Rep. Doyle: Death Tax Will Hurt Family Farms

John and Kate spent their entire lives working on the farm that had been in their family for generations. They lived through the Great Depression, learned the value of a dollar and worked hard. They sacrificed to provide their children with a better life than they themselves had. And when they finally retired, they only wanted to live the rest of their lives safe in the knowledge that they had done all they could to provide for their children and themselves.

We all know this story. It is the story of our parents, our grandparents or even us. But with the recent passage of the state budget and the expansion of a current program, this tradition of family farms and businesses may become a thing of the past. With the new “Death Tax”, when a family member on Medicaid dies and then their spouse dies, the state in certain cases can go after their farm, their business or their house for the purposes of recovering payment for their long term health care expenses.

This expansion of the law will punish families who want to transfer the family farm or business if the head of the family is sick or disabled and needs certain Medicaid services. Here in the Coulee Region, we have many family farms run by parents who hope one day to eventually pass them on to their children. As part of their estate planning, parents often choose to transfer the business for less than market value because their children have earned significant sweat equity in the property and often don’t have enough money to buy the farm at full value.

But what if less than five years later a stroke forces Dad to go into long term care paid for by Medicaid? Under this expansion, the entire family may be penalized. Dad might not be able to receive Medicaid and if the farm is still in his name when he dies, the state will be able to take back the amount of money paid for his long term care. To recover these fees, the state could even foreclose the farm. What makes this truly a “Death Tax” is that when Mom dies, the state can move in and seize the farm and even the home.

This expansion of the asset recovery program takes an onerous situation and makes it even worse. In the worst possible cases, some desperate couples may choose to get a divorce so that the healthy spouse can safely pass on the family farm to the next generation without fear of foreclosure. No family should be faced with that kind of decision.

Farms and family businesses are not the only things in danger under the new “Death Tax”. If parents help their children make a down payment on their first home, the parents may be penalized if the child cannot pay back the entirety of the gift.

It is virtually impossible for a family to predict when a member will be in need of these types of Medicaid services. There are numerous scenarios that can result in a loved one going into a nursing home. Many medical conditions come on suddenly and without warning. We should not punish families for a twist of fate.

When a parent or loved one goes into long term care, it is a difficult transition for everyone. The last thing they need to be worrying about is that their family will become impoverished. In a time when many of our hard-working Wisconsin families are already struggling, we should not be imposing this harsh expansion of an already burdensome program.

The family farm, which is the mainstay of our Wisconsin heritage, cannot survive if we make it impossible for families to pass the fruits of their life's work on to the next generation. It is my hope that in the coming weeks, my colleagues and I on both sides of the aisle will be able to modify this law to allow people to meet their obligation to pay for the cost of care without losing their entire farm, business or home.