



SPONSOR: Rep. Kowalko & Sen. Sokola

HOUSE OF REPRESENTATIVES
150th GENERAL ASSEMBLY

HOUSE BILL NO. 14

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):

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

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

(a)(14) For taxable years beginning after December 31, 2013, and before January 1, 2020, the amount of tax shall be determined as follows:

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

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

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

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

5.55% of taxable income in excess of \$25,000 but not in excess of \$60,000; and

6.6% of taxable income in excess of \$60,000.

(15) For taxable years beginning after December 31, 2019, the amount of tax is as follows:

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

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

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

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

5.55% of taxable income in excess of \$25,000, but not in excess of \$60,000;

6.6% of taxable income in excess of \$60,000, but not in excess of \$125,000;

7.10% of taxable income in excess of \$125,000, but not in excess of \$250,000; and

7.85% of taxable income in excess of \$250,000.

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

§ 1109. Itemized deductions.

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

(1) Reduced by:

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

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

c. 20% in the case of an individual with adjusted gross income in excess of \$125,000, but not in excess of \$160,000;

d. 40% in the case of an individual with adjusted gross income in excess of \$160,000, but not in excess of \$190,000;

e. 60% in the case of an individual with adjusted gross income in excess of \$190,000, but not in excess of \$220,000;

f. 80% in the case of an individual with adjusted gross income in excess of \$220,000, but not in excess of \$250,000; and

g. 100% in the case of an individual with adjusted gross income in excess of \$250,000.

SYNOPSIS

This Act creates the following new tax brackets:

1. At \$125,000, with a rate of 7.10%.
2. At \$250,000, with a rate of 7.85%.

This Act also creates a tiered reduction of the otherwise available itemized deduction based on the individual's taxable income.