



**152nd GENERAL ASSEMBLY  
FISCAL NOTE  
\*REVISED\***

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**BILL:** SENATE BILL NO. 201  
**SPONSOR:** Senator Buckson  
**DESCRIPTION:** AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO EXCLUSION OF MILITARY PENSIONS FROM TAXABLE INCOME.

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**Assumptions:**

1. This Act becomes effective upon signature by the Governor. Provisions of the Act are effective for tax years after January 1, 2024.
2. This Act phases in, over 3 years, an increased exemption for military pensions from personal income taxes, regardless of age, as follows:

<b>Tax Years</b>	<b>Exemption</b>
Current	\$12,500
On or after 1/1/24	\$15,000
On or after 1/1/25	\$20,000
On or after 1/1/26	\$25,000

3. According to the October 2023 "Statistical Report on the Military Retirement System", there were 8,890 retired military and 1,352 survivors receiving a military pension in Delaware as of September 30, 2022. The total amount of military pension payments during the period October 1, 2021 – September 30, 2022, was \$267 million.
4. Based on 2018-2022 experience, this analysis assumes an annual increase of approximately 1% in the number of individuals receiving a military pension.
5. Based on cost-of-living adjustments of military pensions for the period 2020 – 2024, this analysis assumes an annual increase in the pension amount of 4%.
6. The Department of Finance estimates the average effective tax rate on military retirees is 4.1%, the marginal tax is assumed to be 4.5%.

**Cost:**

	General Fund <u>Revenue Loss</u>
Fiscal Year 2025:	\$2.0 million
Fiscal Year 2026:	\$2.8 million
Fiscal Year 2027:	\$3.4 million

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Prepared by Robert Scoglietti  
Office of the Controller General