fall apart. Without them, it's estimated that Maine would have to spend $2.6 billion annually to provide the same level of care. Remarkably, however, Maine has passed very few laws that intentionally value the contribution made by these care partners. This homestead modification tax credit is one such law and it makes great sense to increase the financial eligibility for the credit.

Annually, family care partners contribute on average between $7,000 and $11,000 to the care of their loved ones, depending on the level of care needed. These costs could be associated with adult day services, respite care services or home care services so the care partner can work or take care of daily chores. Or the costs could be for monitoring equipment or for home modifications needed to keep the loved one safe at home. None of these costs are reimbursed or credited currently except for home modification. Given the value of the care provided by family care partners, we can ensure that more people in the lower income brackets can take full advantage of this tax credit if they need to make expenditures to modify their home in order to provide care.

Expanding this kind of tax credit in these ways makes sound fiscal policy. We want to encourage families to care for older and disabled adults who can no longer live independently. With an increasing aging population, we'll need more informal care partners to step up to help. Making these changes to the existing homestead modification tax credit takes a step in the right direction to helping care partners provide care.

Finally, we strongly support the amendment to LD 1131 that requires MaineHousing to conduct a study of the current demand for home repair and modifications for older low-income Mainers. Affording home repair and modification is by far the greatest challenge faced by tens of thousands of older Mainers who are living on older homes in need of weatherization, repair and modification but who do not have sufficient resources to pay for those repairs. The existing home repair efforts in Maine are impressive, but underfunded and not available statewide. We must also leverage volunteer home repair efforts that can provide free, quality, supervised labor to make our limited dollars go farther. Thus, we urge support for this amendment.

I urge you to vote in favor of both of these bills. Thank you. I'd be happy to take any questions you may have.

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