



**TESTIMONY BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE**

February 1, 2024

House Bill 32: Income Tax - Caregiver Tax Credit

Written Testimony Only

POSITION: FAVORABLE

On behalf of the members of the Health Facilities Association of Maryland (HFAM), we appreciate the opportunity to express our support for House Bill 32. HFAM represents skilled nursing centers and assisted living communities in Maryland, as well as associate businesses that offer products and services to healthcare providers. Our members provide services and employ individuals in nearly every jurisdiction of the state.

House Bill 32 allows certain caregivers a credit against the State income tax equal to 30% of certain qualified expenses paid or incurred during the taxable year that exceed \$2,000 to provide care or support to certain qualified family members; and applies the Act to all taxable years beginning after December 31, 2023.

Currently, state law does not provide for a tax credit specifically for caregivers of adult family members. In Maryland and across the nation, our population continues to age and we haven't even reached the peak of the "silver tsunami" (the phrase often used to describe the unprecedented increase in the number of older people in our population).

According to the US Census Bureau, the 2021 American Community Survey estimated there were 55,892,014 people aged 65 and over in the US out of a total population of 331,893,745. And, according to the 2020 Census, the US population age 65 and over grew nearly five times faster than the total population over the 100 years from 1920 to 2020. In 2020, about 1 in 6 people in the United States were age 65 and older; in 1920, this proportion was less than 1 in 20.

In Maryland, we are also seeing a growth in the older population. According to the Maryland Department of Aging State Plan on Aging 2022 – 2025, of the nearly 6.1 million people in Maryland in 2020, 22.62% were age 60 or over. This percentage is expected to increase to 26.57% of Maryland's projected population of 6.7 million by the year 2040.

The data shows that our population is indeed aging. For years, we have been hearing about the negative impacts and burden that will fall upon the rest of society, including communities and healthcare providers, because of the silver tsunami. While it is important to look at changing demographics and plan for the future, we cannot overlook positive impacts of the so-called silver tsunami.

For one, people are enjoying increased longevity and better health. Generally, people have more time to enjoy life before the effects of advanced aging kicks in. This means that older people are generally working

longer, starting businesses at later ages, and contributing to the economy. This is especially important given current workforce shortages and economic concerns.

Once advanced age does set in, people often do need additional healthcare and resources. The majority of care for older adults is provided at home by family members rather than in formal healthcare settings.

In Maryland, there are 224 skilled nursing and rehabilitation centers with 27,827 beds. These centers care for and will continue to care for Marylanders who have complex medical needs – people who have multiple chronic health conditions, many of whom have some form of dementia, and those who need 24/7 round-the-clock care.

A much larger portion of the older population is currently and will continue to be cared for at home. According to AARP's latest 2023 report, about 38 million family caregivers in the United States provided an estimated 36 billion hours of care to an adult with limitations in daily activities in 2021. The estimated economic value of their unpaid contributions was approximately \$600 billion.

Also, according to the 2023 AARP report, there are 760,000 family caregivers in Maryland. These family caregivers provide 710 million hours of unpaid family care per year. This unpaid care provided in Maryland is valued at \$12.5 billion, which is a \$2.9 billion increase in unpaid contributions since the last AARP report was released in 2019.

This data illustrates the vital role of family caregiving, which is an important and difficult job that requires emotional, social, and financial support. Most of us, including myself, have been caregivers for loved ones at some point in our lives. Home caregivers not only provide care for a family member, but they also help reduce overall costs of care. House Bill 32 will rightfully compensate and provide relief for those home caregivers who spend their own time and money to care for a loved one. This legislation is one small way we can show our support to family caregivers and recognize the vital role they play in our healthcare continuum.

For these reasons, we request a favorable report from the Committee on House Bill 32.

Submitted by:

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