



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Governor

ARUNA MILLER
Lieutenant Governor

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 32 Income Tax - Caregiver Tax Credit

STATEMENT OF INFORMATION

DATE: January 30, 2024

COMMITTEE: Ways and Means Committee

SUMMARY OF BILL: House Bill 32 seeks to establish a nonrefundable credit against the State income tax for qualified expenses paid or incurred by an individual who provides care to a qualified adult family member and whose federal adjusted gross income does not exceed \$75,000 (\$150,000 if filing a joint return). An eligible caregiver may claim a credit up to 30% of the amount of qualified expenses that exceed \$2,000, up to a maximum of \$5,000.

EXPLANATION: According to the Comptroller's Office, general fund revenues are projected to decrease by \$25 million annually, based on an analysis of national caregiving statistics jointly published by the National Alliance for Caregiving and American Association of Retired Persons (AARP) as well as caregiving out-of-pocket costs statistics published by AARP.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly reducing general fund revenues. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

It would be challenging for the State to manage this revenue loss given the forecasted out-year deficits for the General Fund.

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