



SPONSOR: Rep. Collins & Sen. Hocker ;
Reps. D. Short, Hudson, Briggs King, Dukes, Gray,
Hensley, Kenton, Outten, Ramone, Spiegelman, Wilson;
Sen. Bonini

HOUSE OF REPRESENTATIVES
148th GENERAL ASSEMBLY

HOUSE BILL NO. 212

AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO BUSINESS TAX CREDITS.

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

1 Section 1. Amend Chapter 20, Title 30 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 Subchapter XA. New Hire Tax Credits

4 § 2090A Declaration of purpose.

5 The purpose of this subchapter is to create incentives for Delaware employers, both new and existing, to increase
6 the number of full time employees working for their business.

7 § 2091A Definitions.

8 As used in this subchapter:

9 (1) "Affiliated group" has the meaning provided by § 1504 of the Internal Revenue Code (26 U.S.C. § 1504), but
10 including for this purpose pass-through entities, as defined in § 1601 of this title that would be includible if they were
11 classified as corporations, the equity interests in which would be treated as stock, and the ownership of such interests would
12 satisfy the stock ownership requirements of the said 26 U.S.C. § 1504.

13 (2) "Base Year" shall refer to the tax year of the business immediately preceding the tax year in which a tax credit
14 is first claimed under this subchapter.

15 (3) "Base Year Employment" shall refer to the highest total number employees working at least 30 hours per
16 week for any pay period during the base year for the qualified employer and any of its affiliated groups.

17 (4) "Tax Credit" means a reduction of the final balance for any tax that is owed by a qualified business as a result
18 of a tax or fee imposed under this Title, under Chapter 11 of Title 5, or Section 702 and 703 of Title 18.

19 (5) "New Employee" shall refer to an employee that is hired and begins to work for a qualified employer or
20 affiliated group within the tax year for which the credit is claimed who increases the base year employment.

21 (6) “Qualified employee” means any new employee that works at least 30 hours per week for a minimum of 3
22 months within the tax year for which the credit is claimed.

23 (7) “Secretary” means the individual appointed as administrator and head of the Delaware Department of Finance
24 pursuant to § 8302 of Title 29.

25 (8) “Qualified Business” means any business that transacts business within the boundaries of the state.

26 § 2092A Credits for New Qualified Employees.

27 (a) For each qualified employee that increases the base year employment number, qualified employers shall be
28 eligible for a tax credit equal to the payments the qualified employer makes for workers compensation and unemployment
29 insurance on behalf of that specific qualified employee for the tax year in which the tax credit is claimed, to be applied as
30 follows:

31 (1) 100% of the tax credit may be claimed for the first taxable year during which the qualified employer
32 was employed;

33 (2) 75% of the tax credit may be claimed for the second taxable year during which the qualified
34 employer was employed;

35 (3) 25% of the tax credit may be claimed for the third taxable year during which the qualified employer
36 was employed;

37 (4) No tax credit is available for the fourth and all subsequent taxable years during which the qualified
38 employer is employed.

39 § 2093A Verification

40 Qualified Employers claiming a tax credit under this subchapter, if requested, may verify the validity of the tax
41 credit claim by submitting copies of their Internal Revenue Service Form 941 Employer’s Quarterly Tax Return.

42 § 2094A Forfeiture

43 Any tax credits available under this subchapter that are not used or claimed by a qualified employer in any tax year
44 shall be forfeited. Failure to claim a tax credit in one tax year shall not affect eligibility for tax credits that may be available
45 in future tax years under this subchapter.

46 § 2095A Effective Date

47 This Bill shall become effective January 1 of the year following its enactment.

48 §2096A Sunset Date.

49 No tax credits may be claimed under this subchapter for tax year beginning after December 31, 2021.

SYNOPSIS

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This Bill will establish a tax credit for any business with operations in Delaware that hires a new full time employee in an amount that is equal to the amount of workers compensation and unemployment insurance payments that the employer makes on behalf of that employer. The employers will be able to claim 100% of the tax in the first year of new employment, 75% in the second year, and 25% in the third year. The Tax Credit will be based off the number of full time employees that were employed in the year preceding the first year a tax credit is claimed. The Bill requires that employers with 21-50 employees hire 5 new employees before they are eligible for the tax credit, and employers with 51+ employees hire 10 new employees before they are eligible for the tax credit. This bill will become effective the January 1 following its enactment. The Credit will expire for any tax year that begins after December 31, 2021.