



**151st GENERAL ASSEMBLY  
FISCAL NOTE**

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<b>BILL:</b>	<b>HOUSE BILL NO. 145</b>
<b>SPONSOR:</b>	<b>Representative Griffith</b>
<b>DESCRIPTION:</b>	<b>AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO COLLEGE SAVINGS AND "ABLE" SAVINGS ACCOUNTS.</b>

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**Assumptions:**

1. This Act becomes effective upon signature by the Governor. Upon signature, this Act becomes effective when the Secretary of Finance provides written notice that the Division of Revenue has implemented the personal income tax release of the Integrated Revenue Administration System (IRAS).
2. This Act allows the following deductions from federal adjusted gross income in calculating personal income tax:
  - a. Any amount, up to a maximum of \$1,000, contributed to a Delaware-sponsored qualified tuition program (a "529" College Savings Plan).
  - b. Any amount, up to a maximum of \$5,000, contributed to a qualified ABLE program (a special account for meeting the needs of certain individuals with disabilities).
3. The Department of Finance estimates that upon enactment, if Delaware-sponsored 529 College Savings Plan accounts increase to match national average levels, assuming an average number of contributors of 1.63 per account, approximately 47,911 taxpayers would become eligible for a deduction for contributions made to a 529 College Savings Plan. Assuming an applicable tax rate of 5.55%-6.6%, the current (Tax Year 2020) estimated annual revenue loss to the State associated with this deduction is \$2,192,334.
4. Per the Office of the State Treasurer, there are currently 126 funded ABLE program accounts in Delaware. Assuming all existing accounts have a single contributor and reach the maximum allowable deduction of \$5,000, at an applicable tax rate of 6.6%, the estimated annual revenue loss to the State associated with this deduction is \$41,580.
5. The Department of Finance anticipates that implementation of the personal income tax release of IRAS will occur in the Fall of 2021 (Fiscal Year 2022).
6. This analysis assumes costs will increase at a rate of 3% annually.

**Cost:**

	<b>State Revenue Loss</b>
Fiscal Year 2022:	\$2,300,931
Fiscal Year 2023:	\$2,369,959
Fiscal Year 2024:	\$2,441,058

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Prepared by Ruth Ann Jones  
Office of the Controller General