



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Secretary

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Deputy Secretary

SENATE BILL 202 Income Tax – Caregiver Tax Credit

STATEMENT OF INFORMATION

DATE: January 15, 2024

COMMITTEE: Senate Budget and Taxation

SUMMARY OF BILL: Senate Bill 202 establishes a nonrefundable credit against the State income tax for qualified expenses paid or incurred by an individual who provides care to a qualified adult family member and whose federal adjusted gross income (FAGI) does not exceed \$75,000 (\$150,000 if filing a joint return). An eligible caregiver may claim a credit equal to 30% of the amount of qualified expenses that exceed \$2,000, up to a maximum credit of \$5,000. Any unused amount of credit may not be carried forward to any other taxable year. The bill takes effective July 1, 2024, and applies to tax year 2024 and beyond.

EXPLANATION: General fund revenues are anticipated to decrease significantly beginning in fiscal 2025 due to credits claimed against the State income tax. While an updated estimate is not yet available, Senate Bill 344 of 2023 (prior introduction) estimated the general fund revenue losses to exceed \$40 million 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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