

Letter of Information**Senate Bill 104 – Income Tax – Credit for Individuals Residing With and Caring for Elderly Parents**

*Budget and Taxation
January 15, 2025*

We would like to thank Senator Folden for introducing Senate Bill 104 (SB104), Income Tax – Credit for Individuals Residing With and Caring for Elderly Parents. As the population ages, more and more adults are finding themselves in charge of providing unpaid care to an aging parent, a situation that often leads to emotional and financial stress.

SB104 establishes a state income tax credit for individuals who reside with and care for an elderly parent. This refundable \$3,000 tax credit would be available for individuals earning under \$103,650 individually or \$161,000 jointly and who reside with a biological or adoptive parent for at least 6 months of the taxable year and provide care for the parent.

To implement SB104, the Office of the Comptroller would require a definition of “provide care,” which is not currently provided in the proposed bill language. Without this definition, we would be unable to reasonably evaluate and determine the validity of the credit. We would also note that regardless of definition, performing validations such as verifying that the individual in question is a biological or adoptive parent and determining whether the filer provided care for the parent during the tax year would not be possible at the time the return is filed. Instead, enforcement of this tax credit’s eligibility requirements would largely be done through audits, which would present an operational impact for our compliance division.

As always, the Office of the Comptroller is eager to discuss these concerns or answer any questions at your convenience. Please feel free to reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.

