

President's Message

Happy New Year to all members of Chapter 251! May 2025 be a year filled with happiness and good health for you and your families. As you make your New Year's resolutions, consider attending our chapter meetings; we would love to see you there!

Those who attended the December luncheon shared many laughs during the Santa Gift Exchange, where many sought-after gifts exchanged hands multiple times before the festivities concluded.

Representatives from Chapter 251 will participate in the Maryland Federation Board meeting on February 4 at the Comfort Inn in Bowie. A report will be presented at our February meeting.

Also, our legislative watchdogs, **Bob Doyle** and **Steve Groom**, have included informative articles in this issue. Be sure to check them out!

Carla Duls
President

January Speaker

Our speaker at our January 29 meeting will be **Paul Schwartz**, the newly elected NARFE Vice President for Region Two. Paul was the long time Chair of the MD Federation State Legislative Committee (SLC), and remains active on the SLC. In his recent message to the membership in Region Two, Paul noted that "serving as NARFE Regional Vice President for our Region placed me in the best position to fight to protect federal benefits for federal retirees and those who will someday become federal retirees. Moreover, during this time of transition in Washington, protecting the merit-based system of federal employment is of the utmost importance and NARFE must be at the forefront of that effort."

CHAPTER NEWS

Membership Report

NARFE is still updating the membership data base. The Membership Report will be updated in a future issue of the *Sharpener*.

Our current membership as of January 17 is 354 (749 National Only).

January 2025 Luncheon/Meeting

The January Luncheon/Meeting will be held at **Pirate's Cove** in **Galesville** on **January 29**. Attendees will be able to order from the menu beginning at noon. Region Two Vice President **Paul Schwartz** will be the speaker. Registration is required for the luncheon so that we can let the restaurant know how many guests to expect. Please contact the meeting coordinator, **Jim Duls**, at narfe251@gmail.com or (301) 261-7515 by Tuesday, January 28 if you plan to attend.

Social Security Fairness Act of 2023

On January 5, 2025, President Biden signed into law the Social Security Fairness Act, to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). These **frequently asked questions** provide background on the issue, the bill, and implementation.

- What was the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO)?
- Who did WEP/ GPO affect?
- What piece of legislation repealed WEP/ GPO?
- What is the "look-back" period for benefit payments?
- When will I begin receiving these updated payments?

Answers to these questions can be found on the NARFE website (NARFE.org) under *News and Events > All News from NARFE > News*.

STATE LEGISLATIVE REPORT

As I write this report, Maryland is faced again (like last year) with a serious budget deficit for the fiscal 2026 budget – a projected \$3 billion budget gap which could grow to a \$6 billion deficit by 2030 if no serious action is taken, according to some analysts. In response, Governor Wes Moore has proposed a \$67.3 billion budget – a 1% increase over the 2025 budget – including \$2 billion in cuts.

There are also some steps planned to increase revenues. Regarding state income taxes, families earning \$500 thousand and above will face higher tax rates than the current rates. Families under that amount will have slightly lower rates than the current rates, resulting in average taxes being slightly lower, so the average Maryland family will have about a \$173 tax reduction. To accompany that, however, are increases in some fees (e.g., the vehicle emission inspection fees will raise from \$14 to \$30), and some new fees, notably a 75 cents per delivery fee imposed on companies with annual earnings of \$500 thousand or more, (i.e., small businesses will not be impacted but Amazon and Walmart will). Of course, expect the fee to be passed on to buyers.

Additionally, the Governor proposes to double the standard deduction on state income tax returns, but eliminate itemized deductions. While this is of course helpful to the majority of taxpayers who do not itemize, it is a significant hit to the taxpayers who do itemize.

Last year at this time, I said if you believe that it will be difficult to pass legislation in the 2024 MGA session that results in revenue decreases – like tax credit or tax relief legislation – you are correct. This is true again for the 2025 session. Nevertheless, we will look to support the senior tax credit bills as they arrive. Consistent with past testimony, we will argue that you cannot rely on the revenue decreases predicted in the Fiscal and Policy Note (FPN) written for each proposed bill because they do not reflect the complete cost associated with the bill. This is because the Department of Legislative Services (who prepares the FPNs) does not have the capability to calculate cost savings and incorporate that calculation into the PPNs.

There have been a few senior-related tax relief bills introduced thus far. In fact, we have already testified on two bills in the first full week of the Session, January 13-17. Here they are:

SB 155 Income Tax – Credit for Long Term Care (LTC) Premiums (LTC Relief Act of 2025) (Sponsor – Senator Jack Bailey, R – Dist. 29 - Calvert & St. Mary's Counties)

Under current Maryland law, a taxpayer can take a one-time only credit against the State income tax for 100% of your eligible LTC insurance premiums to a maximum of \$500. This bill will allow eligible taxpayers to take an annual credit which will be the smaller amount

of either 15% of his or her annual premium or \$1500. This is a significant increase in the LTC tax credit compared to the tax credits offered by the numerous previous unsuccessful bills introduced in the Assembly over the years. To be eligible for this new tax credit, the taxpayer 1) must be 85 years old or older, 2) if single, have a Maryland Adjusted Gross Income (MAGI) of under \$100,000, 3) if a married couple filing jointly, have an MAGI under \$200,000 and 4) must have purchased the LTC policy before January 1, 2005. This date would cover many policies purchased during the early days of this insurance (beginning in the 1980's), when companies often underpriced policies to pocket premium income. When the LTC insurers found the cost of providing benefits far exceeded the premium income, they raised premiums astronomically and many retirees ended up priced out of their own policies. Even the Federal version of LTC insurance – called the Federal Long Term Care Life Insurance Program -- over the last ten years had existent policy average increases of 83%. If they pass, these will offer some real relief to the taxpayers who bought an underpriced policy early and then saw large premium increases in recent years.

