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Economic Matters Committee

*Subcommittees*

Alcoholic Beverages

Banking, Consumer Protection,  
and Commercial Law

Worker's Compensation



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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

House Bill 32 Income Tax - Caregiver Tax Credit  
Testimony to be offered to the Ways and Means Committee  
Feb 1, 2024

Good afternoon, Madam Chair, Vice-Chair and members of the Ways and Means Committee. For the record, I am Andrea Fletcher Harrison, here to present HB 32, an act creating a new, state income tax credit of **up to** \$5000 to eligible family caregivers for qualifying expenses paid to care for family members.

According to a recent AARP report, “family caregivers are the backbone of the U.S care system providing about \$12.5 billion annually in unpaid labor per year.” By taking on this care, it is helping to save money by delaying or preventing nursing home stays, hospital visits, or permanent convalescence care, however, these added duties and responsibilities are at a cost to the family member.

It has been reported that nearly eight in ten family caregivers, about 78%, incur out-of-pocket costs due to caregiving. Caregivers spend an average of \$7200 annually on care-related expenses. On average this is about 26 percent of their income with Hispanic and African American caregivers reporting a greater financial burden. Nearly half of the family caregivers have reported experiencing some type of financial setback, either using their savings, cutting back on their own healthcare spending, or reducing their retirement savings.

The most common expenses incurred by caregivers include housing--paying rent or mortgage, home modifications; adult day service and home care aides; medical equipment/supplies/prescriptions; legal services; and specialized transportation.

According to the National Institute for Health, many caregivers are still working and must make accommodations or take a leave of absence to care for a loved one. If they have exhausted their paid leave, they must take unpaid leave which becomes incredibly challenging. Sometimes, they must simply leave their jobs because it becomes too expensive to pay for a hired caregiver. An analysis found that income related losses sustained by caregivers 50 years of age and older are approximately \$303,880 in lost income and benefits over a lifetime, according to the NIH National Library of Medicine in their report “Families Caring for an Aging America.”

Further, if you would allow yourself to consider an adult caring for an aging parent, then to have their over 18 year old child to have a devastating accident in which they may have become immobile, this scenario could possibly put a family in the most devastating of financial situations. Even to just consider the latter part of this example. No one expects to have to care for their child for the rest of their lives, as in the case of Donny Parker, who at the age of 23 was in a car accident and paralyzed. Donny is now 64 and still under the care of his mother. At some point, any one of us could become a caregiver. We will then learn of the financial burden on families.

This bill allows caregivers to continue working and provide the necessary care for their parents, spouses or other adult that is in the home. Once again, I am requesting a favorable report for HB 32 – Caregiver Tax Credit.