



151st GENERAL ASSEMBLY
FISCAL NOTE

BILL: HOUSE BILL NO. 410
SPONSOR: Representative Michael Smith
DESCRIPTION: AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO A CHILD CARE EMPLOYEE TAX CREDIT.

Assumptions:

1. This Act becomes effective upon the signature of the Governor. The provisions of this Act are effective for tax years on or after January 1, 2022.
2. This Act creates a refundable personal income tax credit for those employed 30 hours or more per week for at least 6 months of the taxable year by a child-care or family care center or are self-employed and provide care or education to children.
3. Personal income tax credits provided under this Act vary with the level of education of the individual and are indexed to the Consumer Price Index in subsequent years. Credits authorized are applied to the gross income from an individual's self-employment with or employment by a child-care or family care center as follows:
 - a. 8% credit for an individual with a child development associate credential;
 - b. 10% credit for an individual with an associate's degree in early childhood, human development, elementary education, or other associate's degree if the individual has attained alternative education equivalent in these areas; and
 - c. 12% credit for an individual with a bachelor's degree in early childhood, human development, elementary education, or other bachelor's degree if the individual has attained alternative education equivalent in these areas.
4. In order to determine the number of eligible individuals, several sources of data on the number, income, full-time/part-time status and education level of those employed in childcare in Delaware were examined, including, Early Childhood Workforce Index 2020 (Center for the Study of Child Care Employment), Delaware's Early Childhood Teachers and Administrators 2016 (Center for Applied Demography and Survey Research, University of Delaware), and the U.S. Department of Labor, Bureau of Labor Statistics. Also considered were estimates based on the current program supported through federal American Rescue Plan Act (ARPA) funds providing \$1,000 bonus payments for childcare workers.
 - a. Estimates from these sources of the number of childcare workers, early childhood and preschool teachers, and childcare administrators range from approximately 3,000 – 10,000.
 - b. For this analysis, a range of approximately 3,000 – 6,000 was used, though the wide variance in estimates indicates the potential for higher participation and revenue loss.
5. This analysis assumes a 4% increase in the Consumer Price Index for Fiscal Years 2024 and 2025.

Estimated General Fund Revenue Loss:

Fiscal Year 2023: \$4.9 million - \$8.3 million
Fiscal Year 2024: \$5.1 million - \$8.6 million
Fiscal Year 2025: \$5.3 million - \$9.0 million

Prepared by Robert Scoglietti
Office of the Controller General