



**153rd GENERAL ASSEMBLY  
FISCAL NOTE**

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**BILL:** HOUSE BILL NO. 405  
**AS AMENDED BY:** HA 1  
**SPONSOR:** Representative Carson  
**DESCRIPTION:** AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO A TAX EXEMPTION FOR NATIONAL GUARD AND UNIFORMED SERVICES OF THE UNITED STATES RESERVE MEMBERS.

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**Assumptions:**

1. This Act is effective upon the signature of the Governor. Upon signature, the provisions of this Act are effective for tax years beginning after December 31, 2026.
2. This Act provides an exemption from state income tax for the amount of income or compensation received for federally required annual training, drills, and field exercises, or inactive duty training by an individual who is a member of the National Guard or a reserve component of the Uniformed Services of the United States.
3. It is assumed that Reserve members perform 48 paid drill periods per year (12 weekends × 4 periods each); and complete 15 days of annual training, which counts as 15 drill periods; totaling 63 paid periods per year (48 inactive duty training + 15 annual training).
4. It is assumed:
  - a. The average Delaware enlisted reservist would be an E-5 with over 10 years of service, and the average Delaware officer reservist would be an O-3 with 10 years of service.
  - b. An E-5 with over 10 years of service would earn \$9,230 per year in Drill Pay for the 63 drill periods. An O-3 with over 10 years of service would earn \$17,589 for the 63 drill periods.
5. According to the 2024 U.S. Department of Defense Demographics report, there were 4,742 Delaware reservists in 2024. Based on national reservist data, it is assumed 82% of Delaware reservists were enlisted while 18% were officers.
6. It is assumed that 25% of reservists are non-Delaware residents.
7. This analysis assumes a 4.5% effective tax rate on income.

**General Fund Revenue Loss:**

Fiscal Year 2027:	\$859,000
Fiscal Year 2028:	\$1.7 million
Fiscal Year 2029:	\$1.7 million

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Office of the Controller General