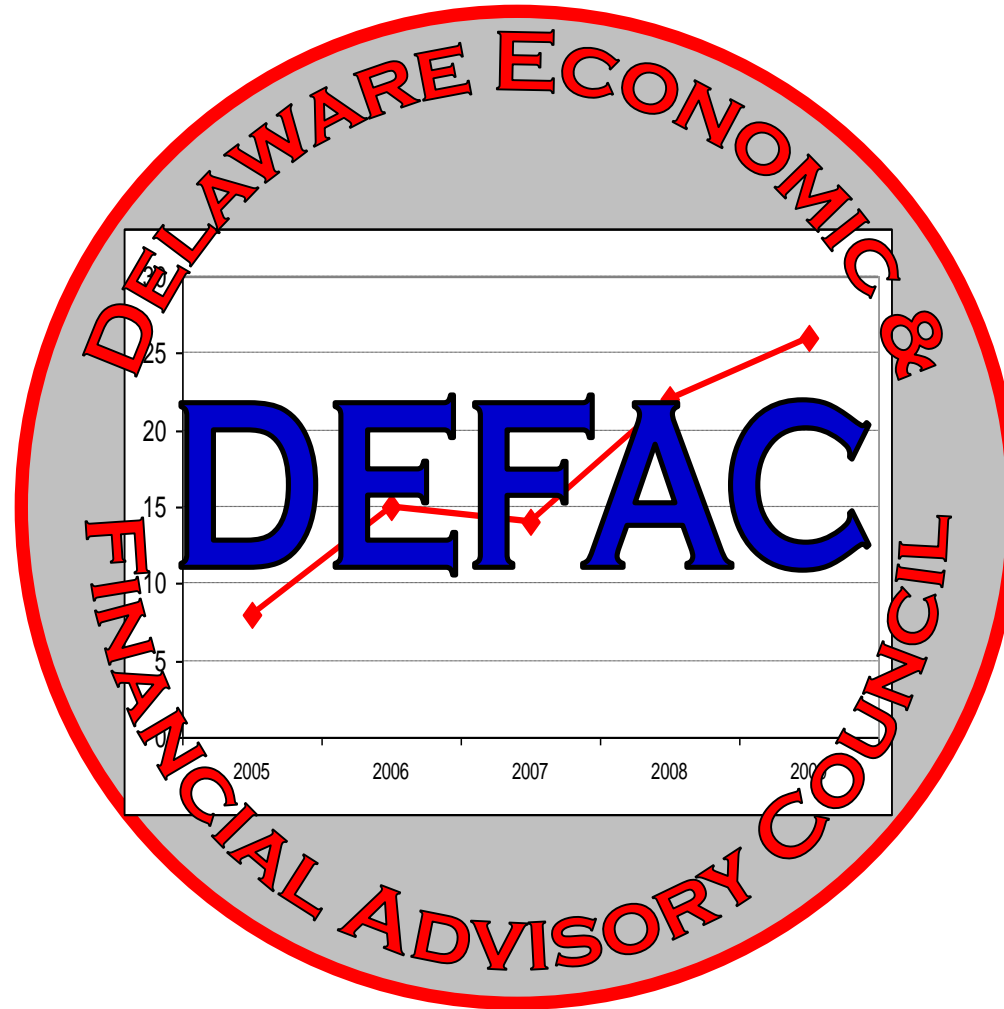


PLEASE NOTE: The projections contained in this package are NOT official.
They have been submitted for DEFAC's consideration.
Final projections may differ based on the outcome of DEFAC's deliberations.



PRESS PACKAGE

December 18, 2023 - (Revised 12/18/23 1:10pm)

GENERAL FUND
DEFAC FORECAST
SUMMARY

DEFAC FORECAST SUMMARY

\$ Amounts in Millions

December-23

ECONOMIC OUTLOOK

- ▶ Tight labor market through 2024
- ▶ Inflation will reach 2% target mid-2025
- ▶ Soft landing may be likely

	Average	Annual % Change		
	<u>FY21-23</u>	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>
GDP	2.7	2.5	1.1	1.4
US Employment	1.8	1.5	0.2	0.1
DE Employment	1.8	1.7	0.0	0.0

REVENUE UPDATE

	<u>FY 23</u>	<u>FY24 (Est)</u>	<u>FY25 (Est)</u>	<u>FY26 (Est)</u>
NET GENERAL FUND	\$6,295.1	\$6,177.3	\$6,292.3	\$6,389.0
ANNUAL GROWTH RATES	8.0%	-1.9%	1.9%	1.5%

MAJOR CHANGES SINCE LAST MEETING

	<u>FY 24</u>		<u>FY 25</u>
Franchise Tax	\$20.0	Unclaimed Property	\$25.0
Unclaimed Property Refunds	(\$10.0)	Franchise Tax	\$20.0
Dividends and Interest	\$9.0	Unclaimed Property Refunds	(\$10.0)
TOTAL CHANGE	\$12.8	TOTAL CHANGE	\$33.5

EXPENDITURE UPDATE

FY 24 Estimate

\$6,356.8

COMPARISON VERSUS

	<u>\$ Change</u>	<u>% Change</u>
DEFAC's last meeting	(\$44.6)	-0.7%
FY 2023 Actual Expenditures	\$495.9	8.5%

