

NEWS:

State's Financial Good Fortune Continues

September 21, 2018 –

The State of Delaware received some good news in the revenue forecast released earlier this week.



The non-partisan [Delaware Economic and Financial Advisory Council's \(DEFAC\) analysis](#) predicts an additional \$39.6 million will flow into the state's coffers over the current and upcoming fiscal years. That growth is based on a comparison with estimates approved by the General Assembly in late June as part of the budget process.

The DEFAC forecasts are essential to the state's budget because Delaware law limits spending to 98-percent of projected revenues. The reports are made six times annually. Monday's forecast is the first of the current fiscal year that began July 1st.

The additional income -- \$27.4M in FY 2019 and \$12.2M in FY 2020 -- was mostly from higher expectations from revenue generated by abandoned property seizures (escheat); business taxes and fees; and the gross receipts tax. State revenues have consistently trended upwards over the last year, partly as the result of a stronger national economy and federal tax cuts initiated by the Trump administration.

State revenues increased despite the anticipated negative impacts of new tax cuts the legislature approved benefiting first-time homebuyers and the state's three racinos.

While he welcomed the latest uptick in the forecast, DEFAC member, [State House Minority Leader Danny Short, R-Seafood](#), said he could not help but regret the opportunity the General Assembly missed in June when a few influential lawmakers prevented a proposed constitutional amendment from being voted on by the legislature.

[House Bill 460](#) sought to fundamentally change the way the state spends and budgets money. Among other things, the bill would have limited state spending, linking it to

population growth; personal income growth; and inflation as measured by an index of the goods and services purchased by state government. It would have also created a Budget Stabilization Fund, giving the state a reserve on which to draw during economic downturns.

The bill died on the House Ready List, despite having the backing of Governor John Carney, the Delaware State Chamber of Commerce, the Committee of 100, and bipartisan support in both legislative chambers. Speaker of the House Pete Schwartzkopf, D-Rehoboth Beach, who controls the House Agenda, was a sponsor of the bill.

"We could have passed this in June and enacted it in the new 150th General Assembly that starts in January," Rep. Short said. "Had that come to pass, we would have established a new budgetary reserve and made great progress towards fully funding it. We would have been better prepared to deal with the next inevitable slump. Instead, we're just lumbering toward our next financial crisis."