

To: Senator Ashe, Chair
Senate Finance Committee
From: Mark Perrault, JFO
Date: April 12, 2016
Subject: S.228

Senate Bill No. 228 would provide an exemption from the statewide education tax for certain level III residential care facilities beginning in FY2018. The total cost of this exemption is estimated to be less than \$100,000.

According to the Department of Disabilities, Aging and Independent Living, there are 112 level III residential care facilities in Vermont. (Note that Converse Home in Burlington is as an Assisted Living Residence, not a level III facility.)

To qualify for the exemption from the statewide education tax, a level III facility that must meet the following criteria:

- The facility must be subject to the statewide education tax
- The facility must operate on a nonprofit basis
- The facility must serve a resident population that is at least 25% Medicaid eligible

Based on information provided to the Joint Fiscal Office by Susan Sweetser, Administrator of Ethan Allen Residence in Burlington, only 14 of the state's 112 facilities are potentially eligible for the exemption:

- 25 facilities are not subject to the statewide education tax
- 71 facilities are not operated on a nonprofit basis
- 3 facilities *that would otherwise be eligible* do not accept Medicaid

We do not know how many of the remaining 14 facilities serve a resident population that is at least 25% Medicaid eligible.

The total cost of exempting these facilities from the statewide education tax is estimated to be roughly \$100,000 based on the equalized value of 6 of the 14 facilities potentially eligible. See the attached spreadsheet.