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HOUSE OF REPRESENTATIVES
152nd GENERAL ASSEMBLY

HOUSE BILL NO. 435

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

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

1 Section 1. Amend Part II, Title 30 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline and by creating a new chapter as follows:

3 Chapter 20F. STEM Talent Advancement and Retention Program.

4 § 20F-100. Title.

5 This chapter shall be known as the “STEM Talent Advancement and Retention Program” (“STAR Program”)

6 § 20F-101. Establishment; statement of purpose.

7 (a) There is hereby established the STEM Talent Advancement and Retention Program (“STAR Program”) to be
8 administered by the Department of Finance in partnership with the Delaware Center for Life Science Education and
9 Training (“Center”).

10 (b) The purpose of the STAR Program is to incentivize, retain, and attract post-secondary graduates who are
11 employed or considering employment in Delaware in the STEM fields by providing them with personal income tax credits,
12 in amounts specified in this chapter, for reimbursement of their education loans.

13 § 20F-102. Definitions.

14 As used in this chapter:

15 (1) “Applicant” means an eligible graduate who applies for a tax credit for reimbursement of education loan
16 expenses under this chapter.

17 (2) “Award” means tax credit awarded by the Fund Committee to an applicant under this chapter.

18 (3) “Delaware-based employer” means any of the following:

19 a. An employer having its principal place of business in Delaware.

20 b. An employer with at least 51% of its employees working at a location based in Delaware.

21 c. An employer registered to conduct business in Delaware and with reported Delaware tax liability in the
22 previous tax year.

23 (4) “Department” means the Department of Finance.

24 (5) “Education loan expenses” means annual higher education loan expenses, including principal, interest, and
25 fees, as may be applicable, incurred by an eligible graduate to pay for tuition, books, and living expenses in order to
26 attend a post-secondary institution of higher learning and which the eligible graduate is obligated to repay.

27 (6) “Eligible graduate” means an applicant who meets the following qualifications required for an applicant to
28 apply and receive an award under this chapter:

29 a. Graduation from an accredited post-secondary institution of higher education with an associate,
30 bachelor’s, graduate or post-graduate degree with accompanying education loan expenses.

31 b. Employment as a full-time employee (minimum of 35 hours per week) with a Delaware-based
32 employer and employed in 1 or more of the following fields:

33 1. Life, natural, or environmental sciences.

34 2. Computer information or software technology.

35 3. Advanced mathematics or finance.

36 4. Engineering.

37 5. Medical device technology.

38 (7) “Eligibility period” means up to 4 consecutive service periods beginning on the date that an eligible
39 graduate receives initial notice of their award under this chapter and ending at the conclusion of the fourth service
40 period.

41 (8) “Full-time employee” means any of the following:

42 a. An individual who is employed by a business for a minimum of 35 hours per week.

43 b. An individual who renders any other standard of service generally accepted by custom or practice as
44 full-time employment.

45 c. An individual who is employed by a professional employer organization pursuant to an employee
46 leasing agreement between the business and the professional employer organization for a minimum of 35 hours
47 per week or who renders any other standard of service generally accepted by custom or practice as full-time
48 employment and whose wages are subject to withholding.

49 (9) “Fund” means the STEM Talent Advancement and Retention Fund (“STAR Fund”) established under this
50 chapter.

51 (10) “Fund Committee” means the Committee established under this chapter.

52 (11) “Higher education loan” means a loan to an individual by a public authority or private lender to pay for
53 the individual’s tuition, books, and living expenses in order to attend a post-secondary institution of higher learning.

54 (12) “Service period” means the 12-month tax period beginning the year in which an eligible graduate
55 receives initial notice of their award under this chapter.

56 (13) “STEM” means science, technology, engineering, and mathematics.

57 (14) “Tax credit” means a personal income tax credit, as defined in this title and administered by the
58 Department, on income earned in Delaware.

59 (15) “Taxpayer” means an applicant who receives a tax credit under this chapter.

60 § 20F-103. STAR Program.

