

151st GENERAL ASSEMBLY FISCAL NOTE

BILL:

SENATE BILL NO. 189

SPONSOR: Senator Ennis

DESCRIPTION:

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

Assumptions:

- 1. This Act becomes effective upon signature by the Governor and takes effect for tax years beginning January 1, 2022.
- 2. This Act increases the non-refundable credit for any resident individual who is an active member during the tax year of a Delaware volunteer fire, ambulance, or rescue service company or its auxiliary from \$500 to \$1,000.
- The provision allows Delaware residents who are active emergency service volunteers to claim a \$500 credit against their income tax otherwise due. In order to qualify for the credit, a person must be:
 - an active volunteer firefighter on call to fight fires on a regular basis; and,
 - a voting member of a Delaware volunteer company; or,
 - a voting member of a Delaware fire company auxiliary; or,
 - an active member of a Delaware volunteer ambulance or rescue service.
- 4. According to the Department of Finance, approximately 4,700 taxpayers currently claim the existing \$500 credit. Sixteen percent (752) of these taxpayers already eliminate their entire tax liability at the current \$500 credit level and thus would receive no additional benefit from increasing the credit to \$1,000. An additional sixteen percent (752) would not receive the benefit of the full \$500 increase as their tax liability is less than \$500.
- 5. Assuming a similar number of credits for FY 2023 FY 2025 and adjusting for those who would not receive the full benefit of the credit increase would result in an increased General Fund revenue loss associated with the credit of \$1.8 million.

<u>Costs</u> :	General Fund Revenue Loss:
Fiscal Year 2022: Fiscal Year 2023:	\$0 \$1.8 million
Fiscal Year 2024:	\$1.8 million

Prepared by Robert Scoglietti Office of the Controller General