



CaesarRodney.org

\$200 Million From...

To balance the fiscal year 2010 budget, the General Assembly increased a handful of taxes and fees to raise \$206 million. Nearly two months after the end of the legislative session a brief reminder of what was increased is in order. Specifics on most bills are excluded from this brief synopsis.

The Personal Income Tax – The rate of taxation was increased to 2.2% on income between \$2,000 and \$5,000; to 3.9% on income between \$5,000 and \$10,000; to 4.8% on income between \$10,000 and \$20,000; to 5.2% on income between \$20,000 and \$25,000; to 5.5% on income between \$25,000 and \$60,000; and to 6.95% on income over \$60,000.

The Estate Tax – The General Assembly reinstated Delaware's estate tax. The legislation decouples the Delaware estate tax from the federal estate tax (had been previously done). The estate tax has been discussed in two separate CRI publications.

The Gross Receipts Tax – Also known as Delaware's "hidden sales tax," the gross receipts tax was increased by varying rates for various business categories.

The Public Utility Tax – This tax was expanded to include home satellite service and was increased for public utilities. Like the gross receipts tax, this is a tax that will be passed directly to consumers.

The Lightering Tax – The General Assembly established a tax on lightering (a tax that has been previously ruled unconstitutional by the Supreme Court).

The Cigarette Tax – Taxes on cigarettes were increased from \$1.15 per pack to \$1.60 per pack.

Alcohol License Fees – The fees assessed to obtain a license to sell alcohol were increased and expanded.

Fee for Copies of Records – The fee for copies of certified and non-certified vital records was increased.

The Franchise Tax – The General Assembly increased the corporate franchise tax from \$165,000 to \$180,000.

Fire Marshal Fees – Fees assessed for plan reviews, permits, licenses and certificates were increased.

Document Fees – Fees for documents recorded by the county Recorder of Deeds were increased from \$6 per document to \$30 per document.

Lottery Winnings – The personal income tax exemption for lottery winning was eliminated.

In addition to the tax and fee increases, the legislature also enacted cost cutting initiatives to meet the \$800 million budget shortfall. Among the cost cutting moves are: a move to reduce state employment through attrition; a 2.5% pay cut for state employees (state employees were also given five additional unpaid days off); and removal of two state holidays. In all, the fiscal year 2010 budget was 8.1% smaller than the fiscal year 2009 budget and contained the elimination of approximately 1,000 state jobs.

The Caesar Rodney Institute is a 501(c)(3) non-partisan research and educational organization and is committed to being a catalyst for improved performance, accountability, and efficiency in Delaware government.