



SPONSOR: Rep. Kowalko & Rep. Keeley & Sen. Henry
Rep. Lynn

HOUSE OF REPRESENTATIVES
149th GENERAL ASSEMBLY

HOUSE BILL NO. 107

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

1 Section 1. Amend Title 30, §1102(a) of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underlining as follows, and redesignating accordingly:

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

4 (a)(1) For taxable years beginning before January 1, 1985, the amount of tax shall be determined as follows:

- 5 1.4% of the amount of taxable income not in excess of \$1,000;
6 2.0% of the amount of taxable income in excess of \$1,000, but not in excess of \$2,000;
7 3.0% of the amount of taxable income in excess of \$2,000, but not in excess of \$3,000;
8 4.2% of the amount of taxable income in excess of \$3,000, but not in excess of \$4,000;
9 5.2% of the amount of taxable income in excess of \$4,000, but not in excess of \$5,000;
10 6.2% of the amount of taxable income in excess of \$5,000, but not in excess of \$6,000;
11 7.2% of the amount of taxable income in excess of \$6,000, but not in excess of \$8,000;
12 8.0% of the amount of taxable income in excess of \$8,000, but not in excess of \$10,000;
13 8.2% of the amount of taxable income in excess of \$10,000, but not in excess of \$15,000;
14 8.4% of the amount of taxable income in excess of \$15,000, but not in excess of \$20,000;
15 8.8% of the amount of taxable income in excess of \$20,000, but not in excess of \$25,000;
16 9.4% of the amount of taxable income in excess of \$25,000, but not in excess of \$30,000;
17 11.0% of the amount of taxable income in excess of \$30,000, but not in excess of \$40,000;
18 12.2% of the amount of taxable income in excess of \$40,000, but not in excess of \$50,000;
19 13.5% of the amount of taxable income in excess of \$50,000.

20 (2) For taxable years beginning after December 31, 1984, and before January 1, 1986, the amount of tax shall be
21 determined as follows:

22 1.3% of the amount of taxable income not in excess of \$1,000;

23 1.8% of the amount of taxable income in excess of \$1,000, but not in excess of \$2,000;
24 2.7% of the amount of taxable income in excess of \$2,000, but not in excess of \$3,000;
25 3.8% of the amount of taxable income in excess of \$3,000, but not in excess of \$4,000;
26 4.7% of the amount of taxable income in excess of \$4,000, but not in excess of \$5,000;
27 5.6% of the amount of taxable income in excess of \$5,000, but not in excess of \$6,000;
28 6.5% of the amount of taxable income in excess of \$6,000, but not in excess of \$8,000;
29 7.2% of the amount of taxable income in excess of \$8,000, but not in excess of \$10,000;
30 7.4% of the amount of taxable income in excess of \$10,000, but not in excess of \$15,000;
31 7.6% of the amount of taxable income in excess of \$15,000, but not in excess of \$20,000;
32 7.9% of the amount of taxable income in excess of \$20,000, but not in excess of \$25,000;
33 8.5% of the amount of taxable income in excess of \$25,000, but not in excess of \$30,000;
34 9.9% of the amount of taxable income in excess of \$30,000, but not in excess of \$40,000;
35 10.7% of the amount of taxable income in excess of \$40,000.

36 (3) For taxable years beginning after December 31, 1985, and before January 1, 1987, the amount of tax shall be
37 determined as follows:

38 1.2% of the amount of taxable income not in excess of \$1,000;
39 1.6% of the amount of taxable income in excess of \$1,000, but not in excess of \$2,000;
40 2.5% of the amount of taxable income in excess of \$2,000, but not in excess of \$3,000;
41 3.5% of the amount of taxable income in excess of \$3,000, but not in excess of \$4,000;
42 4.3% of the amount of taxable income in excess of \$4,000, but not in excess of \$5,000;
43 5.1% of the amount of taxable income in excess of \$5,000, but not in excess of \$6,000;
44 5.9% of the amount of taxable income in excess of \$6,000, but not in excess of \$8,000;
45 6.6% of the amount of taxable income in excess of \$8,000, but not in excess of \$10,000;
46 6.7% of the amount of taxable income in excess of \$10,000, but not in excess of \$15,000;
47 6.9% of the amount of taxable income in excess of \$15,000, but not in excess of \$20,000;
48 7.2% of the amount of taxable income in excess of \$20,000, but not in excess of \$25,000;
49 7.7% of the amount of taxable income in excess of \$25,000, but not in excess of \$30,000;
50 9.0% of the amount of taxable income in excess of \$30,000, but not in excess of \$40,000;
51 9.7% of the amount of taxable income in excess of \$40,000.

