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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB0498 - Income Tax - Senior Tax Credit - Alterations

Mr. Chair, Mr. Vice Chair, and Members of the Senate Budget and Taxation Committee:

SB0498 would modestly increase the existing Senior Tax Credit for seniors on the lower and middle part of the income distribution.

Background

One of the issues I hear most from constituents is the tax burden on our seniors, which can make it difficult to pay for essentials and to enjoy retirement to the fullest. I take this issue seriously, which is why I'm proud to have introduced this bill which would expand the Senior Tax Credit in our state.

Existing Law

As detailed in the Fiscal Note, the existing Senior Tax Credit is \$1,000 for single seniors not making more than \$100,000 per year, with some constraints placed for seniors making between \$50,000 but no more than \$100,000 in the event of falling revenues in a given year. Joint filers, surviving spouses, and heads of household who make no more than \$150,000 per year are eligible for a \$1,750 credit (with similar fiscal constraints in place).

Solution

SB0498 would:

- Increase the credit for single seniors making up to \$75,000 per year to \$1,250. Seniors making more than \$75,000 but not more than \$100,000 would continue to receive the original \$1,000 credit.
- Similarly, the credit for joint filers, surviving spouses, and heads of household would increase to \$2,000 for those making up to \$125,000. For those seniors making more than \$125,000 but not more than \$150,000, the credit would continue to be \$1,750.

Put simply, SB0498 would increase the Senior Tax Credit to the seniors in our community that need it the most. For others currently eligible, the credit will stay the same. To keep pace with inflation and to maintain Maryland's edge in retaining and attracting retirees, this tax credit needs to be increased.

Per the Fiscal Note, SB0498 is projected to cost about \$20M in FY25. Obviously, we're in a more difficult fiscal environment than we've been in for several sessions. To pass a balanced budget, tough decisions will need to be made about which bills to pass. Compared to other tax relief bills, the fiscal impact of this bill is relatively modest. It is my hope that the Committee will have the ability to provide some additional tax relief to Maryland seniors.

I therefore respectfully request a favorable report on SB0498.