Appropriation Limit

FY 25 BUDGET OUTLOOK

\$6,490.7

COMPARISON VERSUS

	<u>\$ Change</u>	<u>% Change</u>
DEFAC's last meeting	\$89.1	1.4%
Since Governor's FY 25 Recommended Budget	NA	NA
Current Budget (FY 24)	\$884.0	15.8%

GENERAL FUND

BALANCE & APPROPRIATIONS WORKSHEET

Balance and Appropriations Worksheet

December-23

FY 2024 EXPENDITURES

Total Spending Authority	\$8,201.7
Less: Continuing Appropriations & Encumbrances from FY 2024	(\$1,790.3)
Less: Reversions	<u>(\$54.6)</u>
Total Expenditures	\$6,356.8

FY 2024 BALANCES

Total Expenditures	\$6,356.8
vs. FY 2024 Revenues	6,177.3
Operating Balance	(179.5)
Prior Year Cash Balance	3039.5
Less: Budget Stabilization Fund (84 Del Law c 91; HB 195, Section 65)	<u>(\$410.1)</u>
Cumulative Cash Balance	2,449.9
Less: Continuing Appropriations & Encumbrances from FY 2024	(1,790.3)
Less: Budgetary Reserve Account	<u>(\$328.8)</u>
Unencumbered Cash Balance 6/30	\$330.9

FY 2025 APPROPRIATION LIMITS

FY 2025 Revenue Estimate	\$6,292.3
Unencumbered Cash Balance from FY 2024	<u>\$330.9</u>
100% Appropriation Limit	\$6,623.2
98% Appropriation Limit	<u>\$6,490.7</u>
Prior 98% Appropriation Limit	\$6,401.6
Increase (Decrease) from Prior Meeting	\$89.1
October 2023 98% Appropriation Limit	\$6,401.6
Increase (Decrease) from October 2023	\$89.1

FY 2024 BUDGET

Budget	\$5,606.7
Grants	\$72.0
Supplemental	\$948.0
Total Appropriations	\$6,626.7
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$1,575.0</u>
Total Spending Authority	\$8,201.7

GENERAL FUND
EXPENDITURE REPORT

DEFAC Expenditures Forecast for General Fund Disbursements FY2024 (\$ in millions)																					
December 18, 2023																					
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023							FY2024
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual							Appropriation
Budget Act	3,091.5	3,305.3	3,508.6	3,586.8	3,718.2	3,809.5	3,908.5	4,084.1	4,106.9	4,270.8	4,451.9	4,547.0	4,771.5	5,099.7							5,606.7
Cash to Bond Bill	0.0	91.0	115.3	53.4	60.9	23.8	0.0	12.6	0.0	189.0	184.3	35.4	692.3	855.5							753.4
Grant-in-Aid	35.4	35.2	41.2	44.2	44.8	45.4	43.0	45.9	37.3	52.1	55.1	54.5	63.2	69.4							72.0
Continuing & Encumbered (from prior years)	183.7	184.9	303.7	301.1	276.4	194.8	201.3	181.5	178.6	184.1	329.6	431.3	495.8	1,100.2							1,575.0
Supplementals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	49.2	62.0	0.0	221.1	378.6							194.6
Fiscal Year Spending Authority	3,310.6	3,616.4	3,968.8	3,985.5	4,100.2	4,073.5	4,152.8	4,324.3	4,322.8	4,745.2	5,082.8	5,068.2	6,243.9	7,503.4							8,201.7
LESS:																					
Reversions to the General Fund	49.3	42.1	75.3	50.5	111.3	39.6	57.5	39.6	20.6	21.4	137.6	53.4	85.8	67.4							
Encumbered to next fiscal year	37.7	35.2	39.3	35.6	40.2	39.5	40.8	37.5	35.8	41.5	54.0	53.2	71.6	57.3							
Continuing to next fiscal year																					
Operating Budget																					
Bond Bill																					
Total Continuing	147.2	268.4	261.8	240.9	154.6	161.8	140.7	141.1	148.3	288.1	377.3	442.6	1,028.6	1,517.7							
Subtotal	234.1	345.7	376.4	327.0	306.1	240.9	239.0	218.2	204.7	351.0	568.9	549.2	1,186.0	1,642.4							(1,844.9)
Fiscal Year Budgetary Expenditures	3,076.5	3,270.7	3,592.4	3,658.5	3,794.1	3,832.6	3,913.7	4,106.1	4,118.1	4,394.3	4,513.9	4,519.0	5,057.9	5,861.0							6,356.8
% increase(decrease)		6.31%	9.84%	1.84%	3.71%	1.01%	2.12%	4.92%	0.29%	6.71%	2.72%	0.11%	11.93%	15.88%							8.5%
Comments:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	5-Yr Avg						FY2024
Expenditures / Spending Authority	92.9%	90.4%	90.5%	91.8%	92.5%	94.1%	94.2%	95.0%	95.3%	92.6%	88.8%	89.2%	81.0%	78.1%	85.9%						77.5%
Reversions / Spending Authority	1.5%	1.2%	1.9%	1.3%	2.7%	1.0%	1.4%	0.9%	0.5%	0.5%	2.7%	1.1%	0.9%	0.9%	1.2%						0.7%
Encumbered / Spending Authority	1.1%	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.9%	1.1%	1.0%	0.9%	0.8%	0.9%						0.7%
Total Continuing / Spending Authority	4.4%	7.4%	6.6%	6.0%	3.8%	4.0%	3.4%	3.3%	3.4%	6.1%	7.4%	8.7%	7.1%	20.2%	9.9%						21.1%

