



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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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
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