149th GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**SENATE BILL NO. 224**
AS AMENDED BY:	**SENATE AMENDMENT NO.1**
SPONSOR:	**Senator Henry**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO THE NEIGHBORHOOD ASSISTANCE TAX CREDIT.**

Assumptions:

1. This Act becomes effective upon the signature of the Governor.

2. The Neighborhood Assistance Act (NAA) Program encourages businesses and individuals who pay Delaware state income taxes to invest in programs serving impoverished neighborhoods or serving low- and moderate-income families. In exchange for a qualified contribution, the NAA provides state tax credits equal to 50% of the investment. Each year a maximum of $500,000 in tax credits are available statewide. The maximum tax credit available to any one taxpayer is $50,000 in any one year.

3. This Act increases the cap amount of Neighborhood Assistance Tax Credits awarded annually from $500,000 to $1,000,000.

4. Under the current $500,000 cap, the Department of Finance estimates FY 2018 revenue losses of $250,000 to $350,000. Revenue loss currently does not meet the total credit cap amount due to many taxpayers not having enough tax liability to create a corresponding revenue loss to the State.

   The tax credit is non-refundable and taxpayers with a liability less than the amount of the tax credit are able to "carryforward" the unused portion of the tax credit into the next year, for up to 5 years.

5. Based on the Department of Finance's experience with the Neighborhood Assistance Tax Credit and the credit's use in prior years, raising the cap amount for the program will result in a projected revenue loss of $250,000 to $350,000.

6. This Act further authorizes the Delaware State Housing Authority to use up to $50,000 of the interest income from the Housing Development Fund for administration of the Neighborhood Assistance Act program.

Estimate Revenue Loss:

FY 2019: $250,000 - $350,000
FY 2020: $250,000 - $350,000
FY 2021: $250,000 - $350,000

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