



**153rd GENERAL ASSEMBLY
FISCAL NOTE**

BILL: SENATE BILL NO. 219
SPONSOR: Senator Buckson
DESCRIPTION: AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO EXCLUSION OF MILITARY PENSIONS FROM TAXABLE INCOME.

Assumptions:

1. This Act becomes effective upon signature by the Governor. Provisions of the Act are effective for tax years after January 1, 2027.
2. This Act phases in, over 3 years, an increased exemption for military pensions from personal income taxes, regardless of age, as follows:

Tax Years	Exemption
Current	\$12,500
On or after 1/1/27	\$15,000
On or after 1/1/28	\$20,000
On or after 1/1/29	\$25,000

3. According to the Department of Defense Military Retirees and Survivors by Congressional District, there were 8,921 retired military and 1,337 survivors receiving a military pension in Delaware as of January 31, 2023. The yearly amount of military pension payments was \$291 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 – 2026, 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%.

General Fund Revenue Loss:

Fiscal Year 2027: \$0.5 million
Fiscal Year 2028: \$1.7 million
Fiscal Year 2029: \$3.2 million

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