Recommended by Expenditures Subcommittee;
December 18, 2023

DEFAC Expenditures Forecast for General Fund Disbursements FY2024 (\$ in millions)																				
December 18, 2023																				
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Difference	% change	Annual Avg.	FY2024	% spent	% of	% of	% of	% of	% of			
	Actual	Actual	Actual	Actual	Actual	Actual	December	'24 vs. '23	'24 vs. '23	'24 vs. '19	(actual 11/30/23)	(actual 11/30/23)	FY2022	FY2021	FY2020	FY2019	FY2018			
Salaries	1,421.1	1,499.9	1,558.6	1,593.0	1,657.0	1,805.6	1,959.1	153.5	8.5%	5.49%	748.1	27.4%	32.8%	35.3%	34.5%	34.1%	34.5%			
Fringe Benefits	479.6	494.4	506.1	513.3	515.4	561.3	619.2	57.9	10.3%	4.60%	250.7	9.2%	10.2%	11.4%	11.2%	11.3%	11.6%			
Health Care	357.9	362.6	369.0	372.5	369.3	401.4	445.2	43.8	10.9%	4.19%	185.3	6.8%	7.3%	8.3%	8.2%	8.3%	8.7%			
Other	121.7	131.8	137.1	140.8	146.1	159.9	174.0	14.1	8.8%	5.71%	65.4	2.4%	2.9%	3.1%	3.0%	3.0%	3.0%			
Pension	316.7	360.8	360.1	360.8	421.0	664.7	567.4	(97.3)	-14.6%	9.48%	243.9	8.9%	8.3%	8.0%	8.0%	8.2%	7.7%			
Contribution	167.6	201.5	205.0	211.1	239.7	224.6	310.5	85.9	38.2%	9.03%	133.5	4.9%	4.7%	4.7%	4.5%	4.6%	4.1%			
Health Care	136.0	145.4	145.9	144.0	157.2	171.7	223.4	51.7	30.1%	8.97%	96.0	3.5%	3.1%	3.2%	3.2%	3.3%	3.3%			
Other	13.1	13.9	9.2	5.7	24.1	268.3	33.5	(234.9)	-87.5%	19.27%	14.4	0.5%	0.5%	0.1%	0.2%	0.3%	0.3%			
Debt Service	187.2	183.9	184.1	187.3	202.6	218.4	234.4	16.0	7.3%	4.97%	153.9	5.6%	4.0%	4.2%	4.1%	4.2%	4.5%			
Grants	362.9	445.2	507.1	433.2	671.0	661.4	671.1	9.7	1.5%	8.55%	410.1	15.0%	13.3%	9.6%	11.2%	10.1%	8.8%			
Medicaid	750.2	733.4	702.0	734.1	823.6	932.7	1,041.7	109.0	11.7%	7.27%	439.6	16.1%	16.3%	16.3%	15.6%	16.7%	18.2%			
Contractual Services	526.1	589.0	600.5	607.5	674.7	871.6	1,096.9	225.3	25.8%	13.24%	394.0	14.5%	13.3%	13.5%	13.3%	13.4%	12.8%			
Supplies & Materials	61.9	69.3	64.7	60.9	67.1	76.7	88.1	11.4	14.9%	4.92%	37.2	1.4%	1.3%	1.4%	1.4%	1.6%	1.5%			
Capital Outlay	12.4	18.5	30.6	17.2	25.5	68.3	78.9	10.6	15.5%	33.65%	48.1	1.8%	0.5%	0.4%	0.7%	0.4%	0.3%			
FY Budgetary Expenditures	4,118.1	4,394.3	4,513.9	4,507.3	5,057.9	5,860.8	6,356.8	496.1	9.8%	7.66%	2725.6	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
Comments:																				

