



HELENE M. KEELEY
Speaker Pro-Tempore
STATE REPRESENTATIVE
3rd District

HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
411 LEGISLATIVE AVENUE
DOVER, DELAWARE 19901

COMMITTEES
Revenue & Finance, Chair
Gaming & Pari-mutuels,
Vice Chair
Economic Development, Banking,
Insurance & Commerce
Labor

House Revenue & Finance Committee Meeting Minutes
3.15.17

Chair Keeley called the meeting to order at 3:09 p.m. Members present included Vice-Chair Short and Reps. Baumbach, Bolden, Q. Johnson, Matthews, Spiegelman, Gray, and Ramone. For a list of guests present, please refer to the attendance list below.

Chair Keeley introduced **HB 66, AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATED TO TAX ADMINISTRATION**. She explained that a similar bill had been released from the committee and passed by the House in the previous session but was not passed in the Senate due to the legislative session coming to an end. She then explained that HB 66 was an administrative bill and related to the structure of taxes and tax returns. The bill had come at the request of the Department of Finance and the Secretary of Finance, Richard Geisenberger. She then asked if a member from the Department of Finance could explain the bill in more detail.

Rebecca Goldsmith, Deputy Secretary of Finance, explained that HB 66 is a Department of Finance “Housekeeping” bill that amends 3 areas in order to simplify tax compliance for citizens and administration for the Division of Revenue (DOR). Section 1 deals with the substantial understatement of gross receipt tax, clarifying that the period of limitations runs from the date a license expires and not from the due date of the return. Section 2 of the bill deals with professional license suspension program, removing redundancies in the notification process that hinder efficient administration and increases the amount of time a taxpayer is given to respond before a professional license suspension may be requested by the Division of Revenue. Section 3 deals with the simplification of business filing dates, updating various Delaware filing dates so that they are the same as those mandated by the IRS.

Deputy Secretary Goldsmith added that the bill effectively codifies existing practices and updates taxpayer’s compliance to make it simpler. She also explained that HB 66 would assist in fraud prevention, citing that last year, the Department of Revenue prevented more than \$9 million in refund fraud. The bill provides DOR with more tools to combat fraud. The bill changes the filing date for W-2 to January 31, which will provide more data to authenticate early tax refund requests and prevent fraudulent refund returns.

Rep. Spiegelman asked why the bill had not passed in the Senate.

Chair Keeley answered the Senate did not have time before the end of the legislative session.

Rep. Spiegelman then asked if there were major changes from the previous bill.

Deputy Secretary Goldsmith answered that she believed the previous bill only dealt with the simplification of business filing dates, while HB 66 deals with the substantial understatement of gross receipt tax and professional license suspension.

Rep. Ramone said that he believed corporate returns were on March 15 but wanted clarification regarding the corrections and amendments that take place from April 1 to 15.

Deputy Secretary Goldsmith responded that based on this legislation the corporate final deadline will move from April 1 to April 15, which syncs the tentative deadline to the final deadline.

Rep. Ramone followed by asking how Delaware compares to other states in terms of fraud and fraud prevention.

Deputy Secretary Goldsmith said that fraud is an increasing issue among states nationwide as people become more sophisticated with ways to file and steal information. However, she did not have specific data at that time to share with the committee.

Chair Keeley then asked if committee members had any further questions before opening up the floor to public comment.

James DeChene, speaking on behalf of the Delaware State Chamber of Commerce, expressed support for the bill.

Chair Keeley then thanked the State Chamber of Commerce and Department of Finance for working together to agree on language for the bill.

A motion was made by Rep. Spiegelman and seconded by Rep. Bolden to release HB 66 from committee; Motion carried. Yes=9 (Keeley, Short, Baumbach, Bolden, Q. Johnson, Matthews, Spiegelman, Gray, Ramone); No=0; Absent=4 (Bennett, J. Johnson, Potter, Yearick).

HB 66 was released from committee with an F=0, M=8, U=0 vote.

Rep. Baumbach introduced **HB 61, AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO PERSONAL INCOME TAX**. He explained the bill is similar to one that had been passed by the House in the previous legislative session. When a Delaware individual taxpayer has a refund they have the option of identifying 1 or more charities to donate a portion of their refund. This bill adds 4 new check-off donation boxes on the Delaware personal income tax return, allowing individuals the opportunity to donate a portion of their tax refund or designate an amount in addition to the amount they owe to one of the following organizations: Food Bank of Delaware, Sussex County Habitat for Humanity, Central Delaware Habitat for Humanity, or Habitat for Humanity of New Castle County.

Rep. Spiegelman asked why the bill had not passed in the Senate.

Rep. Baumbach replied that it had been released from the Senate Revenue Committee but due to time constraints was not heard on the Senate floor.

Rep. Spiegelman then asked when a new form would be needed.

Rep. Baumbach answered that these options appear on a supplemental sheet and that the Department of Finance has confirmed that there will be room on the sheet for the additional check-off boxes.

Rep. Ramone then asked if it would be appropriate to remove certain charities if it seemed that they were being underused.

Secretary Geisenberger said that there seems to be a fixed dollar amount that the department receives for the charities and, as more charities are added to the list, it distributes the money to more groups but does not seem to attract more people to donate. He added that the Department of Finance could give the committee information on which charities tax-filers select.

Rep. Ramone then clarified that he is interested in learning if some charities receive less funding than others and if there is a threshold to decide whether a charity should remain on the list.

Secretary Geisenberger then said that he could provide the committee with the data and the department's comments and suggestions because they have approximately 20 years of data and could help the committee decide on a reasonable threshold.

Rep. Spiegelman added that it would be good to know if certain charities simply go without funding for several years, adding that perhaps those could be the ones to be dropped from the list.

Secretary Geisenberger responded that he did not know if there were charities not receiving any funding, but he would look into it.

Rep. Baumbach said that he recalls having asked to see the data for 1 or 2 years and did not remember seeing any zeros. He then added that he would suggest pursuing that as a separate bill because he would like to see HB 61 passed first.

Rep. Q. Johnson commented that he understood the good intentions behind the bill but felt that there needs to be a stopping point. He did not want this to manifest onto another form or for the font to become so small that it becomes difficult to read.

Secretary Geisenberger repeated that adding charities is not bringing in more money; if the amount of money that people were giving to the charities were growing it would be one thing, but currently, the donation amount is being divided by an increasing number of charities.

Chair Keeley then asked if it would be a good idea to have a lottery system where the monies donated would be divided among 3 organizations.

Rep. Ramone suggested writing a different bill with a threshold, taking into account the advice from the Department of Finance, and then capping the number of charities.

Chair Keeley asked if committee members had further comments and then opened up the floor for public comment.

A motion was made by Rep. Bolden and seconded by Rep. Spiegelman to release HB 66 from committee; Motion carried. Yes=9 (Keeley, Short, Baumbach, Bolden, Q. Johnson, Matthews, Spiegelman, Gray, Ramone); No=0; Absent=4 (Bennett, J. Johnson, Potter, Yearick).

HB 61 was released from committee with an F=0, M=8, U=0 vote.

Chair Keeley adjourned the meeting at 3:24 p.m.

Respectfully submitted by

Pablo McConnie-Saad

Attendance List:

1. James DeChene (Delaware State Chamber of Commerce)
2. Art Jenkins (CGO)
3. Tom Collins (Delaware Bankers Association)
4. Rebecca Goldsmith (Department of Finance)
5. Richard Geisenberger (Secretary of Finance)