



**MARYLAND  
LEGAL AID**

*Advancing*  
**Human Rights and  
Justice for All**

**Senate Bill 0202  
In the Senate Budget and Taxation Committee– Income Tax –Caregiver Tax Credit  
Hearing on January 17, 2024  
Position: FAVORABLE**

*Maryland Legal Aid (MLA) submits its written and oral testimony on SB 0202 in response to a request from Senator Joanne C. Benson.*

January 16, 2024

The Honorable Senator Guy Guzzone, Chair  
Budget and Taxation Committee  
3 West  
Miller Senate Office Building  
Annapolis, Maryland 21401

RE: Testimony of Maryland Legal Aid in Support of Senate Bill 0202 – Income Tax – Caregiver Tax Credit

Dear Chairperson Guzzone and Members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill 0202. Maryland Legal Aid (MLA) is Maryland's largest non-profit law firm, with 12 offices serving each of Maryland's 24 jurisdictions, providing free civil legal services to the State's low-income and vulnerable residents. Our advocates represent individuals and families who are fighting each day to make ends meet yet struggle with basic needs, consumer debts and housing stability. MLA submits this written testimony at the request of Senator Joanne C. Benson. We ask that the Committee grant SB 0202 a favorable report and urge its ultimate passage.

SB 0202 establishes a nonrefundable credit against the State income tax for qualified expenses paid or incurred by an individual who provides care to a qualified adult family member and whose federal adjusted gross income does not exceed \$75,000 (\$150,000 if filing a joint return). Among the qualified expenses are costs necessary to support routine activities related to daily living, such as meal preparation, bathing, grooming, incontinence, ambulation, clothing, and medical device purchases. Studies show that 78% of family caregivers are paying for these

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expenses out-of-pocket and routinely spend an average of \$7,242 of their own money for caregiving related expenses.<sup>1</sup>

According to an AARP research report<sup>2</sup>, about 48 million family caregivers provide an estimated \$470 billion annually in unpaid care to their loved ones. Nearly eight in ten caregivers report having routine out-of-pocket expenses related to looking after their loved ones. In 2016, family caregivers spent nearly twenty percent of their income providing care for a senior family member. In 2021, that number increased as family caregivers spent twenty-six percent of their income on caregiving activities. The strain is even greater on Latinos and African Americans, women, and younger caregivers, who have had less time to work and build up resources.

Under current federal law<sup>3</sup>, a caregiver of an aging parent may only claim a tax credit or deduction if the parent was their dependent either at the time the medical services were provided or at the time the caregiver paid the expenses. In determining whether an aging family member is a dependent, a caregiver must have paid more than half of their parent's support for the calendar year and the parent's gross income for the calendar year must be less than \$4,400. There is no comparable Maryland tax credit or deduction.

For our clients, helping a senior family member often means the family caregiver must juggle caregiving inside the home and their ability to make a living outside the home. By serving as a family caregiver these people often forgo the opportunity to fully participate in the workforce resulting in decreased income, retirement savings, and career development opportunities. Our clients report having to turn down promotions and overtime, change their work schedules, take leave, or limit their hours at the job. All this cuts into their income and earning potential and magnifies their financial and personal stress. Many have little choice other than to curtail spending, dip into personal savings, take out loans, or put off retirement contributions.

At Maryland Legal Aid, we see how the burden of increased medical expenses disproportionately hurts those who can least afford it. Many of our clients reside in multi-generational housing, caring for older adults and children simultaneously. Yet their dedication often leads to burnout, financial loss and social isolation. Maryland agencies support aging in place for our senior adults and disabled residents and family caregivers make it possible for senior family members and those with disabilities to live independently in their homes and communities where they want to be. This care allows loved ones to age in place, maintain a measure of independence, and prevents institutionalization in a hospital, nursing home, or other facility, and saves taxpayers money.

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<sup>1</sup> National Association for Home Care & Hospice, <https://www.nahc.org/advocacy-policy/legislative-priorities/credit-for-caring-act/>.

<sup>2</sup> Skufca, Laura, and Chuck Rainville. *Caregiving Out-of-Pocket Costs Study 2021*, Washington, DC: AARP Research, June 2021, <https://doi.org/10.26419/res.00473.001>.

<sup>3</sup> See generally, IRS FAQ's, <https://www.irs.gov/faqs/irs-procedures/for-caregivers>.

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By 2030, 77 million Americans will have reached age 65 and will face growing risks of chronic ailments that make it harder to live independently. Maryland can no longer leave family caregivers alone to contend with these challenges. SB 0202 provides financial support for families, relief for caregivers, and dignity for seniors. For these reasons, Maryland Legal Aid fully supports the passage of SB 0202.

Respectfully Submitted,

Anthony H. Davis, Esq.  
Advocacy Director for Consumer Law  
Statewide Advocacy Support Unit  
Maryland Legal Aid, Inc.  
500 E. Lexington Street  
Baltimore, Maryland 21202  
(410) 951-7703