



**Brooke Lierman**  
*Comptroller*

**Letter of Information – House Bill 28 – Income Tax – Credit for Caregivers of Senior Family Members**

*Ways and Means Committee*

*February 2, 2022*

This bill provides a credit for expenses incurred by a taxpayer to take care of a senior family member. The Comptroller's Office has the following suggestions for your consideration:

- This bill poses administrative challenges for the Comptroller's office and raises concerns about taxpayer compliance and benefit utilization. Without modifications, this bill will create a credit with an anticipated high rate of taxpayer error and a corresponding need for an extensive audit and corrective program.
- 10-757(a)(2)(iii) excludes expenses which are "reimbursed by insurance or a program administered by the federal government, the State, or a political subdivision of the State." The programs and laws which may fall under this provision are extensive and complicated. It's unclear whether expenses deducted under Schedule A on the federal return are excluded from "qualified expenses." If not excluded, the taxpayer would receive a double benefit.
- 10-757(c)(1) requires taxpayers to submit documentation with their return, which will force them to paper file their return. This is inefficient and costly for both the Comptroller—which will have to manage a large influx of paper documents—and for taxpayers who will need to make copies and mail them. It would also require the Comptroller's office to receive and review medical documentation - something this office is not setup to do - and which would take resources away from other core tax administration functions.
- As an alternative to paper receipts, this bill could establish an application process with an agency with the appropriate expertise. That agency would review the application, and could then issue a credit certificate, as is done with many similar credits. This would make the process simpler for taxpayers and increase the likelihood of the intended beneficiaries taking advantage of the credit.
- It is worthwhile to note that, if the intent of the bill is to offset costs, a credit will only reimburse the taxpayer well after the costs are incurred – specifically, its benefits would not be realized until the following tax season. A grant program administered by an appropriate state agency would likely assist these taxpayers in a more-timely fashion.

As always, the Comptroller's Office is willing and available to discuss these concerns or any questions you may have at your convenience. Please contact Justin Hayes, Director of State Affairs at [jhayes@marylandtaxes.gov](mailto:jhayes@marylandtaxes.gov) or 410-260-7696.