DEFAC Expenditures Forecast for General Fund Disbursements FY2019-2024 (\$ in millions)														
December 18, 2023														
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Forecast					
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>December</u>	FY2025	FY2026	FY2027	FY2028	FY2029	
									<u>June</u>	<u>June</u>	<u>June</u>	<u>June</u>	<u>June</u>	
Salaries	1,402.9	1,421.1	1,499.9	1,558.6	1593.0	1657.0	1,805.6	1,959.1	2,017.8	2,128.5	2,245.3	2,368.5	2,498.5	
Fringe Benefits	480.5	479.6	494.4	506.1	513.3	515.4	561.3	619.2	697.0	728.9	762.2	797.2	833.7	
Health Care	359.0	357.9	362.6	369.0	372.5	369.3	401.4	445.2	521.2	543.0	565.8	589.5	614.2	
Other	121.5	121.7	131.8	137.1	140.8	146.1	159.9	174.0	175.8	185.8	196.5	207.7	219.5	
Pension	317.7	316.7	360.8	360.1	360.8	421.0	664.7	567.4	584.4	640.7	702.7	771.1	846.7	
Contribution	153.7	167.6	201.5	205.0	211.1	238.8	224.6	310.5	327.2	356.8	389.0	424.1	462.4	
Health Care	131.3	136.0	145.4	145.9	144.0	170.6	171.7	223.4	221.9	241.8	263.5	287.1	312.8	
Other	32.7	13.1	13.9	9.2	5.7	11.6	268.3	33.5	35.3	42.1	50.2	59.9	71.4	
Debt Service	179.0	187.2	183.9	184.1	187.3	202.6	218.4	234.4	251.4	263.9	277.0	290.8	305.3	
Grants	365.7	362.9	445.2	507.1	433.2	671.0	661.4	671.1	536.0	581.9	631.6	685.7	744.3	
Medicaid	739.7	750.2	733.4	702.0	734.1	823.6	932.7	1,041.7	1,044.7	1,120.7	1,202.1	1,289.5	1,383.3	
Contractual Services	537.6	526.1	589.0	600.5	607.5	674.7	871.6	1,096.9	1,168.0	1,022.7	658.1	745.3	843.9	
Supplies & Materials	68.7	61.9	69.3	64.7	60.9	67.1	76.7	88.1	80.6	84.6	88.7	93.1	97.7	
Capital Outlay	14.3	12.4	18.5	30.6	17.2	25.5	68.3	78.9	28.0	37.4	50.0	66.8	89.3	
FY Budgetary Expenditures	4,106.1	4,118.1	4,394.3	4,513.9	4,507.3	5,057.9	5,860.8	6,356.8	6,407.9	6,609.1	6,617.9	7,108.0	7,642.7	
Comments:														
Forecast FY2026-FY2029 is based on the annual average growth rate for each category FY2019-FY2024.														
OMB General Assumptions FY2025 Forecast														
FY2025 Operating spend at current year levels (FY2025 budget requests unknown at this time)														
FY2025 Grant in Aid budget at current year level														
FY2025 One-Time Supplemental budget currently \$0														
FY2025 Capital Cash budget currently 1% of FY2024 Operating Budget Section 1 \$5,606.7														
Includes spend from continued funds														
Salary - Includes increase for Steps/CBAs and Unit Count growth														
Fringe Other/Fringe Healthcare/Pension - Projected using current year rates														
Debt Service – Increased \$17M for both existing and new debt														
Grants - Projected using current year Grant in Aid budget, operational funding provided to UD and Housing														
Medicaid - Projected with trending healthcare inflation and demographic shifts in Delaware														
Contractual Services - Projected using current year spend level for agency operations and spending continued cash projects														
Supplies - Projected using current year spend level for agency operations														
Capital - Projected using current year spend level for agency operations														

GENERAL FUND
REVENUE REPORT

December-23 DEFAC Meeting	FY 2023 A Actual Collections	FY 2024				
		B DEFAC Oct-23	C % B over A	D DEFAC Dec-23	E % D over A	F \$ Increase D over B
Revenue Category						
Personal Income Tax	2,396.2	2,400.4	0.2%	2,400.4	0.2%	0.0
Less: Refunds	<u>(283.3)</u>	<u>(287.0)</u>	1.3%	<u>(287.0)</u>	1.3%	<u>0.0</u>
PIT Less Refunds	2,112.9	2,113.4	0.0%	2,113.4	0.0%	0.0
Franchise Tax	1,397.3	1,328.9	-4.9%	1,348.9	-3.5%	20.0
Limited Partnerships & LLC's	474.9	<u>460.8</u>	-3.0%	<u>460.8</u>	-3.0%	0.0
Subtotal Franchise + LP/LLC	1,872.1	1,789.7	-4.4%	1,809.7	-3.3%	20.0
Less: Refunds	<u>(15.0)</u>	<u>(20.0)</u>	33.0%	<u>(20.0)</u>	33.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,857.1	1,769.7	-4.7%	1,789.7	-3.6%	20.0
Business Entity Fees	158.1	150.0	-5.1%	150.0	-5.1%	0.0
Uniform Commercial Code	28.2	26.5	-6.2%	26.5	-6.2%	0.0
Unclaimed Property	554.0	554.0	0.0%	554.0	0.0%	0.0
Less: Refunds	<u>(138.3)</u>	<u>(150.0)</u>	8.4%	<u>(160.0)</u>	15.7%	<u>(10.0)</u>
Unclaimed Prop Less Refunds	415.7	404.0	-2.8%	394.0	-5.2%	(10.0)
Gross Receipts Tax	353.2	358.7	1.6%	358.7	1.6%	0.0
Lottery	239.6	243.0	1.4%	243.0	1.4%	0.0
Corporation Income Tax	457.4	400.0	-12.5%	400.0	-12.5%	0.0
Less: Refunds	<u>(73.5)</u>	<u>(76.0)</u>	3.4%	<u>(80.0)</u>	8.8%	<u>(4.0)</u>
CIT Less Refunds	383.9	324.0	-15.6%	320.0	-16.6%	(4.0)
Realty Transfer Tax	246.7	205.0	-16.9%	205.0	-16.9%	0.0
Cigarette Taxes	104.9	98.6	-6.0%	98.6	-6.0%	0.0
Bank Franchise Tax	105.8	104.2	-1.5%	101.0	-4.5%	(3.2)
Insurance Taxes and Fees	107.5	106.7	-0.8%	106.7	-0.8%	0.0
Hospital Board and Treatment	20.9	22.6	8.4%	22.1	6.0%	(0.5)
Public Utility Tax	35.7	33.9	-4.9%	33.9	-4.9%	0.0
Alcoholic Beverage Tax	32.2	31.9	-1.0%	31.9	-1.0%	0.0
Dividends and Interest	37.3	118.1	216.8%	127.1	240.9%	9.0
Other Revenues	81.2	69.9	-14.0%	71.4	-12.1%	1.5
Less: Other Refunds	<u>(25.8)</u>	<u>(15.7)</u>	-39.2%	<u>(15.7)</u>	-39.2%	0.0
Net Receipts	6,295.1	6,164.5	-2.1%	6,177.3	-1.9%	12.8

