151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 145**
AS AMENDED BY:	**HA 4**
SPONSOR:	**Representative Griffith**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO COLLEGE SAVINGS AND "ABLE" SAVINGS ACCOUNTS.**

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 for contributions made after December 31, 2021:
    a. Any amount, up to a maximum of $1,000 for individuals and $2,000 for spouses filing a joint return, contributed to a Delaware-sponsored qualified tuition program (a "529" College Savings Plan).
        i. Deductions for contributions to a 529 Plan will not be permitted for an individual, head of household, married filing separate combined, or married filing separate filer with a federal adjusted gross income greater than $100,000, or for joint filers, a federal adjusted gross income greater than $200,000.
        ii. Deductions for contributions to a 529 Plan will not be permitted for any amount contributed during the taxable year to an account in a Delaware-sponsored tuition program for expenses used for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school.
    b. Any amount, up to a maximum of $5,000 for individuals and $10,000 for spouses filing a joint return, contributed to a qualified ABLE program (a special account for meeting the needs of certain individuals with disabilities).

3. The Department of Finance's analysis of Delaware income levels by filing status concludes that means-testing a $1,000 subtraction of 529 contributions at $100,000 for all but joint returns, with a maximum subtraction of $2,000 means-tested at $200,000, would result in an estimated annual revenue loss to the State of $591,400 in Fiscal Year 2023.

4. Per the Office of the State Treasurer, there are currently 126 funded ABLE program accounts in Delaware. Upon implementation, it is assumed this amount will grow to align closer to the national average of accounts, to approximately 274. Assuming all accounts have a single contributor and reach the maximum allowable deduction of $5,000, at an applicable tax rate of 5.55%, the minimum estimated annual revenue loss to the State associated with this deduction is $76,035 in Fiscal Year 2023.

5. This analysis assumes costs will increase at a rate of 3% annually.

Cost:

	State Revenue Loss
Fiscal Year 2022:	Not applicable
Fiscal Year 2023:	$667,435
Fiscal Year 2024:	$687,458

Prepared by Ruth Ann Jones
Office of the Controller General