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Terry C. Anderson, Director
Special Committee on Tax Exemptions for Residential Property
225 Northwest, State Capitol
Madison, WI, 53707

Dear Mr. Anderson and Committee Members,

I live at St. John's on the Lake. I am deeply concerned by the apparent rush to try to tax previously exempt properties, and by the impetus by some parties to make that exemption depend on a financial test. These measures require due consideration and debate of extremely complex issues.

These issues include:

How to distinguish properties, or parts of properties, which should continue to be exempt
The valuation of parts of properties and the criteria which should apply to that decision
The weight that should be given to each criterion
The values that facilities such as St. John's, Catholic Home, Protestant Home and others contribute to the community above those that a mere apartment building contributes
Keeping residents in Milwaukee who otherwise would go to Florida, Arizona, etc.
The contributions to the economy of Wisconsin made by those individuals
Contributions to museums, theatres and other vital parts of Milwaukee's ambience
Keeping residents well without resort to gov't.programs such as welfare, Title 19/Medicaid and COP
Keeping taxable residents in Milwaukee who do not attend schools, or require other public facilities provided by the religious body which administers their retirement home.
Inherently unequal taxation
I am sure I have missed other issues.

Many of these factors will not be, and cannot be, addressed by any audit of financial impacts available to this committee or to anyone else. They are very real just the same.Let us look further at these points.

I am personally aware of a great many Milwukeeans who, when they retired, went to Florida, Nevada, or Arizona. In every case they were the wealthiest people I knew. In every case they made sure that their resources went to the new state. In most cases I knew them to be very liberal givers to community causes in Wisconsin until they moved. In all cases they also supported the arts and museums in Milwaukee liberally. These resources are now lost to us.

I am also aware of a substantial number of families that stayed here and moved to a retirement community, or who still plan to do so. Like the group just discussed each supports local churches, charities, arts and museums. What will be lost to this state and city if they are forced out by the increased expense of the share of a property tax levied <u>in addition</u> to the planned expenses. That burden is particularly onerous when a family has already contracted with a retirement home and has figured out their expenses assuming that the life care contract will sustain them if they use up their resources.

I can hear you thinking. You think a resident of St. John's on the Lake is a fat cat that can easily afford such expenses. You are wrong. Originally many St. John's residents fit into that category, but many have passed on. Recent admissions are much more middle class. They include teachers, social workers, missionaries to Africa, librarians, photographers and the like. I don't know of a single millionaire admitted within the three years since we joined St. John's.

My wife and I entered St. John's three and a half years ago. We are not even close to having a million dollars. It took about one-fourth of our entire life savings to enter. We live entirely on Social Security, pension and savings.

Nearly 3/4 of our S.S.and pension go to pay monthly fees to St. John's. All other living costs, like food and clothing, come out of the remainder, or from savings. The reason we were willing to undertake such large expenses was to receive the guarantee of life-long care. A large part of our monthly fees also pay for the care, **even** in the independent living units.We are not unusual here. Furthermore, our income is not stable. Some years ago we sold a property and financed the mortgage ourselves. When the payments were completed recently we lost $900 per month in income. Such a change, in either direction, could affect any one with property. Thus a test for taxability based on income would necessarily have to be re-calculated every year.

It is also true that St. John's accepts residents of limited means who live in the same facilities that we use. To my certain knowledge these include retired nuns, priests, long term volunteers and Title 19/Medicaid recipients. It is my understanding that admitting such persons costs St. John's $800,000 per year,taking that burden from others.

In addition, the question arises as to how "income" is to be ascertained? Such a determination is easy when rent is subsidized. Each person proves eligibility. The level of subsidy depends on it.. There is no such requirement for retirement communities. The state has no right to impose such a requirement on the retirement home that would have to furnish the information. The retirement home does not have that information and has no right to acquire it. Certainly the political repercussions would be enormous if that is attempted, whether or not it is successful.

It would also be necessary to define "income" in the statute in such a way as to exclude withdrawals from savings. Savings were taxable income long ago when they were earned. It would be grossly unfair to treat them as income carrying a new tax burden for a second time. So defined, my income would be very modest, not even middle class. So would that of many of our friends.

If a means test is adopted for charitable exemptions, other property owning individuals of modest income will want the same test applied to their liability for property tax.

Application of either a means test or a value test is nearly impossible to do, because the population and the resources of that population in any facility is constantly changing, as is the income of many individuals. A means test will greatly increase the bureaucratic burden of collecting property tax. The income would have to be refigured for each facility and each person each year, at enormous cost and unlikely accuracy.

If the test adopted depends on property valuations, different, but daunting difficulties arise.

In a large proportion of retirement properties, the same physical facility includes a mixture of residential, community service, and health facilities. In many cases these simultaneously serve persons living independently, persons receiving assisted living services, and nursing home patients. In my own case, I live in an "independent living" unit but my medical care is coordinated by the St. John's nurse. When a blood test is needed she arranges that it is taken inside my apartment. I have a neighbor who hurt his foot. He moved into the "nursing care" section (part of the same building) and later to "assisted care" (also in this building). He is now back in his apartment. A lady near us had the same sequence when she required spinal surgery. Such sequences are routine here. In each case the nurse for our unit coordinates the care. How do you divide the various parts to allocate taxable and exempt parts? How do you determine what part of the value is for charitable purposes?

The apartment section where I lease my apartment also includes very substantial public ares that I do not lease or own. These include the nursing offices, the kitchen and dining areas and administration. How can a statute define what areas are exempt and what are taxable, when such areas serve mixed needs? Many facilities contain inseparable parts for nursing care, assisted living at various levels, and independent living, with life care contracts for care in the assisted living and nursing facilities. In many cases, when a resident no longer has resources he continues to receive any or all these services for life.

It will not be possible to fairly apply a value assessment or a means test to divide the taxed property from the charitable exemption property. Introduction of a means test or value test into availability of property tax exemptions is therefore inherently unequal taxation.

The older citizens of the state are a valuable resource, both financially and socially. We shouldn't drive them away to the sun belt and low tax states.

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