



## **NARFE'S 2022 MARYLAND STATE LEGISLATIVE PROGRAM**

The Maryland Federation of the National Active and Retired Federal Employees (NARFE) represents approximately 300,000 Federal employees and annuitants and the more than 800,000 seniors aged 65 and older in Maryland.

### **Goals for 2022**

- Tax relief for Maryland's middle-class taxpayers, including the right to itemize deductions even if deductions are not itemized on the taxpayer's Federal tax return.
- Tax incentives, deductions or credit, for long-term care insurance.
- An increase in the standard homeowner's tax credit.
- Infrastructure Improvements
- Protecting Senior Consumers

### **Goal 1 – Tax Relief**

- Maryland has one of the highest costs of living in the nation, which discourages “aging in place” and encourages migration to senior friendly states. The Maryland NARFE State Legislative Committee (SLC) recently released a White Paper, entitled “Maryland Needs Tax Reform to Retain Seniors.” which documents our tax relief efforts. The White Paper can be found at: <https://mdnarfe.org/the-maryland-federation/committees/legislative-state/>
- Nine states do not have any state income tax and 14 states exempt all or part of Federal pensions from state and local taxes. Other states actively recruit seniors with tax incentives because they recognize the value of seniors as economic engines for job and revenue generation.
- The 2017 revision to the Federal tax code resulted in a tax hike for many Marylanders who itemize deductions, many of whom live on fixed incomes.
- Governor Hogan will propose senior tax relief legislation in the 2022 Legislative Session as part of his plan to invest the \$2.5 billion surplus from the 2021 Maryland state budget.

#### What Needs To Be Done

- Eliminate or significantly reduce taxes on retirement income, so Maryland can aggressively compete with other more senior friendly states.
- Allow itemization of tax deductions on Maryland tax returns regardless of whether or not the taxpayer itemizes on their Federal tax returns.

- Increase the pension exclusion amount and expand the general pension exclusion to include all sources of retirement income.
- Correct the 1990's Maryland tax code revision, which raised the additional senior tax to \$3,200, but inadvertently limited it to **dependents** aged 65 and above. This exemption should be applicable to **all** Maryland citizens age 65 and above.

## **Goal 2 – Tax Incentives for Long-Term Care Insurance**

- A recent study by the Center for Retirement Research at Boston College concluded that significant numbers of seniors will require moderate to severe lifetime needs for long term care. Earlier studies from Georgetown University concluded that Americans are seriously under-estimating their future needs for long-term care.
- Americans over the age of 85 have a 37% chance of being afflicted with Alzheimer's disease. This means that those seniors will require institutionalized or specialized home medical care.
- Rising operational costs have caused insurance vendors to leave Maryland. This has increased policy premiums on long-term care insurance. It is less attractive to new policy holders and more difficult for current policy holders to retain long-term care insurance.
- Incentives to encourage the purchase of long-term care insurance should be viewed as an investment in easing the burden on Maryland's Medicaid resources, which currently constitute a quarter of our state's budget.

### What Needs To Be Done

- Replace the current \$500 tax credit for the original purchase of long-term insurance with an annual \$500 tax credit for those who retain their insurance.

## **Goal 3 - Homeowners Tax Credit**

- The current Homeowners Tax Credit Program is limited to low- and moderate-income homeowners.

### What Needs To Be Done

- To retain and increase the Maryland senior population, give the homeowner's tax credit to all homeowners age 65 or older. Adjust the tax schedules for inflation and increase the assessment limits.

- Freeze property assessed value when tax payer reaches retirement age.

#### **Goal 4 – Infrastructure Improvements**

- Seniors who are still behind the wheel as well as those who are no longer able to drive face challenges. We support state policies and projects to make road and pedestrian infrastructure safer and to provide seniors with new or additional access to public transportation, which will allow seniors independence for medical and shopping excursions.

#### **Goal 5 – Protecting Senior Consumers**

- Maryland must safeguard consumers against fraud, deception, and unfair practices. Consumers need and want laws that protect their rights and interests.
- Expenditures on utilities, especially gas and electric, are a larger portion of the household budget for individuals age 50 and older.
- All Maryland citizens need access to high-speed Internet, especially in hard to serve areas. Affordable, reliable high-speed Internet allows older adults to age in place productively and safely with a higher quality of life than they might otherwise enjoy

#### What Needs To Be Done

- Protect our most vulnerable Marylander seniors from abuse and exploitation by strengthening state adult protective-services agencies. Increase criminal and civil penalties against perpetrators of financial fraud.
- Expand consumer protections for ratepayers who choose to participate in the deregulated retail energy market.
- Increase access to affordable high-speed Internet.

**CONCLUSION:** There are many important reasons Maryland state leaders must ensure that our senior population grows rather than shrinks. A growing senior population means more commerce, more economic vitality, a bigger tax base to pay for state services, and an increase in the amount of Federal funds received by Maryland. A shrinking senior population means a loss of state tax monies and will weaken the state politically since the loss of population also impacts the number of Congressional districts.

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