DEFAC General Fund Revenue Worksheet

December-23 DEFAC Meeting	FY 2025					FY 2026				
	G DEFAC Oct-23	H % G over B	I DEFAC Dec-23	J % I over D	K \$ Increase I over G	L DEFAC Oct-23	M % L over G	N DEFAC Dec-23	O % L over I	P \$ Increase N over L
Revenue Category										
Personal Income Tax	2,487.6	3.6%	2,487.6	3.6%	0.0	2,579.3	3.7%	2,579.3	3.7%	0.0
Less: Refunds	<u>(272.7)</u>	-5.0%	<u>(272.7)</u>	-5.0%	<u>0.0</u>	<u>(245.7)</u>	-9.9%	<u>(245.7)</u>	-9.9%	<u>0.0</u>
PIT Less Refunds	2,214.9	4.8%	2,214.9	4.8%	0.0	2,333.6	5.4%	2,333.6	5.4%	0.0
Franchise Tax	1,328.9	0.0%	1,348.9	0.0%	20.0	1,328.9	0.0%	1,348.9	0.0%	20.0
Limited Partnerships & LLC's	<u>460.8</u>	0.0%	<u>460.8</u>	0.0%	0.0	<u>460.8</u>	0.0%	<u>460.8</u>	0.0%	<u>0.0</u>
Subtotal Franchise + LP/LLC	1,789.7	0.0%	1,809.7	0.0%	20.0	1,789.7	0.0%	1,809.7	0.0%	20.0
Less: Refunds	<u>(10.0)</u>	-50.0%	<u>(10.0)</u>	-50.0%	<u>0.0</u>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,779.7	0.6%	1,799.7	0.6%	20.0	1,779.7	0.0%	1,799.7	0.0%	20.0
Business Entity Fees	150.0	0.0%	150.0	0.0%	0.0	150.0	0.0%	150.0	0.0%	0.0
Uniform Commercial Code	26.5	0.0%	26.5	0.0%	0.0	26.5	0.0%	26.5	0.0%	0.0
Unclaimed Property	500.0	-9.7%	525.0	-5.2%	25.0	500.0	0.0%	500.0	-4.8%	0.0
Less: Refunds	<u>(150.0)</u>	0.0%	<u>(160.0)</u>	0.0%	<u>(10.0)</u>	<u>(150.0)</u>	0.0%	<u>(160.0)</u>	0.0%	<u>(10.0)</u>
Unclaimed Prop Less Refunds	350.0	-13.4%	365.0	-7.4%	15.0	350.0	0.0%	340.0	-6.8%	(10.0)
Gross Receipts Tax	368.0	2.6%	368.0	2.6%	0.0	378.3	2.8%	378.3	2.8%	0.0
Lottery	247.8	2.0%	247.8	2.0%	0.0	250.8	1.2%	250.8	1.2%	0.0
Corporation Income Tax	362.0	-9.5%	362.0	-9.5%	0.0	354.0	-2.2%	354.0	-2.2%	0.0
Less: Refunds	<u>(70.0)</u>	-7.9%	<u>(75.0)</u>	-6.3%	<u>(5.0)</u>	<u>(70.0)</u>	0.0%	<u>(75.0)</u>	0.0%	<u>(5.0)</u>
CIT Less Refunds	292.0	-9.9%	287.0	-10.3%	(5.0)	284.0	-2.7%	279.0	-2.8%	(5.0)
Realty Transfer Tax	223.2	8.9%	223.2	8.9%	0.0	233.9	4.8%	233.9	4.8%	0.0
Cigarette Taxes	93.7	-5.0%	93.7	-5.0%	0.0	89.0	-5.0%	89.0	-5.0%	0.0
Bank Franchise Tax	110.2	5.8%	109.9	8.8%	(0.3)	112.5	2.1%	112.1	2.0%	(0.4)
Insurance Taxes and Fees	113.0	5.9%	113.0	5.9%	0.0	111.1	-1.7%	111.1	-1.7%	0.0
Hospital Board and Treatment	21.9	-3.1%	21.9	-0.9%	0.0	21.3	-2.7%	21.3	-2.7%	0.0
Public Utility Tax	32.8	-3.2%	32.8	-3.2%	0.0	32.1	-2.1%	32.1	-2.1%	0.0
Alcoholic Beverage Tax	32.2	0.9%	32.2	0.9%	0.0	32.5	0.9%	32.5	0.9%	0.0
Dividends and Interest	146.8	24.3%	150.6	18.5%	3.8	139.2	-5.2%	143.0	-5.0%	3.8
Other Revenues	71.8	2.7%	71.8	0.6%	0.0	71.8	0.0%	71.8	0.0%	0.0
Less: Other Refunds	<u>(15.7)</u>	0.0%	<u>(15.7)</u>	0.0%	0.0	<u>(15.7)</u>	0.0%	<u>(15.7)</u>	0.0%	<u>0.0</u>
Net Receipts	6,258.8	1.5%	6,292.3	1.9%	33.5	6,380.6	1.9%	6,389.0	1.5%	8.4

