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4/5/05

Terry C. Anderson, Director
Special Committee on Tax Exemptions for Residential Property
1 East Main St., Suite 401
Madison, WI, 53701-2536

Dear Mr. Anderson and Committee Members,

While listening to the deliberations of this committee I have heard mis-information that needs to be corrected.

There is not in fact any need for change.

Residential facilities which would be affected by the proposals should remain entitled to charitable status.

The income tests proposed so far are extremely unfair, and probably violate equal taxation.

Means tests are intrusive and unequal.

The "Need" for Change

It is frequently alleged that by imposing property taxes on the "fat cats" that live in retirement homes, the budget woes of municipalities can be significantly improved. That is contrary to your own statistics. Milwaukee talks of the 30% of property that is off the tax roll, but they also admit that only 3% relates to retirement communities. That being so, imposing property taxes or PILOT on them would have a minimal effect on municipal income.

The proposal to impose property taxes on senior citizens is mis-guided unless it is limited to truly abusive situations, those in which no charitable aid is supplied to the residents.

Our seniors enrich the community by their presence. They spend their purchases locally. They also support other charitable causes to a greater extent than they were able to during their family raising years. That is especially true of the alleged "fat-cats", but it is also true at moderate income levels.

The effort by some legislators to upset arrangements that have been considered charitable from the founding of this state should be rejected, or phrased to eliminate specific abuses. Charity does not change because of the budget difficulties of public bodies. Affordable senior retirement and medical facilities are particularly necessary now because of the changes in longevity that have greatly amplified the financial needs of seniors.

I have often heard in this committee that seniors are "evading" the Property tax by choosing church related retirement communities. The truth is that staying in a private home becomes burdensome as we age, particularly when seniors live so much longer now. It takes far more, and more expensive, services to maintain a senior in a private home than in a retirement community, where the same services are shared among large numbers of people. Today's seniors grew up in the depression. They lived in families where a widow or widower grandparent became infirm and moved in with them. They appreciate what living longer entails. More and more of them want to AVOID a lonely life in a private dwelling and want to AVOID moving in with their children and grandchildren. At St. John's a survey was made of the reasons why each person chose to move to St. John's. All answers are reported in the **first attachment** to this letter. They are instructive.

The responses total more than the number of residents, because many gave more than one response, but the response RATE includes well over 90% of all residents. Note that the reasons relate largely to charitable services. I can state from interviews conducted during the survey that in determining their future finances most respondents did not even think of property tax, because they were selling their home or leaving their apartment in any case. The responses illustrate the range of charitable services that are being furnished by retirement communities. Many of these are not capable of cash evaluation, but are vital to the persons receiving them.

The large majority of residents did NOT have highly paid positions. The attached **second exhibit**, prepared from our survey, shows that most were teachers, librarians, and office workers, and many similar mid-level jobs.

There is not in fact any need to change the charitable exemption from property tax, as applied to the usual senior retirement community including assisted care and nursing facilities, especially those offering life-care.

These facilities should remain exempt.

The residents in independent apartments at a facility such as St. John's receive many services of types that have been, and are still, regarded as charitable.

One resident who had been an attorney was afflicted with Parkinson's in his middle years so badly that his wife could no longer care for him without help. They moved to St. John's for that reason. His wife later developed arthritis to the extent that she requires a walker. At one point she fell and broke her hip bone and had to move to the nursing home. Later she returned to her apartment, then the nursing home, and at present is back in their apartment. Her husband is in the nursing home. Regardless of their income we assert that they are proper recipients of charitable assistance. Even while ostensibly in an apartment they were receiving the benefits of life-care.

Because the people living at St. John's are NOT fat cats, a new tax would be very burdensome. Our survey showed that paying a third or more of one's savings to enter St. John's with a life-care contract is not uncommon. My wife and I were both healthy when we moved in, but very soon after my wife was nearly totally incapacitated for months. She recovered, but has since developed three different afflictions and is barely capable of walking without oxygen. We continue in our apartment because the services St. John's provides makes that possible. In a house, household tasks would be very difficult.

The income tests that are proposed are unfair.

ALL respondents in our survey say that Social Security payments should not be included in any income figure which is considered to determine whether a property tax will be paid, because they paid taxes all their lives to obtain Social Security, and because it is intended to be a safety net. It cannot serve that function if it is to be taxed away.

They ALL say that pensions and IRAs paid for with dollars that are already taxed should not be included in such calculations. Most, 87%, say that savings accumulated from dollars that had been taxed should be excluded from such an income figure. 60% say that proceeds from the sale of a home should be excluded for that reason, and also because a sale is a one-time event. 40% say the same about one-time sales of other assets.

The income tests proposed in all the sample bills that have been discussed would include all of these items in the income test. Any bill to be proposed should eliminate these items from any income which triggers PILOT or property tax.

