HOUSE TAX POLICY COMMITTEE

Testimony regarding MDSA position on Personal Property Tax Exemption

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Public Policy Committee Chair
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Thank you for the opportunity to present my views on the exemption of personal property from taxation. I am here representing the Michigan Directors of Services to the Aging, approximately 49 county level organizations serving our senior population through low cost home and community-based services.

63 Michigan counties and several municipalities count on local millage dollars to support services and programs that prevent higher cost institutionalization and even more importantly enhance the quality of life for our seniors.

As Chair of our Public Policy Committee, I want to make it clear that we are not opposed to reform of PPT for the benefit of our business community. Our concern is with the current version of the replacement revenue plan being considered by the House.

We are concerned on two levels. The first is a service provision concern. This year was the first year in the last six years that the Office of Service to the Aging did not receive a cut in the annual appropriation process. So while we are grateful for holding our ground this year, it is nonetheless true that over the five previous years state and federal assistance for community-based programs for seniors was reduced by 28% or $10 Million. Decreases in taxable property values have also cut deeply into millage revenue for senior programs. The result of these cuts coupled with continuing growth in costs has meant a reduced capacity to meet fundamental, basic needs for many of our most vulnerable seniors. Across the state, close to 7,000 frail, homebound seniors are on waiting lists for basic care needs such as nutrition through Meals on Wheels and for home-based care such as bathing and dressing.

While the dollar amounts pale compared to the cuts for local units of government, our estimates on replacing only 80% of lost local tax dollars amount to a minimum of $1.5 Million. We can neither justify nor afford further erosion of vital services to our seniors. In the current year's budget, the Governor proposed and the legislature agreed to protect funding to help prevent seniors from going into expensive nursing home care and expanding the Medicaid budget, and for transitioning seniors from nursing homes back to the community. Now, the proposed PPT legislation you are considering will reduce the very community supports and services necessary to keep those same seniors safely in the community.

The second major concern for us relates to keeping faith with voters in our local communities. Voters approved senior millage levels based on expected revenue generation and amount of promised service provision. In addition, lengths of time of current millages varies greatly from county to county and were approved based upon projected and protected timeframes, precluding going back and asking for a millage increase to make up for the shortfall. And a number of counties are already at the statutory max of 1 Mill for senior millages.

What happens to local control and local determination in this process? With community control of the right to approve or reject millage requests, appropriate checks and balances as well as local accountability and responsiveness to needs has been more assured.

The Senate version for replacement funding, SB 1072, recognizes the primacy and relevance of these issues and offered protections for Voter-Approved Millages with both 100% and immediate replacement of funds. We urge the House to adopt the same protections, honoring the will of local voters, who have overwhelmingly supported senior millages time and again.

The consequences of adopting the House version without the Senate provisions are clear and compelling. If we reduce the revenue streams, we effectively cut services and it will cost the state in the long run with more seniors needing institutional care. And since millage provides the primary source of required match for state and federal funding, we would forfeit these additional dollars as well and even more services will have to be reduced.

Finally, the integrity of the local voting process through millages for funding local needs would be undermined; promises to voters for certain levels of service and of a predictable level of financial support in tax liability will be compromised; and local decision-making and trust subject to being undone by Lansing. We urge you to carefully consider the consequences of failing to protect vulnerable seniors in their final years, and of subverting the intent and will of local voters.

Thank you for your consideration.