SB58_Brooks.pdf
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Position: FAV

BENJAMIN BROOKS
Legislative District 10
Baltimore County

Education, Energy, and the Environment Committee

Energy Subcommittee

Chair, Joint Electric Universal Service Program Workgroup

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Annapolis Office
James Senate Office Building
11 Bladen Street, Room 303
Annapolis, Maryland 21401
410-841-3606 · 301-858-3606
800-492-7122 *Ext.* 3606
Benjamin.Brooks@senate.state.md.us

District Office
Windsor Mill Office
8419 Liberty Road, Suite B
Windsor Mill, Maryland 21244
410-496-4037

TESTIMONY IN SUPPORT OF SB58
Income Tax-Senior Credit -Alterations

Budget & Taxation Committee
January 17, 2024

Chair Guzzone, Vice-Chair Rosapepe and Members of the Committee,

Thank you for the opportunity to testify before you on SB58, Income Tax-Senior Credit. The purpose of this bill is to adjust the eligibility and increase the value of an income tax credit for individuals over the age of 65. Specifically, eligible taxpayers may claim a tax credit against the State income tax in an amount equal to:

Filing Status	**Credit**	**Adjusted Gross Income**
Individual	$1,000	$100,000
Joint (married, surviving spouse, head of household)	$2,000 * *if only one of the individuals filing the joint return is 65 or older, $1,000	$200,000

There are safeguards in place should the September Board of Estimates Report for the current fiscal year be more than 7.5% below the March Board of Estimates Report.

According to the U.S. Census, 16.9% of Maryland's population is 65 or older. These seniors live on low, sometimes fixed incomes, while costs for basic essentials, such as, healthcare, utilities and housing continue to rise. While the changes to the credit are slight, they will offer our seniors relief. They also offer an incentive for seniors to stay in Maryland. With improved tax laws, and changes in tax credits, seniors can live in their homes as they retire and not be influenced by neighboring states, with lesser burdens, to leave Maryland. Further, these changes have the possibility of attracting new seniors to our wonderful state, thus increasing overall revenues.

SB58 offers some fairness to Maryland seniors. For these reasons, I am requesting a favorable report.

With kindest regards,

Benjamin T. Brooks

Benjamin Brooks

MD Catholic Conference_SB 58_FAV.pdf
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Position: FAV

SB 58
Income Tax – Senior Credit – Alterations

Senate Budget & Taxation Committee

Position: Support

The Maryland Catholic Conference offers this testimony in support of Senate Bill 58. The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 58 would increase the senior tax credit for those over the age of 65 to $2,000. The current credit sits at $1,750. This bill would also raise the minimum income threshold for credit eligibility.

Pope Francis reminds us, "A people that does not take care of its elderly, its children and its youth has no future, because it abuses both memory and promise." (*Message to Participants in the 47th Social Week of Italian Catholics, 2013*) The dignity of the human person is one of the core principles in Catholic social teaching. Thus, it is a moral imperative that we provide safeguards for our most vulnerable populations.

The Conference supports Senate Bill 58 because it puts the needs of the elderly first. When encouraging the pursuit of the common good, Pope Francis has said, "It means protecting people, showing loving concern for each and every person, especially children, the elderly, those in need, who are often the last we think about." Senate Bill 58 is a worthy endeavor in the pursuit of the common good for one of our most vulnerable populations in Maryland.

The Conference appreciates your consideration and, for these reasons, respectfully requests a favorable report on Senate Bill 58.

SB 58 Testimony.pdf
Uploaded by: Paul Schwartz
Position: FAV

Testimony of Paul Schwartz
January 17, 2024
Senate Budget & Taxation Committee
SB 58

I am Paul Schwartz on behalf of the National Active & Retired Federal Employees – NARFE

According to Comptroller Brooke Lierman and the Director of the Bureau of Revenue Estimates, there will be a sharp decline in revenue for FY 2024 and FY 2025.

Maryland's post pandemic economic recovery has been slower than much of the rest of the U.S.

Since a large percentage of Maryland's approximately $60 billion in revenue is generated by state income tax, it is unlikely that any bill to reduce state income tax revenue will gain enough taction to get out of committee.

One of the main reasons why Maryland's economic recovery has been so slow and is expected to continue to be slow is because total population growth is declining.

According to the latest IRS interstate migration and tax returns gain/loss data from 2020-2021, Maryland ranks 46 out of the 50 states and the District of Columbia.

While Maryland continues to see a population decline, states like the Carolinas are seeing continued increases in population, especially among retirees.

Are you getting the feeling that we may be going around in circles (Not a math question, but maybe a geometry question).

We can't get tax relief for retirees because of loss of revenue resulting from population decline, yet the population decline can be tied, to a degree, to the high cost of retiring in Maryland.

There really is some truth to the saying: "You have to spend money to make money."

