



HB 32 - Income Tax – Caregiver Tax Credit
Ways and Means Committee
February 1, 2024
SUPPORT

Chair Atterbeary, Vice-Chair Wilkins and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 32. This bill will provide a nonrefundable tax credit of up to \$5,000 for eligible caregivers in Maryland whose income does not exceed \$75,000.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

A caregiver tax credit would provide immense relief to Marylanders who provide care for an adult family member. According to a 2021 study conducted by AARP, family caregivers spend, on average, about 26% of their income on caregiving activities¹. HB 32 would offset the costs of expenses such as adult daycare, specialized transportation, legal or financial services, and assistive care technology. The same AARP study also found that about half of the caregivers took a significant financial hit due to their caregiver roles. A tax credit for caregivers would be instrumental in reducing the cost of caregiving in Maryland.

We have seen the positive effect of tax credits throughout Maryland and the country. The state and federal pandemic relief efforts over the last few years, particularly the expansions of working family tax credits, have clearly demonstrated the powerful benefits of increasing economic security for families. In 2020 and 2021, tax credits were fourth in keeping families from poverty when economic crisis hit due to the pandemic, according to The Center on Budget and Policy Priorities². These credits help people navigate times of crisis, reduce the number of children growing up in poverty, and strengthen our economy. Establishing a caregiver tax credit would add to the financial security that caregivers in Maryland deserve.

The Credit for Caring Act of 2021 was introduced on the federal level in 2021 and included the same provisions as HB 32. Maryland has the opportunity to pass HB 32 as a state to demonstrate the need for federal legislation to follow.

Thus, we encourage you to return a favorable report for HB 32.

¹ AARP: <https://www.aarp.org/research/topics/care/info-2016/family-caregivers-cost-survey/>

² Center on Budget and Policy Priorities: <https://www.cbpp.org/research/poverty-and-inequality/governments-pandemic-response-turned-a-would-be-poverty-surge-into>