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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!