



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

In Favor of LDs 529, 682 & 751

Submitted in Person on April 10, 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 529, 682 and 751.

Mainers are living longer than ever before. With a relatively healthy older population, older Mainers are remaining active in many ways. They are leading civic, social and municipal organizations, and are the backbone of our volunteer labor force. However, even as we may fully engage in these activities, we may find that we don't have sufficient income to meet our needs and we may need help.

Poverty, or near poverty, is the single-biggest challenge facing older Mainers. While only one in ten older Mainers lives at or below the federal poverty line, but for the receipt of social security benefits, fully half would be "officially" poor. About a third of the 250,000 Mainers who are 65 or older live on social security as their only source of income, with an average income of about \$14,000.

The Elder Economic Security Index finds 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; she needs \$28,464 if she has a mortgage on her home. A couple needs \$31,400 in income to meet their basic needs without a mortgage. Based on these numbers, we estimate that about 75,000 Mainers age 65 and older do not have enough income to meet their *basic* needs and do not currently qualify for *any* means tested benefits.

Unfortunately, for too many low-income older Mainers, long life means that they may eventually run out of capacity to meet their basic needs while keeping up with other financial demands, including property taxes. Many will spend down any life savings and some will take out a mortgage as a last resort. In fact, MaineHousing has noticed that the percentage of older Mainers who have mortgages has increased in recent years and is now higher than the national average.

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While more than 90 percent of older people want to age in their homes for as long as possible, many older Mainers come to the point where they realize they must leave their homes because they cannot afford to stay. However, when they try to locate housing that would better accommodate their needs and their budgets, they find that none exists. That's because there is a shortage of at least 9,000 affordable housing units needed by older adults in Maine. Tens of thousands of older Mainers are now painted into a corner. They're living in homes they cannot afford to maintain and, yet, there is no place for them to go. These older Mainers need help.

The previous Property Tax Deferral Program that was created in the late 80s was an elegant solution to this problem. With a relatively small investment of resources, the State was able to pay the property taxes of those in the program, while taking a lien on their homes. The municipality lost neither the resident nor the revenue from the property. The payments made to the municipality on behalf of the resident were recouped by the state after the resident died or sold the home. Ultimately, the program is self-sustaining after the initial investment and eventually, if the program ends as it did in 1991, nearly all, or all of the funds invested in the program can be fully recouped by the State. It's unusual that a program can create a win for everyone, but this program does.

We urge caution in establishing what might seem like a reasonable asset test for eligibility for this program. While relatively few lower-income people in Maine have liquid assets over \$50,000, or \$75,000 as a couple, those who do may have saved their entire lives in order to be able to pay for the care they will need as they age. Hard-working Mainers who have planned, scrimped and saved for their retirement should not be penalized for doing the right thing, especially since they will more than likely need these funds to pay out-of-pocket for the care they need.

It's estimated that one in four people over the age of 65 in Maine will need one full year of paid care over the remainder of their lifetime. Most of them will have to pay out-of-pocket for this care. Three hours of home care provided five days a week for one year will cost on average \$20,000. \$75,000 won't even pay for one year of nursing home care. The bills you are considering already establish an income eligibility level that is low. The people who will qualify for this program are by no means wealthy. They will likely need what savings they have to pay for the other kinds of care they will need. We urge you to consider whether you really need to impose an asset test. If you set an asset test for this program, we encourage you to be more generous than the current recommendations.

Finally, while this program will provide relief to some low-income older Mainers who are struggling to pay their property taxes, we urge this committee to take additional steps to alleviate the property tax burden on all lower-income older people before they get to a point where they will need this program. Whether this is done by increasing the Homestead Exemption or modifying the Property Tax Fairness Credit, we urge you to take meaningful action this session.

For these reasons, we encourage you to unanimously support reinstating the Property Tax Deferral Program.

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