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HOUSE OF REPRESENTATIVES
150th GENERAL ASSEMBLY

HOUSE BILL NO. 8

AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO DELAWARE TAX CREDITS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Chapter 20E, Title 30 of the Delaware Code by making deletions as shown by strike through
and insertions as shown by underline as follows:

Chapter 20E. Ex-Offender Employment Opportunity Tax Credit.

§ 20E-100. Declaration of Purpose.

The purpose of this chapter is to provide Delaware's employers an incentive to hire ex-offenders in order to
increase the available opportunities for ex-offenders to re-enter our communities and become productive citizens.

§ 20AE-101. Definitions.

For purposes of this chapter:

(1) "Gross wages" means that part of the sum reported on Form W-2, or equivalent form of the United States
Department of Treasury, Internal Revenue Service as "Medicare wages and tips" that is attributable to Delaware sources.

(2) "Qualified employer" means an employer operating in Delaware which hires and employs one or more
qualified ex-offenders to work in Delaware.

(3) "Qualified ex-offender" means any individual Delaware resident who has been convicted of a felony under any
federal or state law and who has been released from confinement from a correctional facility located in Delaware within 1
year from the individual's date of hire.

(4) "Secretary" means the Secretary of the Department of Finance described in § 8302 of Title 29.

(5) "Sustained employment" means a period of employment that is not less than 185 days during the taxable year.

§ 20E-102. Credit for wages paid to qualified ex-offenders.

(a) Subject to the limitations contained in § 20E-103 of this title and to such return requirements as may be
imposed by the State Bank Commissioner, the Insurance Commissioner, or the Secretary, qualified employers shall be

21 eligible during the current or subsequent taxable year in which a qualified ex-offender is hired for credits against the taxes
22 imposed by the following statutory provisions:

23 (1) Chapter 11 of Title 5;

24 (2) Chapter 19 of this title;

25 (3) Chapter 11 of this title;

26 (4) Sections 702 and 703 of Title 18. 31 (b) The amount of the credit against the tax shall equal 10%, but in no
27 event to exceed \$1500, of the gross wages paid by the qualified employer to a qualified ex-offender in the course of
28 that person's sustained employment during the taxable year.

29 (c) To the extent a qualified employer's credits exceed any amounts otherwise due for the taxes and fees listed
30 under § 20E-102(a) of this title, such unused credits shall be forfeited.

31 § 20E-103. Limitations.

32 Notwithstanding § 20E-102 of this title, no qualified ex-offender counted for purposes of Ex-Offender
33 Employment Opportunity Tax Credits under this subchapter may be included in the calculation of employment for purposes
34 of claiming tax credits provided by subchapters II, III, IX and X of chapter 20 of this title or for tax credits under Chapter
35 20A of this title.

36 § 20E-104. Rules and Regulations.

37 The Director of the Division of Revenue is authorized to promulgate rules and regulations not inconsistent with
38 this chapter and require such facts and information to be reported as the Director deems necessary for administration and
39 enforcement of this chapter. No rule or regulation adopted pursuant to the authority granted by this section shall extend,
40 modify or conflict with any law of this State or the reasonable implications thereof.

41 Section 2. This Act is applicable to all qualified offenders hired on or after January 1 of the year after its
42 enactment into law.

SYNOPSIS

Employment for formerly incarcerated individuals is a major barrier to transitioning and re-entering the community. The National Institute of Justice estimates that 60% of ex-offenders are jobless one year after their release. Improving access to employment opportunities for ex-offenders helps lower the State's recidivism rates and will improve public safety and reduce taxpayer spending on prisons. This Act seeks to improve access to employment for formerly incarcerated individuals by establishing the Ex-Offender Employment Opportunity Tax Credit that offers a tax credit to employers hiring qualified ex-offenders in an amount equal to 10% of that individuals wages, with a maximum credit of \$1500.