

Tax Levies to Support Aging Programs: An Emerging Trend

KERI focus groups and community forums held in each of Kentucky's 15 Area Development Districts in 2006 clearly reveal that county judge executives, city council members and other community leaders fear a loss of revenue if retiring Baby Boomers take advantage of property tax exemptions. There is also growing concern about the ability of communities to fund aging service programs.

One response to this fiscal challenge is to use local property tax levies to support aging programs. Counties in Kansas (64 of 104), Louisiana (13 of 46), Michigan (59 of 85), North Dakota (50 of 53) and Ohio (58 of 88) have already developed such programs (Applebaum, Roman, Molea & Burnett, 2005). The Ohio tax levy generated \$94 million in 2004 and over \$100 million in 2006.

Ohio's county-wide levies fund transportation, nutrition, in-home services, information and referral, case management and senior center administration. Individual counties use the moneys to fill targeted gaps in local services. Rural counties tend to devote a higher proportion of their funds to transportation. Many counties use the funds as a match to leverage additional dollars from federal, state, local and private sources. The levies are viewed favorably in the polls, passing with almost a two-thirds margin of voter support. Of more than 100 proposals for levies (including renewals) on the ballot, only seven have failed to pass (Payne, Applebaum, Molea & Ross, 2007).

Three of Kentucky's 120 counties (Boone, Campbell and Kenton) have a senior citizen tax levy. Collected funds which can only be used for county residents are administered by the County Fiscal Court and distributed through a locally operated grant process. The three adjacent counties now collaborate in administering the levy.

How receptive are Kentuckians to such levies? Data from the 2007 KERI survey reveal that a large majority of the 3,256 responding households are supportive of the idea. When asked about the need to "introduce local or state taxes to support programs for elders," 41.8% of Baby Boomers (persons aged 53-61) and 34.8% of older adults (persons 62 and older) indicate this is "very important" and a further 42.5% of Baby Boomers and 45.0% of older adults consider this "somewhat important." Introducing such taxes ranks seventh among 15 possible directions for future development.

Older Americans Act funding no longer keeps pace with inflation and it does not currently recognize the potential impact of the aging of Baby Boomers on the demand for senior services. It may well be time for all of the counties in our state to "bite the bullet" and to follow the lead of Boone, Campbell and Kenton in introducing tax levies to support programs for older adults. Local politicians may be surprised to learn that their constituents are willing to support such initiatives at the ballot box.

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References: (1) Applebaum, R., Roman, S.P., Molea, M. & Burnett, A. (2005). Using local tax levies to fund programs for older people: Good politics and good policy? In R.B. Hudson (Ed.). *The New Politics of Old Age Policy*. (pp.294-304). Baltimore, MD: The Johns Hopkins University Press; (2) Payne, M., Applebaum, R., Molea, M. & Ross, D.E. (2007). Funding services from the bottom up: An overview of senior services levy programs in Ohio. *The Gerontologist*, 47:4, 555-558.