February 18, 2015

Testimony of Matt Swanson, Executive Director, SEIU Oregon State Council

Chair Monnes-Anderson and Members of the Committee,

SEIU represents over 20,000 workers in nursing, in home care and other services directly relating to care for Oregon's senior population. As the front line providers for these services and in coalition with numerous other organizations in this state who care deeply about maintaining and improving these services we want to call attention to our concerns with the continuation of the Long Term Care Insurance Tax Credit brought to you by way of Senate Bill 39 when there are other direct needs to fund services for our most vulnerable seniors.

We believe that an appropriate review of this credit would consider;

- The total number of Oregonians who could be served by this credit;
- The relative need of those who utilize this credit versus current need for services;
- The growing need of Oregon's senior population, especially those without adequate income to afford long term care.

This tax credit provides a up to $500 tax credit available to a wide range of Oregonians would result in spending of $10.6 million in the 2015-2017 biennium, $22.5 million in the 2017-2019 and $23.8 million in 2019-2021.[1] While this tax credit does provide a benefit to those who purchase long term care insurance policies, we do have to ask the question where should we prioritize our spending?

The credit before you benefits 33,700 full time residents and 37,100 year round residents and of that number less than 7,000 take the maximum credit of $500. For comparison, Oregon's 65+ population is currently over 600,000 or 19% of the state's population. In the next 20 years that number will grow to over 900,000. [2] According to research by AARP, Oregon's 65+ population has poverty rates between 8 – 11%, when you factor in those living at or near poverty (250% of FPL) that number is closer to 40%. This growing population will require a strong safety net. [3]

With this growing dynamic in mind we would hope that this committee carefully considers other options instead of moving forward with this tax credit. The options we would support include:

- Ensuring that the policy helps those Oregonians with the greatest need;
- Ensuring that the credit goes to purchase policies that protect the consumer;
- Finding savings from changes to this tax credit that can be better utilized elsewhere in our state's budget for long term care services.

[1] 2016 Expiring Tax Credits (Pursuant to 2013 HB 2002), Research Report #2-15, February 2015, Legislative Revenue Office, page 10.
[2] Found on-line, census.gov, Annual Estimates of the Resident Population for Selected Age Groups by Sex for the United States, 2013 estimates.

[3] AARP, "Across the States, Profiles in Long Term Care Services and Supports, Oregon."

Credit used by Income Category

Long-Term Care Insurance Credit - by Income - 2012 Personal Income Tax Filers

Income Group of Full-Year Filers*	Number of Filers Taking Credit	Percent of filers in income group taking credit	Average Revenue Impact of Credit	Revenue Impact ($ millions)	Percent of Revenue Impact by Income Group
Below $12,400	2,010	0.6%	$12	<$0.1	0.3%
$12,400 - $26,000	2,680	0.9%	$112	$0.3	3.7%
$26,000 - $46,400	4,670	1.4%	$186	$0.9	10.0%
$46,400 - $81,800	9,320	2.9%	$243	$2.3	26.1%
Above $81,800	16,380	5.1%	$316	$5.2	59.9%
All Full-Year Filers	35,260	2.2%	$247	$8.7	100.0%
Part-Year and Nonresident Filers	1,800		$102	$0.2	

Each income group contains 20 percent of the full-year filers (approximately 322,500)