



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Lieutenant Governor

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Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 498 Income Tax - Senior Tax Credits - Alterations

STATEMENT OF INFORMATION

DATE: January 30, 2024

COMMITTEE: Budget and Taxation

SUMMARY OF BILL: Senate Bill 498 increases the maximum value of the senior tax credit from \$1,750 to \$2,000 for eligible joint filers (if both filers are at least age 65), surviving spouses, and heads of household with federal adjusted gross income (FAGI) of up to \$125,000. In cases where only one filer is age 65 with FAGI up to \$125,000, and all other filers up to \$75,000, the maximum tax credit increases from \$1,000 to \$1,250. The bill also increases the value of and FAGI thresholds applicable to the reduced senior tax credit for a tax year in which the September general fund estimate issued by the Board of Revenue Estimates (BRE) for the current fiscal year is more than 7.5% below the March general fund estimate issued in the same year.

EXPLANATION: According to the Comptroller's Office, general fund revenues are projected to decrease by an estimated \$19.7 million in fiscal 2025, with possible growth in tax credits in the out years. The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly reducing general fund revenues. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes. 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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