153rd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**SENATE BILL NO. 149**
SPONSOR:	**Senator Huxtable**
DESCRIPTION:	**AN ACT TO AMEND TITLE 9 AND TITLE 14 OF THE DELAWARE CODE RELATING TO PAYMENTS IN LIEU OF TAXES FOR LOW-INCOME HOUSING TAX CREDIT PROPERTIES.**

Assumptions:

1. This Act becomes effective upon signature by the Governor.

2. This Act establishes a uniform framework allowing counties and municipalities to exempt Low-Income Housing Tax Credit (LIHTC) properties from paying property taxes. In lieu of taxes, exempted properties would make an annual payment equal to 5% of the property's annual revenue.

3. For the purposes of this fiscal projection, it is assumed that all jurisdictions will promulgate an ordinance to enact this exemption.

4. It is assumed that this change may result in a loss of local school revenue for school districts in areas where the county or municipality has enacted this exemption. It is assumed that the payments in lieu of taxes could offset some of this loss of revenue.

5. This fiscal projection uses the most recent data on property taxes paid and rental income reported to the Delaware State Housing Authority (DSHA), which amounts to roughly two-thirds of all LIHTC properties in the state. The remaining third of LIHTC properties are not required to make property tax payments through DSHA which may not make them eligible for this program and cannot be calculated for the purposes of this estimate.

6. As the school property tax is a portion of total property taxes paid to a county, the estimate includes a range for the potential impact. Within each county the range was determined using the highest and lowest values of the residential school property tax rate divided by the residential comprehensive rate for the area. As shown below, school property taxes as a percentage of total property taxes paid vary by school district and by county.

	School Taxes as Percentage of Total Property Taxes	Range of Estimated Loss of Local School Revenue
New Castle County	76% - 95%	$ 1,391,629 - $ 1,739,536
Kent County	79% - 89%	$ 423,456 - $ 477,058
Sussex County	90% - 94%	$ 761,193 - $ 795,024
State Total		$ 2,576,277 - $ 3,011,617

7. As property taxes collections and state wages, which impact rental income for LIHTC, have seen both upward and downward adjustments in recent years, no annual adjustments are included in this fiscal projection.

Cost:

	Local School Revenue Loss
Fiscal Year 2027:	$ 2,576,277 - $ 3,011,617
Fiscal Year 2028:	$ 2,576,277 - $ 3,011,617
Fiscal Year 2029:	$ 2,576,277 - $ 3,011,617

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