151st GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**SENATE SUBSTITUTE NO. 1 TO SENATE BILL NO. 143**
SPONSOR:	**Senator Mantzavinos**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO INCOME TAX CREDITS.**

Assumptions:

1. This Act becomes effective upon signature by the Governor. Upon signature, this Act applies to taxable years beginning after December 31, 2022.

2. This Act creates a nonrefundable individual income tax credit for qualified expenses incurred by a family caregiver to assist a qualified family member, limited to the following:
    a. No credits can be claimed by a claimant whose income exceeds $75,000 if the claimant is single or married and files separately, or $150,000 if the claimant is married and files jointly.
    b. Credits are limited to 50% of the claimant's qualified expenses.
    c. The maximum credit that may be claimed each year for a family member is $2,000, or if a claimant is married and filing a separate return, $1,000.

3. A "qualified family member" is defined in the Act as an individual for whom all of the following apply:
    a. The individual is at least 62 years of age during the taxable year.
    b. The individual requires assistance with two or more activities of daily living.
    c. The individual is the claimant's immediate family member, great-grandparent, step-grandparent, great uncle or great aunt, half-sibling, stepsibling, stepparent, step-uncle or step-aunt, or first cousin.

4. The following demographic data provides an estimate of the number eligible caregivers under this Act:
    a. According to a 2015 AARP Public Policy Institute Report, there are approximately 123,000 family caregivers in Delaware. However, 2021 AARP data indicates there are approximately 48 million caregivers nationwide, which generates a current estimate for Delaware caregivers of approximately 140,000.
    b. Approximately 77% of caregivers in the U.S. are providing care for individuals 65 and over (2020 report from National Alliance for Caregiving and AARP).
    c. Approximately 78% of caregivers report having out-of-pocket expenses as a result of caregiving. (2021 AARP report "Caregiving Out-Of-Pocket Costs Study").
    d. Based on the above, there are 84,084 caregivers in Delaware that have out-of-pocket expenses for care for individuals over the age of 65.

5. The average annual caregiver out of pocket expense is $7,242. (2021 AARP report), so it is assumed all caregivers are eligible for the full $1,000/$2,000 credit.

6. Based on 2018 tax data and accounting for filing status, about $350 million in nonrefundable credits could be claimed by all taxpayers with taxable income under the means test. Assuming 8.7% of those individuals are providing eligible care and have out-of-pocket expenses, the estimated annual revenue loss would be $30.4 million. The cost would be higher to the extent that any caregivers are providing care for more than one individual.

7. It is assumed that state revenue loss will begin in Fiscal Year 2024.

Estimated General Fund Revenue Loss:

Fiscal Year 2023:	Not applicable
Fiscal Year 2024:	$30.4 million
Fiscal Year 2025:	$30.4 million

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