



NARFE'S 2024 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 1,000,000 seniors aged 65 and older in Maryland.

Goals for 2024

- Tax relief for Maryland's seniors, 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.
- Legislation to help support cognitive and behavioral health issues.
- Protecting senior consumers.
- Strengthening communities with infrastructure improvements.
- An increase in the standard homeowner's tax credit.
- Ensuring the availability and quality of medical care in Maryland.

Goal 1 – Tax relief

- In 2022, Maryland passed a tax relief measure for retirees which offered a modest reduction for single and married seniors who were not above a statutory income limit. Nevertheless, Maryland continues to have 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) released a White Paper, entitled “Maryland Needs Tax Reform to Retain Seniors” which documents the cost of senior migration. The White Paper can be found at: <https://mdnarfe.org/the-maryland-federation/committees/legislative-state/>.
 - In contrast to Maryland, Iowa passed legislation in 2022 to eliminate all state tax on retirement income. Additionally, 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.
 - Maryland is the only state that levies both an inheritance tax and an estate tax.
- What Needs To Be Done:**
- *Eliminate or significantly reduce taxes on seniors, so Maryland can aggressively compete with 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, which is currently indexed to the maximum Social Security payment, 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 exemption 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.
- Index tax deductions for all.

Goal 2 – Tax incentives for long-term care (LTC) insurance

- Americans over the age of 85 have a 37% chance of being afflicted with Alzheimer's disease. This means that these seniors will likely require institutionalized or specialized home medical care.
- Maryland's Medicaid costs are well above the national average. A large portion of Maryland's Medicaid funds pay for treatment and cognitive care for an aging population, many of whom sadly will require this care and believe Medicaid will fully pay for their LTC needs, and so are seriously under-estimating their future needs.
- Rising operational costs have caused insurers to leave Maryland. This has increased policy premiums on LTC insurance. Thus, this insurance is less attractive to new policy holders and more difficult for current policy holders to retain LTC insurance.

What Needs to Be Done:

- Provide a tax credit for persons who purchased underpriced long-term LTC insurance in earlier years (before 2005) to help them keep their increasingly more costly insurance. And, provide a tax credit incentive to encourage the purchase of long-term care insurance by younger persons as an investment in easing the burden on Maryland's Medicaid resources, which currently constitute a quarter of our state's budget. And, for these younger persons, provide substantial tax credits to encourage the purchase of LTC insurance. These tax credits could be redeemable only after reaching age 65 and only if one is a resident of Maryland.

Goal 3 – Legislation to help support cognitive and behavioral health issues

- Approximately 110,000 Maryland citizens age 65 or older had dementia in 2020, a number that is projected to reach 130,000 by 2025.
- In 2022, for the first time ever, the state legislature appropriated \$3.5 million in state reserve funds specifically for Alzheimer's and other dementia-related research and services through the FY 2023 operating budget.
- The public policy director of the Maryland Chapter of the Alzheimer's Association stated that the long-term goal is to continue to spread public awareness and to establish a care infrastructure for Alzheimer's that's on par with diabetes or other chronic disease research and funding. He also stated that they are elevating this issue and building awareness about it within the General Assembly. And, that they are breaking the stigma, so that people feel comfortable talking about it publicly.

What Needs To Be Done:

- Work with Maryland policymakers, state agencies, and other health care executives to implement an all-encompassing approach to care for Marylanders with Alzheimer's and other forms of dementia.

Goal 4 – Protecting senior consumers

- Seniors are increasingly victims to scammers and identity thieves. 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. Many seniors now pay for gas and electric to a company other than their regulated utility.
- All Maryland citizens need access to high-speed internet, especially in hard to serve areas. Affordable and 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 Maryland seniors from abuse and exploitation by strengthening state adult protective-services agencies. And, increase criminal and civil penalties against perpetrators of financial fraud.
- Expand consumer protections for those who choose to participate in the deregulated retail energy market.
- Increase access to affordable high-speed internet.

Goal 5 – Strengthening communities with infrastructure improvements

- Eighty-seven percent of adults ages 65 and older want to stay in their current homes and communities as they age. It is critical that communities are welcoming and supportive for older residents and benefit residents of all ages: safe streets and neighborhoods; affordable and accessible housing and health care; reliable transportation options; opportunities to learn, work and socialize; and a sense of community and responsive government.
- 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. This will allow seniors independence for medical and shopping excursions.

What Needs To Be Done:

- Work with planners and legislators to accomplish infrastructure improvements that benefit seniors.
- Initiate a tax credit for home modifications (wheelchair accessibility, ramps, bathtub safety, etc.) designed to help aging in place safely and for accessibility. Home modifications can help to reduce falls by 50%. Recent research shows that every \$1.00 invested in such modifications returns \$1.50 in reduced medical spending for seniors 75 and older. Work with the Department of Aging to develop a list of covered items and credit incentives.

Goal 6 - Homeowners tax credit

- The cost of living in Maryland is 24% above the national average, the 6th most expensive State to live in and in large part due to the housing cost being 64% above the national average. The current homeowner's tax credit is limited to low- and moderate-income homeowners.

What Needs To Be Done:

- Allow the homeowner's tax credit to all homeowners age 65 or older. Adjust the tax schedules for inflation and increase the assessment limits.
- Freeze the assessed value of a property when the taxpayer reaches retirement age.

Goal 7 - Ensuring the availability and quality of medical care in Maryland

- Attracting and keeping competent physicians and medical care in Maryland is a high priority for all and especially for seniors. State licensure and support for medical facilities play an important role in the quality of healthcare in Maryland.

What Needs To Be Done:

- Work with agencies, health care organizations, and legislators to ensure the availability and quality of medical care in Maryland.

CONCLUSION: There are many important reasons Maryland state leaders must ensure that our senior population stays satisfied *and* stays in Maryland. A growing senior population means more commerce and economic vitality, a bigger tax base to pay for state services, more volunteers for worthwhile causes, 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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