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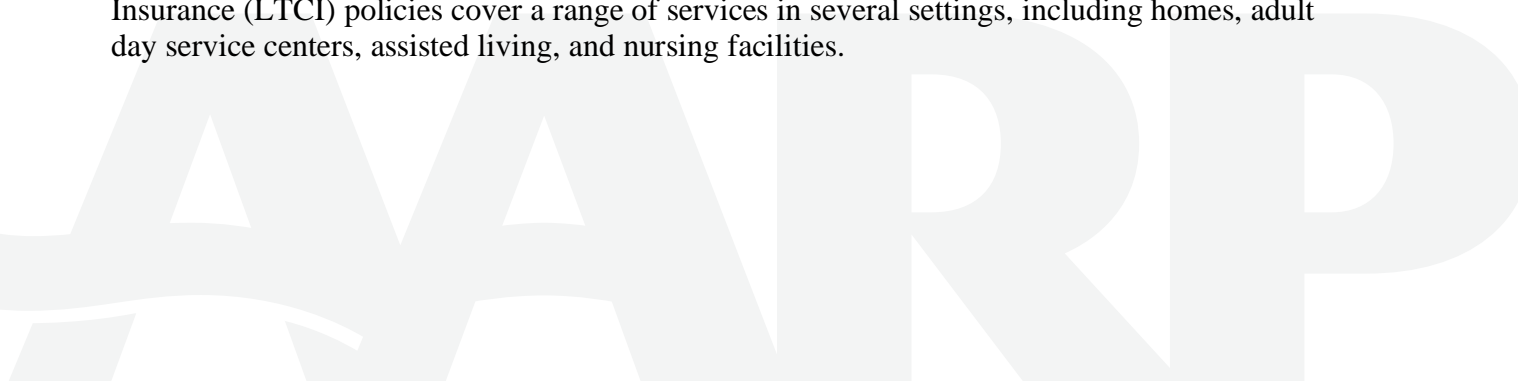
**HB218 Income Tax - Credit for Long-Term Care Premiums
(Long-Term Care Relief Act of 2024)
FAVORABLE
House Ways and Means Committee
February 1, 2024**

Good afternoon, Chair Atterbeary and members of the House Ways and Means Committee. I am Karen Kalla, AARP Maryland volunteer legislative aide, member of the AARP Maryland Executive Council, and resident of Montgomery County. AARP Maryland and its members support HB 218 Income Tax – Credit for Long-Term Care Premiums. We thank Delegate Stewart for sponsoring this important legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

HB218 defines a taxpayer as an individual who is at least 85 years old with a Maryland adjustable gross income of less than \$100,000 for an individual/\$200,000 filing jointly, in the taxable year in which the credit is claimed. Subject to the limitations of the bill, a taxpayer may claim a credit against the State income tax in an amount equal to 100% of the eligible long-term care premiums paid by the taxpayer during the taxable year for long-term care insurance covering the taxpayer or the taxpayer's spouse, parent, stepparent, child, or stepchild. The credit allowed each insured individual may not exceed the lesser of 15 % of the eligible long-term care premiums paid during the taxable year or \$1500 and cannot be claimed by more than one taxpayer with respect to the same insured individual. HB218 also requires annual reports to the Governor analyzing the use and cost benefits to the State of Long-Term Care Insurance. The bill would take effect July 1, 2024, and applies to tax years beginning December 31, 2023, and beyond.

A single illness can slam a retiree with exorbitant bills. Assisted living and nursing home care are among the biggest potential budget busters in retirement. That's why getting insurance to cover a chunk of the costs for in-home care, an assisted living facility or a private room in a nursing home is an important personal finance move to consider. Many Long-Term Care Insurance (LTCI) policies cover a range of services in several settings, including homes, adult day service centers, assisted living, and nursing facilities.



Many older people who do not have LTCI often look to the State and Federal governments for resources to help cover their long-term care needs—costing the State thousands of dollars per individual. The State tax credits proposed in HB218 would provide additional incentive for individuals to purchase Long-term Care Insurance policies that benefit both the taxpayer and the State. For those who pay for LTCI, a State income tax credit should be granted for the purchase of that insurance in recognition of the offsets to State funding that they provide.

For these reasons, AARP Maryland respectfully asks the Committee for a Favorable report on HB218. Please contact Tammy Bresnahan at tbresnahan@aarp.org, or by calling 410-302-8451 with any questions.