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Spiegelman, Viola; Sens. Delcollo, Townsend

HOUSE OF REPRESENTATIVES
150th GENERAL ASSEMBLY

HOUSE SUBSTITUTE NO. 1
FOR
HOUSE BILL NO. 80

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

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

1 Section 1. Amend § 1117, Title 30 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 1117. Earned income tax credit.

4 (a)(1) ~~An~~ For any tax year beginning before January 1, [of the year in which the contingency under Section 2 of
5 this Act is fulfilled] an individual who is a resident of this State ~~shall be entitled to~~ may receive a nonrefundable credit
6 against the individual's tax otherwise due under this chapter in the amount of 20% of the corresponding federal earned
7 income credit allowed ~~pursuant to~~ under § 32 or successor provision of the Internal Revenue Code [26 U.S.C. § 32].

8 (2) For any tax year beginning on or after January 1, [of the year in which the contingency under Section 2 of
9 this Act is fulfilled], an individual who is a resident of this State may receive a credit against the individual's tax under
10 this chapter in an amount based on a percentage of the corresponding federal earned income credit allowed under § 32
11 or successor provision of the Internal Revenue Code [26 U.S.C. § 32]. The individual may claim either of the following
12 amounts:

13 a. 20% of the corresponding federal earned income tax credit, not to exceed the tax otherwise due under
14 this chapter.

15 b. 4.5% of the corresponding federal earned income tax credit, of which the amount that exceeds the tax
16 otherwise due under this chapter is refundable.

17 (b) In the case of spouses who file a joint federal return but who elect to determine their Delaware taxes separately,
18 the credit allowed under subsection (a) of this section may only be used by the spouse with the greater tax otherwise due,
19 computed without regard to this credit.

20 (c) ~~In no event shall the~~ The credit allowed under ~~subsection (a)~~ paragraph (a)(1) of this section may not exceed
21 the tax otherwise due under this chapter.

22 Section 2. This Act takes effect on the date of the last of the following to occur:

23 (1) The Division of Revenue has implemented the personal income tax release of the Integrated Revenue
24 Administration System.

25 (2) The Secretary of Finance provides a written notice to the Registrar of Regulations that the contingency in
26 paragraph (1) of this section has been fulfilled.

SYNOPSIS

Section 1 of this Act modifies Delaware's Earned Income Tax Credit (EITC) to allow recipients to choose the most beneficial credit to be applied against their Delaware Personal Income Taxes. Under this Act, recipients can choose between a non-refundable credit of up to 20% of the value of the corresponding federal EITC or a refundable EITC credit of up to 4.5% of the value of the corresponding federal EITC.

Section 2 of this Act makes the change to Delaware's EITC effective for the tax year in which the Secretary of Finance provides the Registrar of Regulations with notice that the personal income tax release of the Integrated Revenue Administration System is implemented. This delay in effective date is necessary to ensure that tax law changes can be properly and efficiently implemented in the Division of Revenue's modernized Integrated Revenue Administration System, which is currently under development.

This Act also makes technical corrections to conform existing law to the standards of the Delaware Legislative Drafting Manual.