



SPONSOR: Rep. Longhurst & Rep. Schwartzkopf

HOUSE OF REPRESENTATIVES
149th GENERAL ASSEMBLY

HOUSE AMENDMENT NO. 1
TO
HOUSE BILL NO. 240

1 AMEND House Bill No. 240 by striking lines 22 through 25 in their entirety and substituting in lieu thereof the
2 following:

3 2.2% of taxable income in excess of \$2,000 but not in excess of \$5,000;

4 3.9% of taxable income in excess of \$5,000 but not in excess of \$10,000;

5 4.8% of taxable income in excess of \$10,000 but not in excess of \$20,000;

6 5.2% of taxable income in excess of \$20,000 but not in excess of \$25,000;

7 FURTHER AMEND House Bill No. 240 by striking lines 60 through 129 and inserting in lieu thereof the
8 following:

9 Section 4. Amend § 1109 - § 1110, Title 30 of the Delaware Code, by making insertions as shown by underlining
10 and deletions as shown by strike through as follows:

11 § 1109 Itemized deductions [~~For application of this section, see 66 Del. Laws, c. 86, § 8~~]

12 (a) General. — In determining taxable income under this chapter, in lieu of the standard deduction provided by §
13 1108 of this title, a resident individual may elect to deduct an amount equal to one half of the amount computed as follows:

14 (1) the sum of the itemized deductions claimed on the federal income tax return as shall be permitted under
15 the laws of the United States as the same are or shall become effective for any taxable year in determining the federal
16 taxable income, or, if the person does not itemize deductions or elects the credit for foreign taxes paid on the federal
17 return, ~~the person may deduct~~ the sum of the itemized deductions to which the person would have been entitled had the
18 person itemized the deductions (including the deduction for foreign taxes paid) on the federal return:

19 (+2) Reduced by:

20 a. The amount thereof representing income taxes imposed by this State;

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

24 (23) Increased by:

25 a. An amount equal to the excess of the state employee automobile mileage reimbursement allowance
26 over the standard mileage rate allowed as a charitable deduction for federal income tax purposes for unreimbursed
27 automobile transportation expense incurred by an individual while serving as a volunteer for a charitable
28 organization as defined in § 170(c), Internal Revenue Code [26 U.S.C. § 170(c)]; and

29 b. In the case of a self-employed individual, the amount paid during the taxable year for insurance which
30 constitutes medical care for the taxpayer, the taxpayer's spouse and dependents, less the amount allowed the
31 taxpayer as a deduction pursuant to § 162(l)(26 U.S.C. § 162(l)) or successor provision of the Internal Revenue
32 Code. For purposes of this subparagraph, "self-employed taxpayer" shall mean a resident individual whose gross
33 income is more than one-half derived from a trade, business or profession and not derived as an employee. Income
34 in the nature of interest, dividends or other investment income shall not constitute self-employment income. No
35 self-employed taxpayer whose total cost of insurance for health care for the taxpayer, spouse and dependents
36 exceeds the gross income from the trade, business or profession shall be entitled to the deduction under this
37 subparagraph.

38 c. [Repealed.]

39 (b) Spouses. — Spouses, both of whom are required to file returns under this chapter, shall be allowed to itemize
40 their deductions only if both elect to do so.

41 (c) For purposes of subsection (a) of this section, the amount of itemized deductions representing income taxes
42 imposed by: (i) this State, or (ii) another state of the United States or a political subdivision thereof or the District of
43 Columbia on income derived from sources therein if a resident elected to take such amount as a credit in accordance with §
44 1111(a) of this title shall be deemed to equal the amount of such taxes reduced by the amount of such taxes multiplied by
45 the percentage determined under § 68(a) of the Internal Revenue Code [26 U.S.C. § 68(a)] or successor provision thereof.

46 FURTHER AMEND House Bill No. 240 on line 165 by striking "10,310" and inserting in lieu thereof "8,737".

47 FURTHER AMEND House Bill No. 240 on line 168 by striking "15,310" and inserting in lieu thereof "11,987".

SYNOPSIS

This amendment eliminates the tax rate increases for all existing brackets below \$25,000, while allowing taxpayers to elect to deduct the greater of the current standard deduction or 50% of their itemized deductions.