Summary of Changes YTD

December-23

	<u>FY 2024</u>		<u>FY 2025</u>	
	<u>Amount</u>	<u>% Ch</u>	<u>Amount</u>	<u>% Ch</u>
June 2023 Estimate:	\$6,039.4		\$6,189.3	
October Changes to Forecast:	\$125.1	2.1%	\$69.5	1.1%
December Changes to Forecast:	\$12.8	0.2%	\$33.5	0.5%
March Changes to Forecast:		0.0%		0.0%
May Changes to Forecast:		0.0%		0.0%
June Changes to Forecast:		0.0%		0.0%
TOTAL CHANGES YTD vs. June DEFAC:				
Bottom Line: TOTAL CHANGES YTD vs. Rev. Resolution & other tax law changes	\$137.9	2.3%	\$103.0	1.7%
Current Estimate:	\$6,177.3		\$6,292.3	

**December 2023
over
October 2023**

		<u>FY 2024</u>	<u>FY 2025</u>
WHERE WE STARTED			
DEFAC Estimate:	Oct 23	\$6,164.5	\$6,258.8
WHERE WE ARE NOW			
Revenue Sub:	Dec 23	\$6,177.3	\$6,292.3
\$\$ Change vs	Oct 23	DEFAC	\$33.5
% Change vs.	Oct 23	DEFAC	0.5%
Major Positive Changes in:		<u>FY 2024</u>	<u>FY 2025</u>
Net Franchise + LLP/LLC		\$20.0	\$20.0
Dividends and Interest		\$9.0	\$15.0
Other Revenues		\$1.5	\$3.8
Major Negative Changes in:		<u>FY 2024</u>	<u>FY 2025</u>
Net Abandoned Property		(\$10.0)	(\$5.0)
Net CIT		(\$4.0)	(\$0.3)
Bank Franchise Tax		(\$3.2)	
Hospital Board and Treatment		(\$0.5)	

TRANSPORTATION TRUST FUND
EXPENDITURE REPORT

Delaware Department of Transportation
FY 2024 Expenditures, Through November 30, 2023

42%

	FY2022 Actual	FY2023 Actual	FY2024 Appropriation	OCTOBER FY2024 Forecast	DECEMBER FY2024 Forecast	\$ difference Oct to December	\$ difference Forecast V. FY2023 Actual	FY2024 YTD Spend	% spent YTD
Operations			<u>w/o US301</u>						
Debt Service	67.0	83.0	82.2	82.2	82.2	0.0	(0.8)	73.6	90%
Personnel Costs	105.6	107.9	119.3	119.3	119.3	0.0	11.4	45.0	38%
Operations/Capital Outlay	66.8	66.8	81.3	81.3	81.3	0.0	14.5	32.4	40%
Transit Operations (DTC)	<u>79.8</u>	<u>80.3</u>	<u>89.6</u>	<u>89.6</u>	<u>89.6</u>	0.0	9.3	<u>37.3</u>	42%
Total Expenditures - Operations	319.2	338.0	372.4	372.4	372.4	0.0	34.4	188.3	51%
State Capital									
Road System	197.7	210.2	202.0	202.0	202.0	0.0	(8.2)	105.7	52%
Grants & Allocations	26.7	30.1	42.2	42.2	42.2	0.0	12.1	17.3	41%
Support Systems	45.8	52.0	43.1	43.1	43.1	0.0	(8.9)	19.6	45%
Transit	<u>29.9</u>	<u>23.5</u>	<u>27.7</u>	<u>27.7</u>	<u>27.7</u>	0.0	4.2	<u>6.7</u>	24%
State Capital	300.1	315.8	315.0	315.0	315.0	0.0	(0.8)	149.3	47%
Federal Capital									
Federal Capital	261.1	269.3	325.0	325.0	325.0	0.0	55.7	140.4	43%
Total Expenditures - Capital	561.2	585.1	640.0	640.0	640.0	0.0	54.9	289.7	45%
TOTAL EXPENDITURES	880.4	923.1	1,012.4	1,012.4	1,012.4	0.0	89.3	478.0	47%

