

Senate Executive Committee Meeting

**Official Minutes
151st General Assembly
Second Session**

**Committee Meeting
Wednesday, April 13, 2022
3:00 p.m.
Hybrid (Senate Chamber & Virtual Zoom)**

Meeting Attendance

Committee Members Present:

Senator David Sokola	David.Sokola@delaware.gov
Senator Bryan Townsend	Bryan.Townsend@delaware.gov
Senator Elizabeth Lockman	Elizabeth.Lockman@delaware.gov
Senator Stephanie Hansen	Stephanie.Hansen@delaware.gov
Senator Gerald Hocker	Gerald.Hocker@delaware.gov
Senator Brian Pettyjohn	Brian.Pettyjohn@delaware.gov

Attendees:

Sec. Rick Geisenberger (in person)
Bert Scoglietti (in person)
Ken Simpler (in person)
Ivan Neal (in person)
Richard Buckaloo (in person)
Jerry Medd (in person)
Nancy Cook (in person)
Lori James (in person)
Grace Kelley (in person)
Sen. Nicole Poore (virtual)
Jordan Seemans (virtual)
Nicole Alvarez (virtual)
Carrie Leishman (virtual)
Art Jenkins (virtual)

Organization:

Dept of Finance
Office of the Controller General
Gubernatorial Nominee
Gubernatorial Nominee
The Pilot's Association for the Bay and River Delaware
The Pilot's Association for the Bay and River Delaware
former Senator
Office of the Governor
Office of the Governor
Delaware State Senate
Office of the State Treasurer
Delaware Restaurant Association
Delaware Restaurant Association
Department of Labor

Staff:

Valerie McCartan (in person)	Delaware State Senate, valerie.mccartan@delaware.gov
Read Scott (virtual/zoom assistance)	Delaware State Senate, Read.Scott@delaware.gov

Agenda:

Gubernatorial Nominations
HB 365, HB 360 w/ HA 1 (F/N), HB 373

Senator Sokola convened the meeting at 3:02 p.m. and conducted a roll call. Sens. Townsend, Lockman, Hansen, Hocker, Pettyjohn, and Sokola were marked present at the time of roll call.

There were no committee meeting minutes for approval at today's meeting.

The first portion of the meeting entailed the hearing of the Gubernatorial Nominees before the Committee:

Board of Pension Trustees

Appoint:

Kenneth Simpler

At 3:09 p.m. Sen. Sokola moved to the legislative portion of the agenda:

HB 365 – Schwartzkopf – AN ACT TO AMEND TITLE 23 OF THE DELAWARE CODE RELATING TO PILOTAGE RATES.

Synopsis: This bill establishes the pilotage rates for the Pilots' Association for the Bay and River Delaware for 2023, 2024, and 2025.

Sen. Sokola said this is legislation done every three years. He acknowledged that Mr. Medd and Mr. Buckaloo are present to comment if needed.

There was no public comment on HB 365.

HB 365 – Reported out of the Committee: 0 Favorable; 6 On its Merits (Sokola, Townsend, Lockman, Hansen, Hocker, Pettyjohn); 0 Unfavorable

HB 360 w/ HA 1 – Longhurst – AN ACT TO CREATE THE 2022 DELAWARE RELIEF REBATE PROGRAM.

Synopsis: The bill creates the 2022 Delaware Relief Rebate Program, a one-time direct payment of \$300 per Delaware resident taxpayer. This relief is intended to help Delawareans grappling with significant inflation at the grocery store and gas pump. Payment of the \$300 will be made by the Delaware Department of Finance to resident individual income taxpayers who filed a 2020 personal income tax return. This payment will be made to each taxpayer, including those who jointly filed. No action on the part of a taxpayer is required to receive the \$300. In order to quickly provide this payment to Delaware taxpayers, provisions pertaining to tax intercepts by other government entities and Delaware State agencies shall not apply. The amount received by individual taxpayers will not be subject to Delaware income taxes. Any written protest for the disallowance of the payment of the \$300 relief rebate under this Act shall be processed consistently with existing provisions in Title 30. Records of the Department with respect to the provisions of this Act are subject to existing protections from disclosure under Delaware laws. A timely filed tax return includes extensions. This Act also temporarily suspends the limitation on refunds of taxes under Title 29 of the Code until DEFAC refund estimates include the 2022

Delaware Relief Rebate Program. Costs associated with the administration and issuance of payments under this Act will be funded by delinquent tax revenue authorized to be retained by the Department of Finance in the annual budget act. Finally, this Act requires the Department of Finance to establish a process to provide the relief rebate to resident adults who did not file a 2020 state income tax return by identifying adult residents through existing databases held by other state agencies, such as the Division of Motor Vehicles. The Department of Finance will then work with the Department of Technology and Information to implement a process by which eligible residents who have not been identified by other means can apply for and receive the relief rebate, subject to verification of their identity and eligibility.