61 (a) The STAR Program allows eligible graduates to apply for an award from the Fund Committee to pay a portion
62 of the applicant’s higher education loan debt by receiving a tax credit for a specified amount. An eligible graduate must
63 submit to the Fund Committee an application in the manner that the Fund Committee shall prescribe.

64 (b) To be eligible for the STAR Program all of the following must apply:

65 (1) The applicant must be an eligible graduate as defined in this chapter.

66 (2) The applicant must have received a higher education loan, as defined in this chapter, that is still
67 outstanding.

68 (c) In addition to the eligibility requirements in subsection (b) of this section, the Department is authorized to
69 adopt regulations that refine the eligibility requirements for the STAR Program.

70 (d) The application to participate in the STAR Program must require the applicant to certify that they meet the
71 eligibility requirements in subsection (b) of this section and any other requirements as provided in the STAR Program
72 regulations. The application will otherwise be in the form prescribed by the Fund Committee.

73 (e) Applicants must submit a new completed application each service period and any additional information the
74 Fund Committee may require as provided in the STAR Program regulations.

75 (f) The Committee’s consideration of applications must be conducted on a name-blind and employer-blind basis
76 and the applications and other supporting documents received or reviewed by the Committee must redact the applicant’s
77 name, street address, and other personal-identifying information including the applicant’s employer’s name, street address,
78 and identifying information.

79 (g) Upon receipt of a proper application from a qualified applicant the Fund Committee shall select applicants, on
80 a competitive basis, to receive a tax credit for the service period in which they are applying, as follows:

81 (1) A maximum of \$1,000 for an associate degree holder.

82 (2) A maximum of \$4,000 for a bachelor's degree holder.

83 (3) A maximum of \$6,000 for a graduate or post-graduate degree holder.

84 (h) An applicant shall not receive an award under this STAR Program that exceeds 100% of the education loan
85 expenses incurred by the applicant.

86 (i) An applicant may only receive 1 award per service period for up to 4 consecutive service periods provided that
87 the applicant continues to meet the eligibility requirements throughout the eligibility period.

88 (j) An applicant shall not receive an award without consenting to the public disclosure of their name, the name of
89 the institution of higher learning where they obtained their degree, and the name of their employer.

90 (k) If an award recipient violates any provision of this chapter, or ceases to meet the eligibility requirements of this
91 chapter, the Department may do any of the following:

92 (1) Withhold further awards until the applicant complies with the eligibility requirements under this chapter.

93 (2) Terminate the award.

94 § 20F-104. Administration.

95 (a) The Department, in partnership with the Delaware Center for Life Science Education and Training, shall
96 administer the STAR Program through a Fund Committee.

97 (b) The Fund Committee shall consist of 5-8 members chosen, by the Department, in consultation with the Center.
98 The Executive Director of the Center, or their designee, must be a member of the Fund Committee. The Department must
99 select members of the Fund Committee based on their knowledge and expertise concerning STEM employment trends and
100 STEM hiring needs in Delaware.

101 (c) The Fund Committee shall do all the following:

102 (1) Develop the STAR Program application and establish any other materials to be submitted with the
103 application.

104 (2) Develop the selection process for awards under this chapter.

105 (3) Require suitable proof that an applicant meets the eligibility requirements under this chapter.

106 (4) Select applicants who meet the qualifications of the STAR program to receive tax credit awards under this
107 chapter.

108 (5) Develop retention strategies to encourage STAR Fund recipients to remain employed in their STEM
109 careers in Delaware.

110 (6) Develop and implement promotion and awareness of the STAR Program in conjunction with colleges,
111 universities, and employers in Delaware.

112 (d) The Department may not commit to annual awards that exceed the amount of money contained in the STAR
113 Fund.

114 § 20F-105. Funding.

115 (a) The General Assembly shall annually, in the Budget Act, appropriate a sum to be known as the “STAR Fund”
116 in an amount not less than \$100,000 for the purpose of carrying out the provisions of this chapter.

117 (b) The annual appropriation of the STAR Fund under subsection (a) of this section shall not preclude the
118 Department or the Fund Committee, from seeking additional funding through federal programs, grants, or private
119 contributions.

