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SB 202: Income Tax – Caregiver Tax Credit

Hearing before the Senate Budget and Taxation Committee on January 17, 2024

Position: FAVORABLE

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project works to expand and enforce the right of low-wage workers to receive an honest day's pay for an honest day's work. The PJC **supports SB 202**, which would allow eligible caregivers to claim a tax credit equal to 30% of the amount of qualified expenses that exceed \$2,000.

SB 202 will provide relief for those who dedicate their time and resources to caring for disabled and aging family members.

- As of 2020, more than one in five Americans are family caregivers. Caregivers provide important assistance to their loved ones, often at their own financial expense. Nearly 8 in 10 caregivers have routine out-of-pocket expenses, which average \$7,242 annually.¹
- This financial burden disproportionately impacts women, who make up most caregivers. The high cost of caregiving, combined with stagnant wages, can prevent women from building wealth and saving for their retirement.² SB 202 would ease this financial strain by allowing all caregivers to both care for their families and avoid financial stress.

SB 202 will allow more Marylanders to age in their own homes and communities.

- The vast majority of adults – 90% – would prefer to remain in their homes as they age.³ Aging in the home allows older adults to preserve independence and retain control over aspects of their daily lives. Having an in-home caregiver as an alternative to living in a nursing facility allows individuals to maintain their community ties and social lives. Social interactions and community support help older adults prevent dementia and increase their overall quality of life.
- SB 202 will make caregiving at home more feasible for the many older adults who wish to age at home.

For the foregoing reasons, the PJC **SUPPORTS SB 202** and urges a **FAVORABLE** report. Should you have any questions, please call Diana Jarek at 410-625-9409 ext. 223.

¹ Laura Skufca, Chuck Rainville & AARP Research, *Caregiving Can Be Costly – Even Financially*, AARP, Jun. 2021, <https://www.aarp.org/research/topics/care/info-2016/family-caregivers-cost-survey.html#:~:text=The%20typical%20annual%20total%20is,in%20the%20spring%20of%202021.>

² Josephine Kalipeni, *The Economic Costs of Caregiving*, American Society on Aging, Jul. 20, 2022, <https://generations.asaging.org/economic-costs-caregiving>.

³ *The Value of Aging in Place*, USC Leonard Davis School of Genealogy, <https://gero.usc.edu/students/current-students/careers-in-aging/the-value-of-aging-in-place/>.