

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 989 (Delegate Lopez, *et al.*)  
 Health and Ways and Means

**State Assistance for the Elderly - Calculation of Income**

This bill prohibits income received from renting a portion of an individual’s primary residence from being included in an applicant’s income when determining eligibility for certain State tax credits and programs. The prohibition applies to any State tax credit, housing assistance program, or medical assistance program that (1) is designed to assist elderly individuals and (2) limits eligibility to individuals with less than a certain amount of income. The Maryland Department of Aging (MDOA) must review each State tax credit, housing assistance program, and medical assistance program and determine whether the prohibition applies. If MDOA determines that the prohibition applies, it must notify the unit of State government responsible for administrating the credit or program of the limitation on the calculation of income. **The bill takes effect July 1, 2026.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$289,400 in FY 2027 to reflect programming changes for the Department of Human Services (DHS) and consultant services for MDOA. Future years reflect DHS maintenance costs. Medicaid expenditures (50% general funds, 50% federal funds) increase by an indeterminate amount beginning in FY 2027 to provide an income disregard for certain Medicaid applicants. Federal fund revenues increase accordingly.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
FF Revenue	-	-	-	-	-
GF Expenditure	\$289,400	\$12,200	\$12,200	\$12,200	\$12,200
GF/FF Exp.	-	-	-	-	-
Net Effect	(\$289,400)	(\$12,200)	(\$12,200)	(\$12,200)	(\$12,200)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not directly affect local governmental operations or finances.

**Small Business Effect:** Minimal.

## Analysis

**Current Law:** MDOA functions as the State Unit on Aging as federally designated through the Older Americans Act of 1965 and receives federal and State funding to serve older adults and their families and caregivers. MDOA coordinates, evaluates, and plans the delivery of services for, and advocates on behalf of, older adults at all levels of government.

MDOA distributes funding and provides fiscal and programmatic oversight to the aging services network across the State, including to 19 local area agencies on aging. Services funded through MDOA and administered by the aging services network include information and referral services, nutrition services, community-based supportive services, and assisted living subsidies.

### *Medicaid*

The Maryland Department of Health (MDH) administers Medicaid, which provides comprehensive health care coverage to eligible low-income individuals. In general, recipients of Temporary Cash Assistance or federal Supplemental Security Income benefits automatically qualify for Medicaid. Other individuals qualify for Medicaid based on their income or due to an inability to pay extraordinary medical bills resulting from a catastrophic illness or extended nursing home or hospital stay. Certain elderly individuals may also be eligible for assistance under Medicare.

Maryland regulations (COMAR [10.09.24.07](#)) currently specify that profit from rental property income and other income-producing property is deducted (at a rate of 50%) from the countable gross income of an aged (65 or older) assistance unit when determining eligibility for Medicaid.

### *Housing Assistance*

The Department of Housing and Community Development (DHCD) works to finance housing opportunities and revitalize great places for Maryland citizens to live, work, and prosper. Several DHCD [programs](#) assist families to find, maintain and keep affordable and livable housing in communities throughout the State. DHCD advises that it does not offer any programs that are designed exclusively to assist elderly individuals in the State.

### *State Tax Credits*

*Senior Tax Credit:* Chapter 4 of 2022 established a nonrefundable credit against the State income tax for a resident (1) who is at least age 65 and (2) whose federal adjusted gross income does not exceed \$100,000 (\$150,000 if married filing jointly). The amount of the tax credit is equal to (1) \$1,000 for an individual or if only one of the individuals filing a

joint return is an eligible individual and (2) \$1,750 if married filing jointly and both individuals are at least age 65. The value of the tax credit is reduced for certain taxpayers if specified Board of Revenue Estimates are below a certain amount.

*Homeowner's Property Tax Credit:* The homeowners' property tax credit program is a State-funded program that provides credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. To be eligible for the property tax credit, a recipient's net worth may not exceed \$200,000 and the combined gross household income may not exceed \$60,000. However, this program is not specifically designed to assist elderly individuals and has no age requirements.

### **State Fiscal Effect:**

#### *Maryland Department of Aging*

Under the bill, MDOA must review each State tax credit, housing assistance program, and medical assistance program to determine whether the bill's prohibition applies and notify units of State government responsible for a credit or program to which the prohibition applies. MDOA advises that implementation of the bill requires contractual assistance for initial review of each State tax credit, housing assistance program, and medical assistance program. Thus, MDOA general fund expenditures increase by \$45,000 in fiscal 2027.

#### *Medicaid*

The bill would require a disregard of 100% of the income from renting a portion of an individual's residence from the income calculation for a determination of Medicaid eligibility. MDH advises that such a provision is unlikely to be approved by the federal Centers for Medicare and Medicaid Services. Because the provision singles out the elderly within the larger Aged, Blind and Disabled (ABD) coverage group, this revision to the State Plan would likely not meet the federal requirement that all services be comparable in nature. Thus, Maryland would need to apply the new disregard to *all* ABD recipients subject to the Supplemental Security Income-based non-Modified Adjusted Gross Income methodology.

Thus, Medicaid expenditures (50% general funds, 50% federal funds) increase beginning in fiscal 2027 to provide an additional income disregard to all ABD applicants and recipients noted above for income from renting a portion of an individual's residence. At this time, Medicaid is unable to accurately estimate the number of individuals who would be impacted and thus the cost to the program.

MDH additionally notes that it will be difficult to distinguish income generated from renting a portion of an individual's home from other sources of rental income.

*Department of Human Services*

DHS performs eligibility determinations for Medicaid applicants. To exempt rental income received from renting a portion of an individual's home for purposes of Medicaid eligibility determination for individuals in the ABD eligibility category, DHS advises that it must update its Eligibility and Enrollment System (E&E). Oversight of (and all funds associated with E&E) is handled by the Maryland Department of Information Technology (DoIt).

Thus, this analysis assumes that DoIT general fund expenditures increase by an estimated \$244,440 in fiscal 2027 for initial modifications to the system; maintenance costs of approximately \$12,222 are incurred annually beginning in fiscal 2028. Federal matching funds of up to 90% may be available for these costs.

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**Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Department of Commerce; Maryland Department of Aging; Comptroller's Office; Maryland Department of Health; Department of Housing and Community Development; Department of Human Services; State Department of Assessments and Taxation; Maryland Energy Administration; Department of Legislative Services

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