	OCTOBER FY2024 Forecast	DECEMBER FY2024 Forecast	\$ difference Oct to December	FY2024 YTD Spend	% spent YTD
DeIDOT	1,012.4	1,012.4	\$ -	\$ 478.0	47%
US301	23.0	23.0	\$ -	\$ 1.5	7%
TOTAL	1,035.4	1,035.4	\$ -	\$ 479.5	46%

TRANSPORTATION TRUST FUND
REVENUE REPORT

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

	FY22	FY23	% Chg.	Fiscal 2024			Fiscal 2025		
				10/16/2023 Approved	12/18/2023 Recomm	% Chg. FY 23	10/16/2023 Approved	12/18/2023 Recomm	% Chg. FY 24
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$142.2	\$133.5	-6.1%	\$140.0	\$143.2	7.3%	\$141.4	\$146.9	2.6%
Route 1 Toll Road	62.6	59.8	-4.5%	\$64.9	\$66.4	11.1%	\$65.9	\$68.4	3.0%
Concessions	<u>1.6</u>	<u>2.1</u>	<u>31.3%</u>	<u>\$2.2</u>	<u>\$2.2</u>	<u>4.6%</u>	<u>\$2.2</u>	<u>\$2.2</u>	<u>0.0%</u>
Total Toll Road Revenues	206.4	195.4	-5.3%	\$207.1	\$211.8	8.4%	\$209.5	\$217.5	2.7%
MOTOR FUEL TAX ADMIN.	136.7	136.1	-0.4%	\$136.2	\$136.2	0.0%	\$148.3	\$148.3	8.9%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	146.2	164.5	12.5%	\$137.4	\$141.4	-14.0%	\$132.4	\$132.4	-6.4%
Motor Vehicle Registration Fees	57.4	61.6	7.3%	\$64.2	\$64.2	4.2%	\$65.1	\$65.1	1.4%
Other DMV Revenues	<u>39.7</u>	<u>39.1</u>	<u>-1.5%</u>	<u>\$45.3</u>	<u>\$45.3</u>	<u>15.9%</u>	<u>\$46.0</u>	<u>\$46.0</u>	<u>1.5%</u>
Total DMV Revenues	243.3	265.2	9.0%	\$246.9	\$250.9	-5.4%	\$243.5	\$243.5	-2.9%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	9.6	9.0	-6.3%	\$9.2	\$9.2	2.1%	\$9.2	\$9.2	0.0%
Investment Income(Net)	<u>1.3</u>	<u>12.0</u>	<u>823.1%</u>	<u>\$7.0</u>	<u>\$9.0</u>	<u>-24.7%</u>	<u>\$5.0</u>	<u>\$5.0</u>	<u>-44.4%</u>
Total Other Transp. Revenue	10.9	21.0	92.7%	\$16.2	\$18.2	-13.3%	\$14.2	\$14.2	-22.0%
GRAND TOTAL	\$597.3	\$617.7	3.4%	\$606.4	\$617.1	-0.1%	\$615.5	\$623.5	1.0%

	FY22	FY23	% Chg.	\$10.7			\$8.0		
	FY22	FY23	% Chg.	Fiscal 2024			Fiscal 2025		
US301 Revenues	\$ 22.0	\$ 26.0	18.2%	\$ 24.6	\$ 25.2	-3.1%	\$ 24.9	\$ 26.0	3.2%
TOTAL	\$ 619.3	\$ 643.7	3.9%	\$ 631.0	\$ 642.3	-0.2%	\$ 640.4	\$ 649.5	1.1%