52 (4) For taxable years beginning after December 31, 1986, and before January 1, 1988, the amount of tax shall be
53 determined as follows:

- 54 1.0% of the amount of taxable income not in excess of \$1,000;
- 55 1.4% of the amount of taxable income in excess of \$1,000, but not in excess of \$2,000;
- 56 2.3% of the amount of taxable income in excess of \$2,000, but not in excess of \$3,000;
- 57 3.2% of the amount of taxable income in excess of \$3,000, but not in excess of \$4,000;
- 58 3.9% of the amount of taxable income in excess of \$4,000, but not in excess of \$5,000;
- 59 4.6% of the amount of taxable income in excess of \$5,000, but not in excess of \$6,000;
- 60 5.4% of the amount of taxable income in excess of \$6,000, but not in excess of \$8,000;
- 61 6.0% of the amount of taxable income in excess of \$8,000, but not in excess of \$10,000;
- 62 6.1% of the amount of taxable income in excess of \$10,000, but not in excess of \$15,000;
- 63 6.3% of the amount of taxable income in excess of \$15,000, but not in excess of \$20,000;
- 64 6.5% of the amount of taxable income in excess of \$20,000, but not in excess of \$25,000;
- 65 7.0% of the amount of taxable income in excess of \$25,000, but not in excess of \$30,000;
- 66 8.2% of the amount of taxable income in excess of \$30,000, but not in excess of \$40,000;
- 67 8.8% of the amount of taxable income in excess of \$40,000.

68 (5) For taxable years beginning after December 31, 1987, and before January 1, 1996, the amount of tax shall be
69 determined as follows:

- 70 3.2% of taxable income in excess of \$2,000, but not in excess of \$5,000;
- 71 5.0% of taxable income in excess of \$5,000, but not in excess of \$10,000;
- 72 6.0% of taxable income in excess of \$10,000, but not in excess of \$20,000;
- 73 6.6% of taxable income in excess of \$20,000, but not in excess of \$25,000;
- 74 7.0% of taxable income in excess of \$25,000, but not in excess of \$30,000;
- 75 7.6% of taxable income in excess of \$30,000, but not in excess of \$40,000;
- 76 7.7% of taxable income in excess of \$40,000.

77 (6) For taxable years beginning after December 31, 1995, and before January 1, 1997, the amount of tax shall be
78 determined as follows:

- 79 3.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;
- 80 5.0% of taxable income in excess of \$5,000 but not in excess of \$10,000;
- 81 6.0% of taxable income in excess of \$10,000 but not in excess of \$20,000;

82 6.35% of taxable income in excess of \$20,000 but not in excess of \$25,000;
83 6.65% of taxable income in excess of \$25,000 but not in excess of \$30,000;
84 7.1% of taxable income in excess of \$30,000.

85 (7) For taxable years beginning after December 31, 1996, and before January 1, 1999, the amount of tax shall be
86 determined as follows:

87 3.1% of taxable income in excess of \$2,000 but not in excess of \$5,000;
88 4.85% of taxable income in excess of \$5,000 but not in excess of \$10,000;
89 5.8% of taxable income in excess of \$10,000 but not in excess of \$20,000;
90 6.15% of taxable income in excess of \$20,000 but not in excess of \$25,000;
91 6.45% of taxable income in excess of \$25,000 but not in excess of \$30,000;
92 6.9% of taxable income in excess of \$30,000.

93 (8) For taxable years beginning after December 31, 1998, and before January 1, 2000, the amount of tax shall be
94 determined as follows:

95 2.60% of taxable income in excess of \$2,000 but not in excess of \$5,000;
96 4.30% of taxable income in excess of \$5,000 but not in excess of \$10,000;
97 5.20% of taxable income in excess of \$10,000 but not in excess of \$20,000; and
98 5.60% of taxable income in excess of \$20,000 but not in excess of \$25,000.

99 (9) For taxable years beginning after December 31, 1998, and before January 1, 2000, the amount of tax shall be
100 determined by reference to paragraph (a)(8) of this section and 5.95% of taxable income in excess of \$25,000 but not in
101 excess of \$60,000; and 6.40% of taxable income in excess of \$60,000.

102 (10) For taxable years beginning after December 31, 1999, and before January 1, 2010, the amount of tax shall be
103 determined as follows:

104 2.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;
105 3.9% of taxable income in excess of \$5,000 but not in excess of \$10,000;
106 4.8% of taxable income in excess of \$10,000 but not in excess of \$20,000;
107 5.2% of taxable income in excess of \$20,000 but not in excess of \$25,000; and
108 5.55% of taxable income in excess of \$25,000 but not in excess of \$60,000.

109 (11) For taxable years beginning after December 31, 1999, and before January 1, 2010, the amount of tax shall be
110 determined by reference to paragraph (a)(10) of this section and 5.95% of taxable income in excess of \$60,000.

111 (12) For taxable years beginning after December 31, 2009, and before January 1, 2012, the amount of tax shall be
112 determined as follows:

- 113 2.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;
- 114 3.9% of taxable income in excess of \$5,000 but not in excess of \$10,000;
- 115 4.8% of taxable income in excess of \$10,000 but not in excess of \$20,000;
- 116 5.2% of taxable income in excess of \$20,000 but not in excess of \$25,000;
- 117 5.55% of taxable income in excess of \$25,000 but not in excess of \$60,000; and
- 118 6.95% of taxable income in excess of \$60,000.

