



**153rd GENERAL ASSEMBLY  
FISCAL NOTE**

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| <b>BILL:</b>        | <b>HOUSE BILL NO. 126</b>   |
| <b>SPONSOR:</b>     | <b>Representative Shupe</b>   |
| <b>DESCRIPTION:</b> | <b>AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO<br/>PERSONAL INCOME TAX.</b> |

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**Assumptions:**

1. This Act is effective upon the signature of the Governor. The provisions of the Act are effective for tax years beginning January 1, 2026, and ending before January 1, 2028.
2. This Act exempts work performed in excess of 40 hours per week from taxation. This exemption is effective for tax years 2026 and 2027.
3. This Act also requires any employer paying wages to an employee to report the total amount of compensation paid for work over 40 hours in a week and the total number of employees for which it was paid to the Department of Finance.
4. Estimates of General Fund revenue loss contained in this analysis were based on data from the Delaware Office of Occupational and Labor Market Information (OOLMI), the federal Bureau of Labor Statistics (BLS), and the Joint Committee on Taxation.
5. Based on information from OOLMI and the BLS, Delaware overtime compensation is estimated at over \$400 million annually.
6. Annual personal income tax revenue growth is assumed at 4%.
7. No assumption is made regarding the potential effect on Delaware revenues from pending federal legislation exempting overtime pay from federal taxation.

**Estimated General Fund Revenue Loss:**

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|--------------------------|-----------------------|
| <b>Fiscal Year 2026:</b> | <b>\$0</b>            |
| <b>Fiscal Year 2027:</b> | <b>\$31.4 million</b> |
| <b>Fiscal Year 2028:</b> | <b>\$32.6 million</b> |

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