If this bill looks familiar to you it should – a similar bill was introduced in past years by Senator Katherine Klausmeier as main sponsor. She resigned from the Senate shortly before the session began after she was appointed County Executive for Baltimore County, and Senator Jack Bailey took up the cause.

SB 104 – Income Tax – Credits for Individuals Residing with and Caring for Elderly Parents (Sponsor – Senator William Folden, R – District 4, Frederick County)

This bill establishes a refundable personal income tax credit equal to \$3,000 for an individual who resides with and provides care for a qualifying parent (an individual age 70 or older who is a biological or adoptive parent of the taxpayer) for at least six months during the tax year, meets a specified income threshold, and is not a dependent of another taxpayer. To be eligible for the credit, a taxpayer's federal adjusted gross income (AGI) may not exceed \$103,650 (\$161,000 if married filing jointly), as adjusted for inflation for tax years after 2025. An individual may claim the credit for more than one parent. The credit may not be claimed by multiple individuals in the same household with respect to the same parent. The bill takes effect July 1, 2025, and applies to tax year 2025 and beyond.

There were similar bills introduced in the 2024 session. Although those bills were unsuccessful, there was successful legislation last year which established the Caregiver Expense Grant Program within the Maryland Department of Aging to award grants for qualified expenses paid or incurred by an individual who provides care to a qualified family member and whose federal AGI does not exceed \$75,000 (\$150,000 if a joint

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tax filer). Subject to available funding, an eligible caregiver may apply for a grant equal to 30% of the amount of qualified expenses that exceed \$2,000, up to a maximum grant of \$2,500 per fiscal year.

Although the Grant Program is of course a valuable measure, it does involve some effort by eligible caregivers to actually apply for the grant. For this reason, Senator Folden introduced this bill to make it easier for caregivers to benefit by means of a tax credit.

From the recent important report from AARP entitled "Valuing the Invaluable," we know that in 2021, about 38 million family caregivers in the U.S. provided an estimated 36 billion hours of care to adults with serious or disabling health conditions with the economic value of these unpaid contributions totaling approximately \$600 billion. In Maryland, an estimated 760,000 caregivers provided about 710 million hours of care at an estimated value of \$12.5 billion.

Medicaid is more than a quarter of Maryland's budget, and nursing homes account for a major portion of Medicaid expenditures. Anything that extends the period of home care and delays entrance into nursing homes saves Maryland money.

Besides these tax credit bills above, we will support other bills impacting seniors which I will report on next month.

Bob Doyle
Legislative Chair

(Sources for this article: "Tax cuts, increases part of Moore's 'growth agenda'" – Bryan P. Sears and Danielle J. Brown, Maryland Matters, January 16, 2025, <https://marylandmatters.org/2025/01/16/tax-cuts-increases-part-of-moores-growth-agenda/> Maryland General Assembly website, Fiscal and Policy Notes for bills discussed above, <https://mgaleg.maryland.gov/mgawebsite/>)

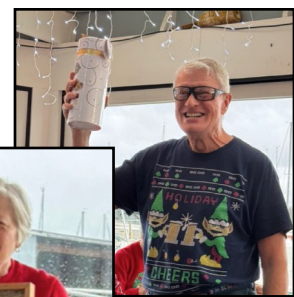
Holiday Get Together



A good time was had by all at the December 11 holiday luncheon at Pirate's Cove. Once again, the highlight of the event was the Santa Gift Exchange.



Steve, Howard, Nancy, Pam, Lisa, and Jo Anne display their treasures.



FEDERAL LEGISLATIVE REPORT

It was the best of times and yet the worst of times. On January 5, President Biden signed the repeal of the WEP and GPO (it only took 40 plus years)! However, the actual implementation of the repeal has not yet begun and until rules are formulated, receipt of any additional Social Security funds are in limbo. I'll report back when I know more about implementation.

However, this win is being offset by the requirement of the incoming president that all federal workers must return to the office, effectively eliminating teleworking. Further, Section F is back in play with the new administration, causing uncertainty about job security for many federal workers.

The incoming administration also intends to trim \$2 trillion from the federal budget, although no details have yet been provided. Hopefully our benefits will not be used to cut spending but nothing is certain at this point.

- Steven Groom

NOT SO CANDID CAMERA

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NARFE, one of America's oldest and largest associations, was founded in 1921 with the mission of protecting the earned rights and benefits of America's active and retired federal workers. The largest federal employee/retiree organization, NARFE represents the interests of nearly 5 million current federal employees, retirees, spouses, and survivors. NARFE IS NOT A LABOR UNION but is registered as a 501(c) 5 Tax-Exempt organization under current IRS guidelines.

DATES TO REMEMBER

February 4, 2025 MD Federation Board Meeting, Bowie

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2025 Meeting/Program Dates

January 29	July/August-
February 26	no meeting
March 26	September 24
April 30	October 29
May 28	November 19
June 25	December 10



The Board meets by Zoom at 12:30 p.m. on the Wednesday of the week before each meeting.