



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

HOUSE OF REPRESENTATIVES  
152nd GENERAL ASSEMBLY

HOUSE SUBSTITUTE NO. 1  
FOR  
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 § 515, Title 30 of the Delaware Code by making deletions as shown by strike through and  
2 insertions as shown by underline as follows:

3 § 515. Filing frequency and tax computation thresholds.

4 No later than November 15 each year, the Department of Finance shall publish the annual adjustments to all  
5 applicable thresholds, the new minimum filing thresholds under § 1161(1) of this Title based on the income tax brackets as  
6 calculated in § 1102(a) of this Title, and tax brackets established by § 1102 of this Title on the Division of Revenue Internet  
7 Website and engage in public outreach notifying businesses, employers, payroll processors, tax professionals, and the  
8 general public of the adjustments.

9 (e) Each tax bracket established after December 31, 2024 shall be adjusted for inflation by the percentage (if any)  
10 by which the Consumer Price Index prepared by the Bureau of Labor Statistics, U.S. Department of Labor for urban  
11 consumers, all items, for the 12-month period ending June 30 of the immediately preceding tax year, exceeds the Consumer  
12 Price Index for the 12-month period ending June 30 of the second-preceding tax year rounded to the nearest \$50.

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

15 § 1102. Imposition and rate of tax; separate tax on lump-sum distributions.

16 (14) For taxable years beginning after December 31, 2013, and before January 1, 2025, the amount of tax shall  
17 be determined as follows:

18 2.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;

19 3.9% of taxable income in excess of \$5,000 but not in excess of \$10,000;

20 4.8% of taxable income in excess of \$10,000 but not in excess of \$20,000;

21 5.2% of taxable income in excess of \$20,000 but not in excess of \$25,000;  
22 5.55% of taxable income in excess of \$25,000 but not in excess of \$60,000; and  
23 6.6% of taxable income in excess of \$60,000.

24 (15) For taxable years beginning after December 31, 2024, the amount of tax shall be determined by  
25 reference to paragraph (a)(14) of this section annually adjusted as set forth in § 515(e) of this Title.

26 Section 3. Amend § 1161(1), Title 30 of the Delaware Code, by striking said subsection in its entirety and  
27 substituting therefor the following:

28 § 1161. Persons required to make returns of income.

29 An income tax return with respect to the tax imposed by this chapter shall be made by the following:

30 (1) Every resident individual who

31 a. Is required to file a federal income tax return for the taxable year, or

32 b.1. For tax years beginning before January 1, 2025, is a single person and has for the taxable year adjusted gross  
33 income as modified by § 1106 of this Title of more than \$9,378, or

34 b.2. For tax years beginning on or after January 1, 2025, has for the taxable year adjusted gross income as  
35 modified by § 1106 of this Title of more than the applicable minimum filing threshold published under § 515(d) of this  
36 Title, or

37 c.1. For tax years beginning before January 1, 2025, is a married individual who is entitled to file a joint federal  
38 income tax return for the taxable year and whose adjusted gross income for the taxable year as modified by § 1106 of this  
39 Title, when combined with the adjusted gross income of the individual's spouse, is more than \$15,449, or

40 c.2. For tax years beginning on or after January 1, 2025, is a married individual who is entitled to file a joint  
41 federal income tax return for the taxable year, and whose adjusted gross income for the taxable year as modified by § 1106  
42 of this Title, when combined with the adjusted gross income of the individual's spouse, of more than the applicable  
43 minimum filing threshold published under § 515(d) of this Title.

44 Section 4. This Act shall be effective for tax periods commencing after December 31, 2024.

#### 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, 2024.