AND you cannot rely on the fiscal note because the fiscal note does NOT reflect the complete cost associated with the bill – any bill – because the Office of Legislative Services does not have the capability to calculate cost savings and incorporate that calculation into the fiscal note

They simply check with the Comptroller's office and take a hard count of lost tax revenue and give you that figure in the fiscal note without factoring in any cost savings by delaying entrance into nursing homes

We are experiencing a decline in revenue due in large part to declining population

Let's let retires retire in place right here in Maryland and not watch them move to another tax-friendly state and lose their tax money including sales tax, fuel tax, and property tax

SB 58 Senior Credit Alterations.pdf
Uploaded by: Tammy Bresnahan
Position: FAV

One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpmd
facebook.com/aarpmd

SB 58 Income Tax – Senior Credit - Alterations
FAVORABLE
Senate Budget and Taxation Committee
January 17, 2024

Good afternoon Chair Guzzone and members of the Senate Budget and Taxation Committee. My name is Tammy Bresnahan. I am the Director of Advocacy for AARP MD. AARP is the largest nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families. Key priorities of our organization include helping all Marylanders achieve financial and health security. AARP MD and its more than 850,000 members support SB 58. We thank Senator Brooks for introducing this bill.

AARP is working hard to strengthen retirement security for all Americans by ensuring that workers and retirees have access to their hard earned and hard saved dollars. HB 58 allows for a credit on state income tax whose federal adjusted gross income does not exceed $200,000.

The rising cost of essential necessities, including groceries, utilities, and prescription drugs, is of significant concern for millions of Marylanders, especially for older and retired Marylanders living on fixed incomes. In fact, according to an AARP study, in 2017, 22% of Maryland residents stopped taking medication as prescribed due to rising costs.

Older Marylanders on fixed incomes clearly feel the effects of inflation more than the rest of us. These retirees bear a disproportionate brunt of drug and medical inflation, which is significantly higher than overall inflation.

Maryland's retirees currently pay federal income taxes, as well as significant state and local income taxes, ~~and~~ motor fuel taxes, sales taxes, and property taxes. A vast number of older Marylanders also fully support or contribute financially to the well-being of their children and grandchildren, as well as act as primary caregivers to their parents and spouses. They also feel that they have limited options for rejoining the workforce and virtually no time horizon to increase their savings. Reducing taxes on retirement income will provide Maryland's retirees with extra dollars to care for their loved one's needs and help with food, housing, transportation, and medical costs.

Within our state, Marylanders over age 50 create an economic impact much greater than their portion of the population. As the percentage of state residents over 50 continues to grow, so will their contributions to our economy. According to "Longevity Economy," a report prepared by Oxford Economics for AARP, Marylanders 50 years and older generated 39 percent of the state's gross domestic product in 2018, totaling $163 billion. Moreover, the report found that state residents 50 years and older made up just 36 percent of Maryland's population in 2018 but supported 1.6 million or 44 percent of jobs across the state and 38 percent of state and local taxes in the amount of $15 billion.

AARP Maryland looks forward to working with all of you in enacting and implementing policies - like SB 58 - that preserve and support this economic engine in our state and helps to ensure that older Marylanders can live their retirement years with dignity and independence. We will continue corresponding with our members to make certain they understand the various policy proposals being discussed and how they address the needs of older Marylanders and their families.

AARP Maryland respectfully requests a favorable report for SB 58. For questions or additional information, please feel free to contact Tammy Bresnahan, Senior Director of Advocacy at tbresnahan@aarp.org or by calling 410-302-8451. Thank You!

SB 0058 Statement of Information 1.16.24.pdf
Uploaded by: Laura Vykol-Gray
Position: INFO

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 58 Income Tax – Senior Credit - Alterations

STATEMENT OF INFORMATION

DATE: January 15, 2024

COMMITTEE: Senate Budget and Taxation

SUMMARY OF BILL: Senate Bill 58 makes certain alterations to the senior tax credit for residents who, on the last day of the taxable year, are at least 65 years old. Senate Bill 58 increases the following, beginning with tax year 2024: (1) $200,000 the maximum federal adjusted gross income (FAGI) limitation that applies to senior taxpayers filing a joint return or for a surviving spouse or head of household, and (2) $2,000 the maximum value of the credit these taxpayers may claim. Senate Bill 58 also makes alterations to a credit for this same group when September General Fund estimates for the current fiscal year in the September Board of Revenue Estimates (BRE) report is more than 7.5% below the March General Fund estimate for the current fiscal year in the March BRE report issued in the taxable year. Under this scenario, the FAGI for the group identified is increased to $200,000, and the maximum credit increased to $1,000 from the current $875.

EXPLANATION: BRE estimates that 76,840 tax returns would have benefitted from the bill's provisions in tax year 2022, thereby reducing personal income tax revenues by $72 million. Assuming a 3.5% annual growth, the estimated impact of the bill would be $77.1 million in fiscal 2025, growing annually. It would be challenging for the State to manage this revenue loss given the forecasted out-year deficits for the General Fund.

For additional information, contact Laura Vykol-Gray at (410) 260-6371 or laura.vykol@maryland.gov