

Chairperson Cummings and Senators of the Comm., Thank you.

I am Bob Ullrich. My wife and I have been residents of Vermont for 45 years. I am 78 years old.

I am asking you to consider repairing the tax code to restore the medical expense deduction, not as a tax break, but as a fix. I hope that you will see that the restoration more than pays for itself in terms of dollars and benefits to the state and its people.

You have already heard of the personal human costs and distress that the current code has imposed on some Vermonters. I could elaborate further, but you understand, and I believe it useful to discuss the benefits of restoring the deduction of medical expenses. I see the current code as a deterrent to greater good involving Vermont: infrastructure, employment, jobs, prosperity and population.

The Healthcare Industry which I address involves areas where residents incur substantial medical expenses: home care, assisted living, nursing homes, retirement care, long-term health care and memory care facilities. Most of the patients involved are elders, but not exclusively elders.

This legislation has erroneously been termed, "The Wake Robin Bill." It could have been orchestrated by people from any of the types of institutions listed above, but due to happenstance a resident at WR learned of the new VT Tax Code from her accountant. The resident alerted others of the changes and the subsequent increases they would have to pay in taxes. The eldercare community, in general, did not seem to be aware of the situation. So a group of residents at Wake Robin began to study and publicize the impact the new Code would have on the entire Eldercare Industry in Vermont. As you can see from the diversity of today's testimony a wide group is now aware of the difficulties.

THE PROBLEM:

As costs at institutions increase, fewer people can consider these institutions as solutions to their healthcare problems. Fewer residents or patients means less financial stability of the institutions we already have, and the reduced likelihood that any new institutions will form. This leads to more families having to care for their elderly themselves, and more expense and stress on families and state, local and social resources.

I interject that Eldercare is a **rapidly growing financially viable industry** in many states and Vermont is even more suitably situated than most to flourish. I am not implying that Vermont has not participated in this growth, but it can become a growth

industry for Vermont. Eldercare entities employ many people. Eldercare is a labor-intensive industry (greater than 44% of WR's Functional Expenses for 2018 was in Salaries and Benefits, \$10,327,000). That creates a lot of taxable income.

The examples I provide will most often deal with WR, for that is my experience, but these examples will apply to many of the eldercare entities within Vermont.

Contributions:

Local Taxes: Wake Robin Inc. paid \$921,000 to Shelburne for 2018. It will exceed \$1,000,000 once the current construction has been completed. The \$921,000 and other payments and fees cover nearly all services: police, fire, rescue squad, water, sewerage, electric, waste, school taxes, etc. Other eldercare entities probably pay similar local taxes and/or fees. I know of no person at WR who has a child in any Vermont school district. This is fitting as all taxpayers pay for school expenses. Nevertheless, this is a very beneficial payment for a town to receive and this financial payment is a big benefit to the State and derived from the diverse eldercare units.

Employment: As introduced above, eldercare is a labor intensive activity. Many of the workers require advanced technical training and skills. WR employs over 200 persons full time, others part-time.

WR and possibly other eldercare entities expand the Vermont workforce in several fields by offering employment and teaching new skills to these workers. In many cases these positions offer a person their first work experience.

You might ask isn't eldercare employing healthcare workers of which the state already has a shortage of workers? Doesn't eldercare compete with other sectors of the healthcare economy for these precious workers? At least at WR (and possibly elsewhere), there is special program to train new and additional medical workers. Employees who work at other positions, e.g., housekeeping, security, grounds, etc, may receive release time and financial support to pursue medical education and training to obtain certification as an LNA or an RN. These people are under no requirement to remain at WR after they obtain their degrees and certification. Most stay, some have gone to other institutions. Note this program produces additional skilled workers in areas of increased demand. In fact, WR employs a Vermont firm specializing to guide and educate workers to their higher aspirations, qualifications and skills. Increased family economic security, income and standard of living accrue to these employees. The State benefits from these same attributes to its workforce **AS WELL AS INCREASED INCOME TAXES**. I would be surprised if some other eldercare entities did not do the same.

I reiterate here in this section on contributions to the State, eldercare is a labor- intensive industry and greater than 44% of WR's Functional Expenses for 2018 was in Salaries and Benefits, \$10,327,000. That creates a lot of taxable income. And this figure is from WR only, other eldercare units will greatly increase this figure.

Volunteers: Many WR residents volunteer for the benefit of our surrounding communities and their residents. A survey conducted by the WR Marketing Dept. for 2017 revealed that residents donated about 18,000 hrs/yr (actually 1498 hrs./mo.). A non-exhaustive example of the places at which our residents volunteer are: hospitals, nursing homes, senior and other care facilities, meals on wheels, colleges, universities and schools (we go there and they come here), libraries, museums, rescue squads, animal rescue facilities, and many others. A few examples include: former chief of surgery who volunteers to help first year UVM medical students with the dissection of their cadavers in order to learn structure, function and identification in the body, construction of furniture donated to UVM and the Shelburne Rescue Squad, maintenance of gardens at Shelburne Museum, tour guides at Shelburne Farms, hospital aides and nurses. These services are a gigantic boon to the region; in their absence the benefiting institutions would lose valuable resources. It is likely that other eldercare entities make similar contributions

The people who become residents at the eldercare institutions solidify and expand Vermont's population and wealth. Both are precious results. I have heard it said that "Vermont does not need to attract people of means because as many wealthy come to Vermont every year as leave." If this were true, it is a zero-sum game. Vermont needs to do better; staying equal is not satisfactory. Vermont needs to gain both population and wealth. This industry provides care for both those unable to pay and those able to pay. Those unable fall on family, state, local and federal resources. We need to expand the number with personal resources sufficient to pay. This requires restoring the modest medical deduction in order to attract more middle class people. These middle class people can gain access to the care they require by utilizing some of their resources. Without the tax deduction they are priced out of the picture. In fact, even though some new residents might not pay full state income tax for the first year when they are paying their "buy-in" costs and fees; after that first year they will add substantially to Vermont's till.

Also, these people will contribute dollars to local businesses and towns far in excess of the tax-dollar cost. Also take into account a multiplier effect on these expenditures. Just because they are receiving some relief on their state income tax does not mean that new residents will not have substantial income taxes to pay and money to spend in their communities.

Conclusion:

Please do not allow this infrastructure of diverse eldercare entities to erode away. Please reinstate the medical care deduction. It will produce more return than it costs. Eldercare institutions of this sort will grow in Brattleboro, and St. Albans, in The Kingdom, in Barre/Montpelier, Bennington, Rutland and in between. We need them to service the needs of Vermont's growing population of elders, but we also need them bring new wealth to Vermont. It does not have to happen over night, but we need to promote this growth. We need them to enrich the lives of Vermonters in each of these regions. This modest support will allow this industry to continue to grow and flourish and provide care for elders while adding jobs, services, income taxes, population and wealth.