119 (13) For taxable years beginning after December 31, 2011, and before January 1, 2014, the amount of tax shall be
120 determined as follows:

- 121 2.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;
- 122 3.9% of taxable income in excess of \$5,000 but not in excess of \$10,000;
- 123 4.8 % of taxable income in excess of \$10,000 but not in excess of \$20,000;
- 124 5.2% of taxable income in excess of \$20,000 but not in excess of \$25,000;
- 125 5.55% of taxable income in excess of \$25,000 but not in excess of \$60,000; and
- 126 6.75% of taxable income in excess of \$60,000.

127 (14) For taxable years beginning after December 31, 2013, and before January 1, 2017, the amount of tax shall be
128 determined as follows:

- 129 2.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;
- 130 3.9% of taxable income in excess of \$5,000 but not in excess of \$10,000;
- 131 4.8% of taxable income in excess of \$10,000 but not in excess of \$20,000;
- 132 5.2% of taxable income in excess of \$20,000 but not in excess of \$25,000;
- 133 5.55% of taxable income in excess of \$25,000 but not in excess of \$60,000; and
- 134 6.6% of taxable income in excess of \$60,000.

135 (15) For taxable years beginning after December 31, 2016, the amount of tax shall be determined as follows:

- 136 2.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;
- 137 3.9% of taxable income in excess of \$5,000 but not in excess of \$10,000;
- 138 4.8% of taxable income in excess of \$10,000 but not in excess of \$20,000;
- 139 5.2% of taxable income in excess of \$20,000 but not in excess of \$25,000;
- 140 5.55% of taxable income in excess of \$25,000 but not in excess of \$60,000;

- 141 6.60% of taxable income in excess of \$60,000 but not in excess of \$125,000;
142 7.10% of taxable income in excess of \$125,000 but not in excess of \$250,000; and
143 7.85% of taxable income in excess of \$250,000.

144 Section 2. Amend §1109, Title 30 of the Delaware Code by making deletions as shown by strikethrough and
145 insertions as shown by underline as follows:

146 § 1109 Itemized deductions [For application of this section, see 66 Del. Laws, c. 86, § 8]

147 (a) General. — In determining taxable income under this chapter, in lieu of the standard deduction provided by § 1108 of
148 this title, a resident individual may elect to deduct the sum of the itemized deductions claimed on the federal income tax
149 return as shall be permitted under the laws of the United States as the same are or shall become effective for any taxable
150 year in determining the federal taxable income, or, if the person does not itemize deductions or elects the credit for foreign
151 taxes paid on the federal return, the person may deduct the sum of the itemized deductions to which the person would have
152 been entitled had the person itemized the deductions (including the deduction for foreign taxes paid) on the federal return:

153 (1) Reduced by:

- 154 a. The amount thereof representing income taxes imposed by this State;
155 b. The amount of any income tax imposed on the person for the taxable year by another state of the United States
156 or a political subdivision thereof or the District of Columbia on income derived from sources therein if the person
157 elected to take such amount as a credit in accordance with § 1111(a) of this title; and

158 (2) Increased by:

- 159 a. An amount equal to the excess of the state employee automobile mileage reimbursement allowance over the
160 standard mileage rate allowed as a charitable deduction for federal income tax purposes for unreimbursed
161 automobile transportation expense incurred by an individual while serving as a volunteer for a charitable
162 organization as defined in § 170(c), Internal Revenue Code [26 U.S.C. § 170(c)]; and
163 b. In the case of a self-employed individual, the amount paid during the taxable year for insurance which
164 constitutes medical care for the taxpayer, the taxpayer's spouse and dependents, less the amount allowed the
165 taxpayer as a deduction pursuant to § 162(l)(26 U.S.C. § 162(l)) or successor provision of the Internal Revenue
166 Code. For purposes of this subparagraph, "self-employed taxpayer" shall mean a resident individual whose gross
167 income is more than one-half derived from a trade, business or profession and not derived as an employee. Income
168 in the nature of interest, dividends or other investment income shall not constitute self-employment income. No
169 self-employed taxpayer whose total cost of insurance for health care for the taxpayer, spouse and dependents

170 exceeds the gross income from the trade, business or profession shall be entitled to the deduction under this
171 subparagraph.

172 c. [Repealed.]

173 (3) Reduced by:

174 a. 20 percent in the case of an individual with adjusted gross income in excess of \$125,000 but not in excess of
175 \$160,000;

176 b. 40 percent in the case of an individual with adjusted gross income in excess of \$160,000 but not in excess of
177 \$190,000;

178 c. 60 percent in the case of an individual with adjusted gross income in excess of \$190,000 but not in excess of
179 \$220,000;

180 d. 80 percent in the case of an individual with adjusted gross income in excess of \$220,000 but not in excess of
181 \$250,000;

182 e. 100 percent in the case of an individual with adjusted gross income in excess of \$250,000.

SYNOPSIS

This bill creates two new tax brackets at \$125,000 with a rate of 7.10%, and \$250,000 with a rate of 7.85%. Also, the bill provides a tiered reduction of the otherwise available itemized deduction based upon the individual's taxable income.