HA 1 to HB 360 expressly authorizes the Department of Finance to share information otherwise protected from disclosure pursuant to § 368 of Title 30 with other State agencies in order to carry out Section 2 of House Bill No. 360. The Amendment also ensures information shared with the Department will remain confidential.

There is a fiscal note attached to the bill, which all members should have in their folders indicating a \$186.5M revenue loss in FY 2022 and \$50.5M required appropriation in FY 2023.

Sen. Sokola asked for questions from committee members.

Sen. Hansen asked what it might cost the state to put a system in place where we could, in the future, begin to consider current income for programs such as this. It is less expensive from a billing perspective to offer the program as prescribed under HB 360, but we might want to arrange a billing system in the future that considers income. What is the scope and price tag of building such a program?

Sen. Sokola called on Sec. Geisenberger.

Sec. Rick Geisenberger, Dept. of Finance, said the Department is in the process of developing a new 3-phase system to update the antiquated systems of the 1980s relating to personal income tax withholding, cigarette taxes, and alcohol taxes. Right now, they are working on the personal income tax portion of the system. This will allow the Department to more readily address future tax bills that include means testing. The issue is not only to establish a means test but also to phase it over some level of income. In the new system, the intent is to design it so that phasing is possible to the extent the General Assembly wants to do that with other types of tax benefits. The whole project (all 3 phases) is \$60 million to replace systems built in the late 1980s into the 1990s. As mentioned, the Department is working on the personal income tax segment currently, and the funds to do so were previously appropriated.

Sen. Hansen asked about the project timeline.

Sec. Geisenberger is unsure the system will go live by the end of 2022 because the Department has pivoted to respond to the rebate offered in HB 360. He will have a better sense by the end of this session.

Sen. Hansen said this is not the first time we have talked about the means testing issue, and she is thankful changes to the system are being made.

Sen. Sokola called on Sen. Lockman.

Sen. Lockman asked if, as the bill is written, checks will go to taxpayers but not beyond that?

Sec. Geisenberger said the first round of checks will go to 2020 tax *filers* before the end of May. The Department may need to come back to the General Assembly to ask for epilogue language in June to address cross references of databases in other agencies such as DMV, DHSS, and Corrections. That then leaves a smaller pool where they can open a website in October 2022, offering a 30-45 window so that anyone who did not file at 2020 tax return can apply for the rebate. They are hopeful that will be a small number and will monitor the volume of activity on the website for possible fraudulent applications.

Sen. Lockman asked if the amendment is reflective of the process the Secretary described relating to cross referencing databases with other agencies?

Sec. Geisenberger confirmed that is correct.

HB 360 w/ HA 1 – Reported out of the Committee: 0 Favorable; 6 On its Merits (Sokola, Townsend, Lockman, Hansen, Hocker, Pettyjohn); 0 Unfavorable

At 3:20 p.m., Sen. Sokola turned back to the hearing for the second Gubernatorial Nominee.

Delaware Interscholastic Athletic Association

Appoint:

Ivan Neal

At 3:35 p.m., Sen. Sokola turned back to public comment on HB 360 w/ HA 1.

There was no public comment.

The final bill on the agenda was HB 373

HB 373 – Schwartzkopf – AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO ALCOHOLIC LIQUORS.

Synopsis: Currently, there is ambiguity whether a person who is 14 or 15 years of age can be employed by restaurants, hotels, or dining facilities that serve alcoholic liquors. This bill removes that ambiguity and makes it clear that persons 14 and 15 years of age can be employed in such places where alcoholic liquors are served but cannot be involved in the sale or service of alcoholic liquor.

Sen. Sokola called on Sen. Hocker.

Sen. Hocker was under the impression that 14- or 15-year-olds can already work in restaurants. He has a lot of restaurants in his district and would like to be a cosponsor of the bill.

Sen. Sokola asked staff person Valerie McCartan to ensure that Sen. Hocker's interest in serving as a cosponsor of HB 373 is properly registered.

Sen. Sokola asked for public comment on HB 373.

Nicole Alvarez, Delaware Restaurant Association, thanked Speaker Schwartzkopf for bringing the bill forward and for settling the ambiguity regarding 14- and 15-year-olds working in restaurants. It is of value to the young teen population in securing their first jobs and getting experience. It also supports the restaurant industry which is still down 4,600 jobs. The association asks for the support of the committee members through the release of HB 373 from committee.

Sen. Sokola seeing no further public comment, asked for a motion to adjourn the meeting.

Senator Townsend motioned to adjourn the meeting, and Senator Pettyjohn seconded the motion.

Senator Sokola adjourned the meeting at 3:39 p.m.

HB 373 – Reported out of the Committee: 1 Favorable (Pettyjohn); 4 On its Merits (Sokola, Townsend, Lockman, Hansen); 0 Unfavorable

Meeting Minute Preparation

Minutes completed by Valerie McCartan, 4/28/2022

Approval of Meeting Minutes

*Meeting Minutes approved on Wednesday, May 4, 2022 on a motion by Sen. Hocker, seconded by Sen. Pettyjohn, and with no objection from members of the committee.