Many of us used major portions of our savings to achieve the care that St. John's offers and would be hard put to pay that much more.

The first respondent to our survey lives primarily on lower than median Social Security. She taught art, and

never earned more than \$18,000 during her entire teaching career. She retired early due to disability. Her income is from a modest Social Security and a small and declining pension. A property tax would be crushing.

Is this what we want for our senior citizens?

Another factor is that residents in senior retirement homes have already signed contracts which assume a continued relatively stable level of cost. Many have had their savings deeply affected by recent financial reverses. Requiring them to adapt to a greatly increased cost after their contracts are in force is very unfair.

The proposal to use an income level of \$24,500 to trigger a payment requirement is wildly unfair. That income level barely sustains livelihood at today's prices. That level does not divide those deserving of charity from the undeserving. The purpose of that particular level in the referenced federal law is to trigger more help in the form of housing expense relief; not to trigger additional expense. ALL responses to our survey indicated that that level is far too low for equity

The proposal to impose property taxes on senior citizens is mis-guided unless it is limited to truly abusive situations. Our seniors enrich the community by their presence. They spend their purchases locally. They also support other charitable causes to a greater extent than they were able to during their family raising years. That is especially true of the alleged "fat-cats", but it is also true at moderate income levels.

The effort by some legislators to upset arrangements that have been considered charitable from the founding of this state should be rejected, or limited to eliminate specific abuses. Charity does not change because of the budget difficulties of public bodies. It is particularly necessary now because of the changes in longevity that have greatly amplified the financial needs of seniors.

Means Tests Are Unequal, Intrusive, and Difficult To Implement

ANY means test will greatly increase the bureaucratic burden of collecting property tax or PILOT. The means of individuals varies from time to time. The population of any given facility is in constant flux. The means test would have to be re-calculated each year. Collection of such information from a residential facility would require authorizing it to collect the data from its residents. This would be intrusive and deeply resented. Probably it would result in endless litigation. Collection of data directly from the residents and subsequent application of it to the appropriate number of apartments would be intrusive, awkward, and probably unreliable.

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

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 these services for life. It will not be possible to fairly apportion a property tax or a PILOT to divide the charitable exempt aspects from property taxable ones.

Don't throw out your parents with the bath water.

Sincerely

A handwritten signature in cursive script that reads "Allan B. Wheeler". The ink is dark and the signature is fluid, with a large, stylized 'A' and 'W'.

Allan B. Wheeler

EXHIBIT ONE

FROM RESIDENT QUESTIONNAIRE RESPONSES

#	Reasons for coming to St. John's
31	Lifecare contract available
4	Lived in neighbor hood
11	Economical compared to other choices
4	Wanted to live where church services available without going out in bad weather
3	St. John's provides transportation for those who can't drive
6	St. John's is fully handicapped accessible
7	St. John's provides meal options for those who can no longer cook
	St. John's offers services including :
10	Full time wellness services
9	Doctor visits on premises or in apartments
6	Podiatrist
7	Dentist
5	Maintainance care of our apartments
7	Library
9	Social activities and programs to stimulate our minds
5	Beauty parlor
7	Check-in system to assure functioning of occupants every day
9	Prudent decision to husband resources; if a major expense added we would become title 19 dependent
5	Contracted with St. John's believing that cost increases would be modest
8	Modest fixed income; would have to leave if expense increased substantially
5	Came to obtain care for sick spouse
8	Came to avoid being a burden on children or siblings
3	Came on doctor's recommendation
3	Could not perform functions of daily life
2	Expenses greater than income; children assist with them
6	Wanted to escape burden of maintaining a home
3	Couple wanted to be sure survivor would be cared for
2	Came after spouse died to obtain needed services and care
1	Living here is environment friendly
3	St. John's subsidizes assisted living and nursing

The responses add to more than the number of residents, because many gave more than one response, but the response RATE includes well over 90% of all residents. Note that the reasons relate largely to charitable services. I can state from interviews conducted during the survey that most respondents did not even think of property tax, because they were selling their home or leaving their apartment in any case. The responses illustrate the range of charitable services that are being furnished by retirement communities. Many of these are not capable of cash evaluation, but are vital to the persons receiving them.

EXHIBIT TWO
St. John's on the Lake, Number of Apartment Tower Residents, By Occupation

27	Teachers and Librarians
25	Secretaries and Office Workers
15	Non-salaried Home-makers and Volunteers
5	Social Workers, Social Agency Workers
3	Religious Vocations
2	Photographers
2	Seamen
3	Sales Personnel
8	Technicians, Engineers, Research
11	Middle Management
5	Attorneys
3	Doctors & psychologist
3	Small Business Owners
3	Miscellaneous

