

Sharpener Article -- March 2023

Last month I reported on the first bills on which we testified this session. This report will cover the additional bills we covered so far this session. In all cases, representatives from our State Legislative Committee testified and provided a written statement in support of these bills.

### **SB 319 -- Income Tax – Subtraction/Modification – Diamond Income Reduction Act**

This bill would allow individuals who are at least 75 years old at the close of the tax year to subtract up to \$100,000 from your Maryland Adjusted Gross Income (MAGI).

### **SB 461 – Retirement Income Elimination Act of 2023**

This bill would allow individuals who 1) are at least 65 years old, and 2) are receiving old age or survivor Social Security benefits with an annual phased-in subtraction from their MAGI with a 100% subtraction when fully phased-in. The Phase-in subtraction schedule is as follows:

- 2023 --- 10% of income
- 2024 --- 20% of income
- 2025 --- 30% of income
- 2026 --- 40% of income
- 2027 --- 50% of income
- 2028 and beyond --- 100% of income

## **HB 279 – Prescription Drug Affordability Board – Upper Payment Limits**

This bill would reestablish the requirement that the Prescription Drug Affordability Board, under certain circumstances, draft a plan of action for implementing a process to set upper payment limits for certain prescription drug products. It also would reestablish the authority of the Board to set upper payments limits, under certain circumstances, for prescription drug products that are purchased or paid for by or through certain State or local government entities, plans, or programs.

While almost all NARFE members are fortunate to have health plans with good prescription drug coverage, there are many seniors in Maryland not as fortunate as us in this regard. This bill will help those seniors.

## **HB 647 -- Income Tax - Itemized Deductions**

This bill would allow an individual to itemize deductions for State income tax purposes without regard to whether or not the individual itemizes for Federal income tax purposes. For an individual who itemizes on their State but not federal income tax return, the value of the itemized deductions is calculated as if the individual itemized on their federal income tax return. (For 2022, the Federal Standard Deduction is \$12,950 for individual filers and \$25,900 for married filing jointly). As you will remember (if you have been a faithful reader of this space each month) NARFE has testified in support of this Itemized Deductions/Decoupling bills the last few General Assembly sessions. The bill would take effect July 1, 2023, and applies to tax year 2023 and beyond.

## **HB 760 -- Maryland Legal Services Program – Affordable Life, Wills & Estate Planning for Seniors Program**

This bill would establish the Affordable Life, Wills, and Estate Planning for Seniors Program in the Maryland Legal Services Corporation to provide seniors with low to moderate financial means access to affordable civil law-related services. To be eligible for the services, an individual must be at least 60 years old and have a family income that does not exceed 75% of the median family income for the State. The bill would require the Governor to provide an appropriation of \$500,000 in the annual budget bill for the Program.

In our Chapter and many NARFE Chapters throughout the state, our members are most concerned about wills and estate planning, perhaps second only to concerns on health and medical insurance. Our most popular speakers at Chapter meetings include attorneys who speak on estate planning issues. We learn that it is of utmost importance to have a sound estate plan, which includes the three basic documents: a last will and testament, a general durable power of attorney, and a healthcare power of attorney. Our members also want to understand the probate process, and how best to manage assets in light of Medicaid's financial requirements for long-term care assistance.

While many Maryland seniors are in a position to afford these personal legal services, many are not so fortunate. And these seniors can face daunting challenges when faced with these estate planning issues when they seek to pass on generational wealth to their children such as passing on title to a family house. HB 760 would take a big step to giving all Maryland seniors this important opportunity.

**HB 774 -- Assisted Living Programs - Unlicensed Programs - Resident Abuse, Exploitation, and Neglect (The Senator Delores Kelley Residents of Unlicensed Programs Protection Act)**

This bill would require the Maryland Department of Health, or a designee of the Department, to investigate whether residents in an assisted living program have been subject to neglect or physical abuse if the assisted living program is operating without a license. Further, it would further subject certain assisted living programs operating without a license to immediate prosecution under a certain provision of the law under certain circumstances.

**HB 1185 -- Income Tax – Credit for Long Term Care Premiums**

This bill would change current Maryland law, under which a taxpayer receives a one-time only credit against the State income tax for 100% of your eligible LTC insurance premiums to a maximum of \$500, to allow LTC insurance holders to take an annual tax credit – in tax years 2023 and 2024, the credit will be \$250, and from tax year 2025 and beyond the annual tax credit will be \$500. But this will be effective prospectively – it will apply only to LTC policies issued after December 31, 2023. Although LTC insurance can be purchased by anyone at any age, generally LTC will cost less when you are younger so the bills are designed to not only encourage Maryland taxpayers to obtain LTC insurance earlier in life when the cost is lower, but also to retain the insurance by having an continuing annual tax credit.

Submitted by Bob Doyle

March 18, 2023

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