153rd GENERAL ASSEMBLY
REVISED FISCAL NOTE

BILL:	**HOUSE BILL NO. 349**
SPONSOR:	**Representative Carson**
DESCRIPTION:	**AN ACT TO AMEND TITLE 14 OF THE DELAWARE CODE RELATING TO DISABLED VETERANS' SCHOOL TAX CREDIT.**

Assumptions:

1. This Act becomes effective upon signature of the Governor and for tax years beginning on or after January 1, 2025.

2. This Act changes the eligibility for receiving this credit from a service-connected disability benefits rating of 100% to a rating of 80% or greater, as determined by the United States Department of Veterans Affairs (VA).

3. As applications for new tax credits for Fiscal Year 2027 are due April 30, 2026, it is assumed that new tax credits would go into effect no earlier than Fiscal Year 2028. However, as the Act goes into effect for tax years beginning January 1, 2025, counties may still be required to allow tax credits to be applied to prior years, which may result in two years' worth of tax credits falling in FY 2027.

4. According to the most recent data available at the National Center for Veterans Analysis and Statistics, there are nearly twice as many veterans in the state of Delaware with a service-connected disability rating of 70-90% versus 100%. This difference is consistent across all three counties. Assuming all other eligibility criteria are consistent throughout the population of veterans in Delaware, changing the eligibility threshold to 80% will approximately double the number of people eligible for this tax relief.

5. Claims for this tax credit are paid through the "Disabled Veterans Property Tax Relief and Education Expense Fund", which receives an annual appropriation. Any claims above the amount appropriated each year may be paid by the Department of Education from their general contingency appropriation. Any amount not spent at the end of the year reverts to the General Fund. Fiscal Year 2026 funding by county is shown below. This would also serve as the estimated cost for newly eligible households.

County	FY 2026 Number of Tax Credits Issued	FY 2026 Amount Paid to School Districts
New Castle	873	$ 2,681,822
Kent	1,003	$ 1,329,669
Sussex	476	$ 434,472
State Total	**2,352**	**$ 4,445,963**

6. Since a household may not claim both the Disabled Veterans' School Tax Credit and the Senior School Property Tax Relief, there may be a savings of $500 per household for veterans over the age of 65. According to the most recent data available at the National Center for veterans Analysis and Statistics, among Delaware veterans receiving disability benefits, 42% are 65 or older. By multiplying the potential number of new credits by 42% we can estimate the number of Senior School Property Tax Relief Credits will be replaced by Disabled Veterans' School Tax Credits.

County	Estimated Newly Eligible Households	Estimated New Eligible Households Over 65 Years (Households x 42%)	Estimated Reduction in Senior Tax Credits (Over 65 Households x $500)
New Castle	873	367	$ 183,330
Kent	1,003	421	$ 210,630
Sussex	476	200	$ 99,960
State Total	**2,352**	**988**	**$ 493,920**

7. Looking at prior year data, the number of credits issued and amount paid to school districts grew significantly between FY 2023-2026. Compared to the estimated number of 100% disability rated veterans in the state, this likely means adoption increased from 27% to 67% of eligible veterans. As 75% is national average for home ownership among veterans, this likely means most, if not all, eligible veterans have signed up for the credit. Because of this, past trends on the number or total amount paid for credits would not be an accurate basis for future adjustments.

8. Annual inflationary growth of 5% can instead be assumed based on projected changes to the number of veterans living in Delaware and prior data of the amount paid per credit. The annual adjustment is based on the following.
    a. Between FY 2023-2026 the amount paid per credit increased an average of 6.4%.
    b. The VA estimates that the total number of veterans in Delaware will decrease 1.4% annually between 2026-2029.

Cost:

Fiscal Year 2027: $ 8,101,688
Fiscal Year 2028: $ 4,357,127
Fiscal Year 2029: $ 4,574,983

Prepared by Russell Ames
Office of the Controller General