



SPONSOR: Rep. Kowalko & Rep. Keeley & Rep. Lynn & Rep. Potter
& Sen. Peterson
Reps. Baumbach, J. Johnson, Osienski

HOUSE OF REPRESENTATIVES
148th GENERAL ASSEMBLY

HOUSE BILL NO. 196

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fifths of all members elected to each house thereof concurring therein):

1 Section 1. Amend Title 30, § 1102(a) of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underlining as follows and redesignating accordingly:

3 § 1102 Imposition and rate of tax; separate tax on lump-sum distributions.

4 (a)(15) For taxable years beginning after December 31, 2015, the amount of tax shall be determined as
5 follows:

6 2.15% of taxable income in excess of \$2,000 but not in excess of \$5,000;

7 3.85% of taxable income in excess of \$5,000 but not in excess of \$10,000;

8 4.75% of taxable income in excess of \$10,000 but not in excess of \$20,000;

9 5.15% of taxable income in excess of \$20,000 but not in excess of \$25,000;

10 5.50% of taxable income in excess of \$25,000 but not in excess of \$60,000;

11 6.55% of taxable income in excess of \$60,000 but not in excess of \$125,000;

12 7.05% of taxable income in excess of \$125,000 but not in excess of \$250,000; and

13 7.80% of taxable income in excess of \$250,000.

14 Section 2. Amend Title 30, § 1109(a) of the Delaware Code by making deletions as shown by strike through and
15 insertions as shown by underlining as follows:

16 (a) *General.* — In determining taxable income under this chapter, in lieu of the standard deduction provided by §
17 1108 of this title, a resident individual may elect to deduct the sum of the itemized deductions claimed on the federal
18 income tax return as shall be permitted under the laws of the United States as the same are or shall become effective for any
19 taxable year in determining the federal taxable income, or, if the person does not itemize deductions or elects the credit for
20 foreign taxes paid on the federal return, the person may deduct the sum of the itemized deductions to which the person

21 would have been entitled had the person itemized the deductions (including the deduction for foreign taxes paid) on the
22 federal return:

23 (1) Reduced by:

24 a. The amount thereof representing income taxes imposed by this State;

25 b. The amount of any income tax imposed on the person for the taxable year by another state of the
26 United States or a political subdivision thereof or the District of Columbia on income derived from sources therein
27 if the person elected to take such amount as a credit in accordance with § 1111(a) of this title; and

28 (2) Increased by:

29 a. An amount equal to the excess of the state employee automobile mileage reimbursement allowance
30 over the standard mileage rate allowed as a charitable deduction for federal income tax purposes for unreimbursed
31 automobile transportation expense incurred by an individual while serving as a volunteer for a charitable
32 organization as defined in § 170(c), Internal Revenue Code [26 U.S.C. § 170(c)];

33 b. In the case of a self-employed individual, the amount paid during the taxable year for insurance which
34 constitutes medical care for the taxpayer, the taxpayer's spouse and dependents, less the amount allowed the
35 taxpayer as a deduction pursuant to § 162(l)(26 U.S.C. § 162(l)) or successor provision of the Internal Revenue
36 Code. For purposes of this subparagraph, "self-employed taxpayer" shall mean a resident individual whose gross
37 income is more than one-half derived from a trade, business or profession and not derived as an employee. Income
38 in the nature of interest, dividends or other investment income shall not constitute self-employment income. No
39 self-employed taxpayer whose total cost of insurance for health care for the taxpayer, spouse and dependents
40 exceeds the gross income from the trade, business or profession shall be entitled to the deduction under this
41 subparagraph; and

42 c. An amount equal to 12 percent of itemized deductions determined under this section without regard to
43 this paragraph.

44 (3) Reduced by:

45 a. 20 percent in the case of an individual with adjusted gross income in excess of \$125,000 but not in
46 excess of \$160,000;

47 b. 40 percent in the case of an individual with adjusted gross income in excess of \$160,000 but not in
48 excess of \$190,000;

49 c. 60 percent in the case of an individual with adjusted gross income in excess of \$190,000 but not in
50 excess of \$220,000;

- 51 d. 80 percent in the case of an individual with adjusted gross income in excess of \$220,000 but not in
52 excess of \$250,000;
53 e. 100 percent in the case of an individual with adjusted gross income in excess of \$250,000.

SYNOPSIS

This bill lowers the current tax rates by .05% for each bracket. The bill also creates a new tax bracket at \$125,000 with a rate of 7.05%, and an additional bracket at \$250,000 with a rate of 7.80%. The bill also provides a tiered reduction of the otherwise available itemized deduction based upon the individual's taxable income.