

Bill Seeks to Nearly Double Senior Citizen Tax Break

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A new bill pending action in the House of Representatives would nearly double a tax break for Delaware senior citizen homeowners.

At present, most senior citizen property owners in The First State can utilize the Senior Real Property Tax Credit. The maximum amount of the credit is half the recipient's tax obligation or \$400 (whichever is less). The state reimburses local school districts for any loss of income resulting from the credit.

Until 2017, the maximum amount of the Senior Real Property Tax Credit was \$500. Facing a large budget deficit that year, state lawmakers wrote language into the budget cutting the credit by 20% (\$100). The reduction has been included in each budget ever since, despite the robust rebound in state revenue.

Since the current fiscal year (FY 2022) began on July 1, the state's revenue forecasts have jumped dramatically. In the last six months, the state's nonpartisan Delaware Economic & Financial Advisory Council (DEFAC) has twice boosted state revenue projections for the current and upcoming fiscal years, increasing total income by \$820 million.

The state was in a similar financial situation last year, enacting a record \$4.771 billion General Fund operating budget (a 5.43% increase), a record \$1.35 billion capital budget (a 90% increase) and a separate supplemental appropriations bill containing \$221.1 million in "one-time" spending.

"State revenue is way up, and this does not include the massive amount of relief funds we've received from the federal government," said State Rep. Kevin Hensley (R-Townsend, Odessa, Port Penn). "We've also, smartly, set aside money in rainy day and reserve accounts to take appropriate precautions for the future. Now I believe the state has an obligation to share its good fortune with its citizens."

Recently introduced by Rep. Hensley, House Bill 287 would increase the Senior Real Property Tax Credit to \$750. "By virtue of their life-long contributions, no group of citizens has collectively paid more taxes than our seniors," he said. "At a time when the state is flush with cash, there is no excuse for not providing some modest tax relief to our older population, many of whom are now living on fixed incomes."

Rep. Hensley's proposal joins another measure, House Bill 108, in seeking to make a significant change to the Senior Real Property Tax Credit. The latter piece of legislation, sponsored by State Rep. Mike Ramone (R-Pike Creek South), would restore the Senior Real Property Tax Credit to its pre-2017 maximum of \$500. A fiscal note

completed last year reveals the bill would return more than \$4.2 million annually to qualifying Delaware seniors.

The analysis of how much money will be retained by taxpayers under Rep. Hensley's bill has not yet been completed.

Both measures are pending action in the House Administration Committee.

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