149th GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 148**
SPONSOR:	**Representative Paradee**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO COLLEGE SAVINGS AND "ABLE" SAVINGS ACCOUNTS.**

Assumptions:

1. This Act would become effective beginning Tax Year 2017 (Fiscal Year 2018)

2. This Act would allow Delaware taxpayers two new deductions from personal income tax of up to $2,500 for contributions to any Federally qualified "529" College Savings Plan or "529A" Savings Account (a special account for meeting the needs of certain individuals with disabilities).

3. Assumes 529 contributions made to Fidelity plans in Tax year 2016 as the base for estimating the Bill's fiscal impact. In Tax Year 2016, there were roughly 13,500 accounts totaling $48.2 million.

   The average total contribution amount over this period was roughly $3,500, with contributions greater than $2,500 averaging $10,700 and contributions less than $2,500 averaging $900. Roughly 27% of annual contributions were greater than $2,500 and 73% were less than the Bill's $2,500 cap amount.

4. The fiscal impact below makes the following assumptions:

   a) Assumes one contributor per 529 plan;

   b) Assumes 20% of those eligible to receive the credit would pay a marginal tax rate of 5.5% and 80% of those eligible for the credit would pay a marginal tax rate of 6.6%;

   c) Assumes 10% of non-residents will pay Delaware State taxes;

   d) Assumes 68% of State resident contributions are to plans outside of the State, but are still deduction eligible under this Bill.

   e) Assumes roughly 14, 529A plans accounts are established in Delaware by December 2017.

5. The Finance Department estimates a total revenue loss of $896,176, beginning in Fiscal Year 2018

Revenue Loss:

Fiscal Year 2018:	$861,176 (Estimate for 529 plans only)
Fiscal Year 2019:	$896,176 (Estimate for 529 and 529A plans)
Fiscal Year 2020:	$896,176 (Estimate for 529 and 529A plans)

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