152nd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE BILL NO. 89**
SPONSOR:	**Representative Baumbach**
DESCRIPTION:	**AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE AND CHAPTER 118 OF VOLUME 83 OF THE LAWS OF DELAWARE RELATING TO PERSONAL INCOME TAXES.**

Assumptions:

1. This Act is effective upon signature by the Governor. The provisions of this Act relating to the increase in the personal income tax standard deduction are effective for tax years beginning after December 31, 2023. The provisions of this Act relating to the Earned Income Tax Credit (EITC) are effective for tax years beginning on or after January 1, 2023.
2. This Act increases the personal income tax standard deduction as follows:

Filing Status	Current	Proposed
Single	$3,250	$5,700
Combined Separate	$3,250	$5,700
Joint	$6,500	$11,400

3. In addition, this Act increases the refundable earned income tax credit to 7.5% of the corresponding federal EITC.
4. This Act also includes clarifying provisions for the refundable EITC provisions for tax years 2021 and 2022.
5. In total, the Department of Finance estimates 370,000 personal income tax filers will see a benefit from this Act.
6. The increase in the standard deduction will result in an estimated $20.6 million decrease to General Fund revenue in FY 2024 and a $51.3 million decrease in FY 2025. The Department expects approximately 50,000 personal income tax filers will switch to the standard deduction upon implementation.
7. In addition, the Department estimates approximately 20,000 filers will see their tax liability eliminated or receive a EITC refund as a result of the increase in the refundable EITC. This will result in an estimated $4.3 million decrease to General Fund revenue in FY 2024 and a $4.4 million decrease in FY 2025.

Cost:

	General Fund Revenue Loss
Fiscal Year 2024:	$24.9 million
Fiscal Year 2025:	$55.7 million
Fiscal Year 2026:	$57.2 million

Prepared by Robert Scoglietti
Office of the Controller General