



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpmd
facebook.com/aarpmd

SB 137 Income Tax - Credit for Long-Term Care Premiums (Long-Term Care Relief Act of 2022)

FAVORABLE

Senate Budget and Taxation Committee

January 25, 2023

Good afternoon Chair Guzzone and members of the Senate Budget and Taxation Committee. I am Tammy Bresnahan Director of Advocacy for AARP MD. AARP MD and members support SB 137. AARP MD thanks Senator Klausmeier for sponsoring this important legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

SB 137 defines a taxpayer with a Maryland adjustable gross income of less than \$250,000.00 is claimed. The credit allowed each insured individual may not exceed the lesser of 20 percent of the eligible long-term care premiums paid during the taxable year or \$2000 many nob in the taxable year or which a credit existing one-time long-term care insurance income tax credit by allowing the credit to be claimed for every year a policy is in force. The bill takes effect December 31, 2022 and applies to tax year 2022 and beyond.

A single illness can slam a retiree with exorbitant bills. Nursing home care is among the biggest potential budget busters in retirement. That's why getting insurance to cover a chunk of the costs for in-home care, an assisted living facility or a private room in a nursing home is a personal finance move to consider. Many Long-Term Care Insurance (LTCI) policies cover a range of services in several settings, including homes, adult day service centers, assisted living, and nursing facilities. Many older people who do not have LTCI often look to Medicaid for coverage for nursing home stay—costing the state thousands of dollars. For those who pay for LTCI, an income tax credit should be provided for the purchase of that insurance.

AARP MD thanks the Senate Budget and Taxation Committee for allowing us to testify on SB 137. We respectfully ask the Committee for a Favorable report. If you have any questions, please feel free to contact me at tbresnahan@aarp.org. or by calling 410-302-8451.