120 (c) The Department, in conjunction with the Fund Committee, shall establish procedures to ensure the following:

121 (1) Ongoing compliance with the terms and conditions of the STAR Program.

122 (2) Compliance with any applicable FOIA requirements under Chapter 100 of Title 29.

123 (3) Compliance with all rules and regulations established to safeguard the expenditure of public funds.

124 § 20F-106. Annual Reporting.

125 On or before December 31 of each year the Department shall submit to the Governor, the President Pro Tempore
126 of the Senate, and the Speaker of the House of Representatives, for distribution to the members of the General Assembly,
127 and the Director and Librarian of the Division of Research, an annual report on the STAR Talent Advancement and
128 Retention Program, which must include:

129 (1) The number of applicants over the past year.

130 (2) The number of awards issued including the name of the award recipients, their institution of higher
131 learning and their employer.

132 (3) Any proposals for legislation, administrative action, or other policy changes the Department considers
133 necessary to further the goals and purpose of this chapter.

134 § 20F-107. Implementation, guidelines, rules, regulations.

135 (a) The Department may adopt implementation guidelines, rules, and regulations as necessary for the
136 implementation of this chapter.

137 (b) The Department shall adopt guidelines to ensure integrity and eliminate potential conflicts of interest in the
138 issuing of awards under this chapter.

139 § 20F-108. Promotion by state agencies.

140 The Department and any other agencies engaged in education-related outreach shall promote the STAR Program
141 to graduates employed in Delaware and to current and prospective students enrolled in Delaware colleges or universities.

142 Section 2. This Act takes effect 10 days following the date of publication in the Register of Regulations of notices
143 that all the following have occurred:

144 (1) Funds have been appropriated to implement the provisions of this Act.

145 (2) Notice by the Controller General published in the Register of Regulations that the contingency in
146 paragraph (1) has been fulfilled.

147 Section 3. This Act is to be implemented the earlier of the following:

148 (1) Six months from the date of the Act's effective date.

149 (2) Notice by the Secretary of Education published in the Register of Regulations that final regulations to
150 implement this Act have been promulgated.

151 Section 4. This Act expires 5 years after its effective date unless otherwise provided by a subsequent Act of the
152 General Assembly.

SYNOPSIS

This bill creates a new chapter in Title 30 and establishes the STEM Talent Advancement and Retention Program ("STAR Program") and the STEM Talent Advancement and Retention Fund ("STAR Fund"). The purpose of this STAR Program is to incentivize and attract individuals graduating with an associate, bachelor's, graduate, or post-graduate degree in STEM to stay and work in Delaware.

An applicant must be employed with a Delaware-based employer defined as (1) having its principal place of business in Delaware; or (2) at least 51% of its employees working at a Delaware based location; or (3) registered to conduct business in Delaware and reported Delaware tax liability in the previous year.

Successful applicants will receive tax credits for education loan expenses up to a maximum of \$1,000 for an associate degree, \$4,000 for a bachelor's degree, and \$6,000 for a graduate or post-graduate degree for up to 4 consecutive years. The award may not exceed the education loan expense incurred by the applicant.

The Department of Finance shall administer the program in conjunction with the Delaware Center for Life Science Education and Training ("Center"). The Department will form a Fund Committee of 5-8 individuals that must include the Executive Director of the Center, or their designee, and individuals with knowledge and expertise in STEM employment in Delaware.

The fund shall be funded on an annual basis by the General Assembly in a minimum amount of \$100,000. The Department may also seek federal funds, grants, or private contributions to fund the STAR Fund. The Department may not commit to awards that exceed the amount contained in the Fund.

This Act is effective 10 days following the date of publication in the Register of Regulations that funds have been appropriated to implement the provisions of this Act and Notice by the Controller General is published with the Register of Regulations. This Act is to be implemented the earlier of the following: (1) 6 months after the Act's effective date; or (2) Notice by the Secretary of Education in the Register of Regulations that final regulations have been promulgated.

This Act expires 5 years after its effective date unless otherwise provided by a subsequent Act of the General Assembly.