



HB 745 - Income Tax - Senior Tax Credit - Refundability
House Ways & Means Committee
February 19, 2026
SUPPORT

Chair Wilkins, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 745. This bill will convert Maryland's Senior Tax Credit into a refundable credit so that low-income older adults can receive the full value of the benefit.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000. Last year, around 44% of CASH's tax clients were 60 or older.**

HB 745 addresses a limitation in Maryland's tax code that prevents many low-income older adults from fully benefiting from the Senior Tax Credit. Under current law, the credit is nonrefundable, meaning that if a taxpayer owes little or no State income tax, they cannot receive the remaining value of the credit. This limitation disproportionately affects seniors living on fixed incomes, who often rely primarily on Social Security, pensions, or modest retirement savings and have minimal tax liability.

Older adults face measurable economic vulnerability. Poverty rates are significantly higher among certain groups of older adults, with "10.2% of individuals aged 65 and over [having] income below the official poverty threshold," particularly those living alone.¹ These figures do not account for the high costs of housing, medical care, and prescriptions that many seniors face. Many older adults live just above the poverty line yet still struggle to cover basic expenses. For these households, even modest financial relief can stabilize budgets, reduce the risk of food insecurity, prevent housing instability, and ensure necessary medical care is not put off.

Nonrefundable credits exclude those with the lowest incomes because they require tax liability to obtain the full value. If the Senior Tax Credit is intended to provide relief to older residents with limited financial flexibility, the credit must reach those whose incomes are low enough that they owe little in state taxes. HB 745 ensures that Maryland's tax policy does not unintentionally disregard its most vulnerable seniors. By allowing the credit to function as meaningful income support, this legislation promotes economic stability and strengthens financial security for low-income older adults across Maryland.

Thus, we encourage you to return a favorable report for HB 745.

¹ Congressional Research Service (2022), <https://www.congress.gov/crs-product/R45791>