



Testimony to the Senate Budget and Taxation Committee
SB342 - Tax Credits – Homeowners and Renters – Income Calculation
Position: Favorable

January 22, 2024

Sen. Guy Guzzone, Chair
3 West Miller Senate Office Building
Annapolis, Maryland 21401
Cc: Members, Budget and Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

My name is Zoe Gallagher and I am a Policy Associate at Economic Action Maryland (formerly the Maryland Consumer Rights Coalition), a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

As a part of our direct assistance, Economic Action Maryland has been working to spread the word about the Renters' Tax Credit (RTC) program as well as assisting those who are eligible throughout the application process. On the legislative side, Economic Action has been working to make this program more equitable and accessible, specifically for older adults.

Today I am writing to urge you to support SB342, which would exclude qualified retirement savings plans and individual retirement accounts from total calculated assets when determining eligibility for the Renters' Tax Credit program.

Although the RTC is a highly beneficial program, its scope is limited because, in order to qualify for this program, an individual's assets may not exceed \$200,000. This means that many older adults are ineligible due to their retirement savings plans. Current policy disproportionately impacts low-income seniors who have diligently saved for their future.

In 2020, Maryland had the 8th highest number of renters who were cost-burdened in the country, with 49% of Marylanders spending more than 30% of their income on housing, while many Marylanders are severely cost-burdened paying more than 50% for a rental. SB342 would increase the number of Maryland residents who are eligible for the renters tax credit program of up to \$1000 a year, decreasing this number of cost burdened residents and providing a stepping stool out of poverty for many.



Since then, the dramatic rise in the cost of living has only exacerbated the financial strains put on renters, particularly older adults. As costs continue to rise, older adults should be able to save for their non-working years without exclusion from programs that could bring much needed financial relief.

Passage of SB342 would mean that hard-working families and older adults can continue to save for retirement without fear of exclusion from this beneficial tax credit. It also incentivizes adults who benefit from this tax credit to plan for their future through retirement savings. Excluding these funds from asset tests for benefits aligns with the fundamental purpose of these savings, ensuring they remain available for their intended use when retirees need them the most.

Seniors often face financial challenges due to fixed incomes and rising costs. Excluding retirement savings from asset tests eases financial strain, enabling them to allocate their savings for their intended purpose – retirement security – while still accessing assistance to cover essential expenses.

For these reasons, we support SB342 and ask for a favorable report.

Sincerely,
Zoe Gallagher, Policy Associate