



SPONSOR: Rep. Collins & Sen. Hocker & Sen. Richardson
Reps. Hilovsky, Ramone, Shupe, Michael Smith, Yearick;
Sens. Lawson, Wilson

HOUSE OF REPRESENTATIVES
152nd GENERAL ASSEMBLY

HOUSE BILL NO. 149

AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO PERSONAL INCOME TAXES.

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

1 Section 1. Amend § 1102, Title 30 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 1102. Imposition and rate of tax; separate tax on lump-sum distributions.

4 (e) Where the rates of tax prescribed in subsection (a) of this section are changed during a taxable year, the
5 Secretary of Finance shall prescribe such rules and regulations as are necessary to compute the increase in rates of tax on
6 the proportion of income earned subsequent to the effective date of change in rate.

7 (f) Notwithstanding any other provision of law, each tax bracket established by subsection (a) of this section shall
8 annually be adjusted by an amount equal to the change in the Consumer Price Index prepared by the Bureau of Labor
9 Statistics, U. S. Department of Labor for urban consumers, all items, for the 12-month time period ending June 30, of the
10 immediately preceding tax year.

11 Section 2. This Act shall become effective for tax years beginning after December 31, 2023.

SYNOPSIS

This Act requires personal income tax brackets to be annually adjusted for cost-of-living increases. This will prevent tax rate increases resulting from cost-of-living pay increases that push lower income taxpayers into higher tax brackets. This is referred to as "bracket creep". Cost-of-living pay increases are intended to offset inflation and not create a greater tax burden on lower income taxpayers.

Social justice requires that lower income taxpayers should not face both inflation and higher tax rates at the same time.

This Act will be effective for tax years beginning after December 31, 2023.