MISCELLANEOUS

DEFAC

Recommended General Fund Revenue Estimate

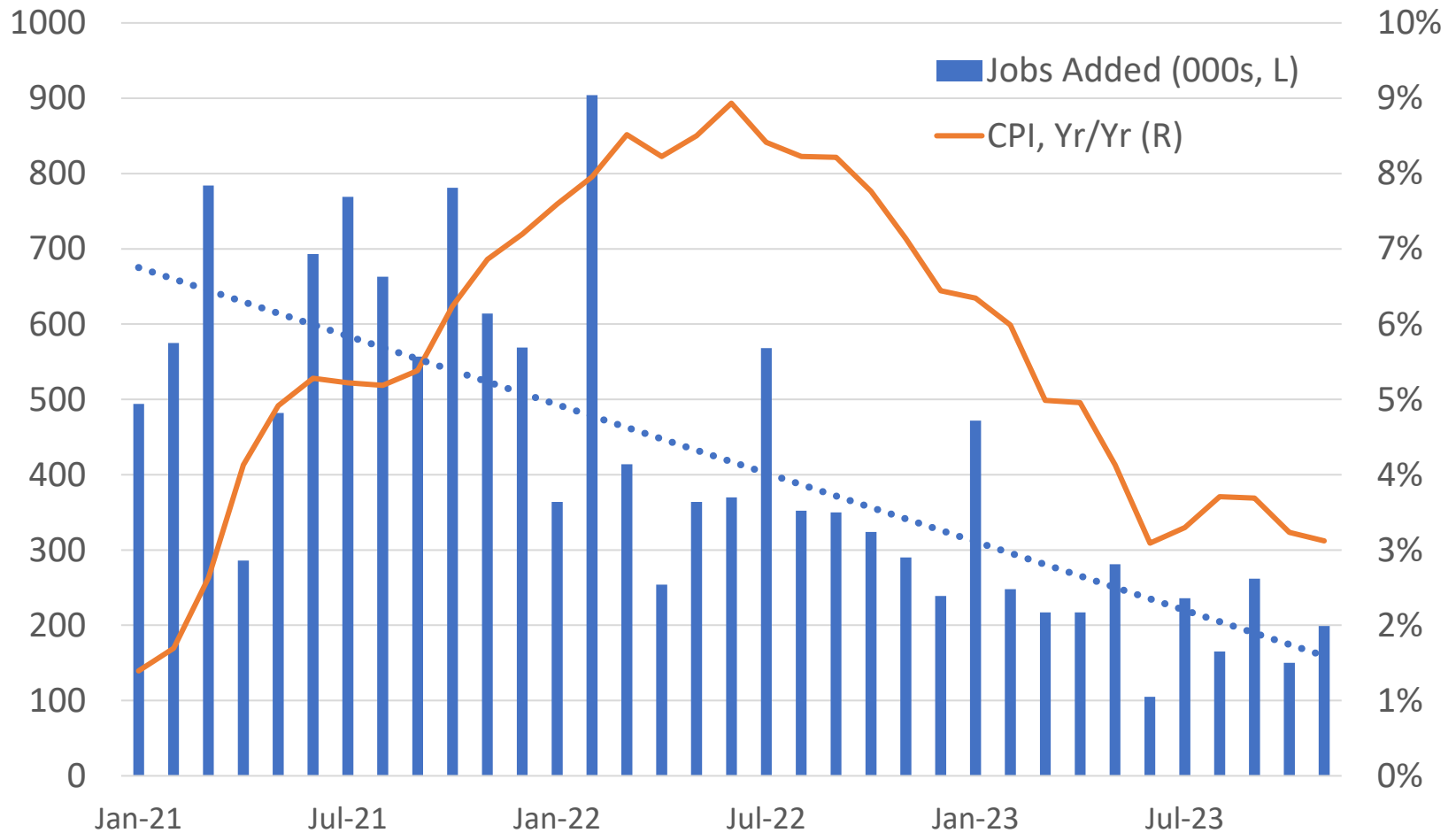


December 18, 2023

U.S. Economic Outlook

- Forecast little changed from October, though an uptick from S&P's November forecast reflects broad easing of financial conditions—10-year yield, mortgage and corporate bond rates declined significantly since early November
- Despite Fed's tightening over the last two years, labor market remains strong—but not too strong—now expecting unemployment to peak at 4.5% in 2026
- Inflation is on the right path, but will not reach the 2% target until mid-2025
- Critically, December forecast was released shortly before the Fed indicated three quarter-point cuts may come next year, rather than another increase potentially followed by two cuts

Soft Landing in Sight?

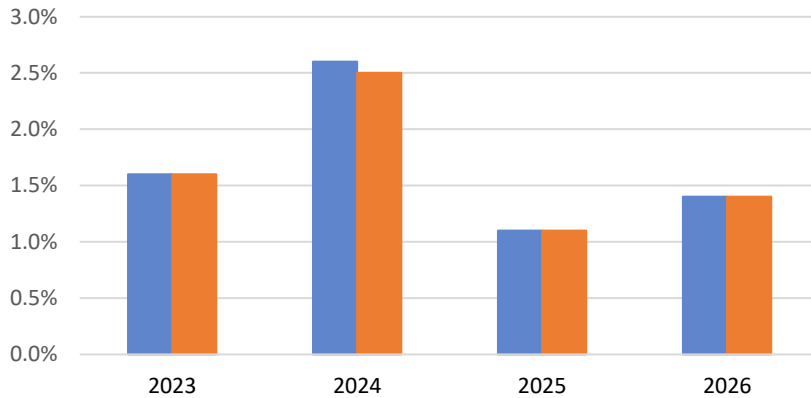


Source: Bureau of Labor Statistics

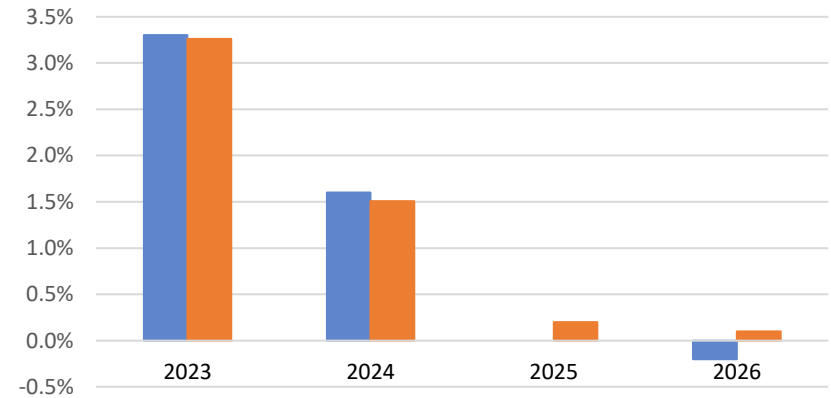
US Forecast Better Near-Term

Fiscal Year Forecasts, U.S. Economy

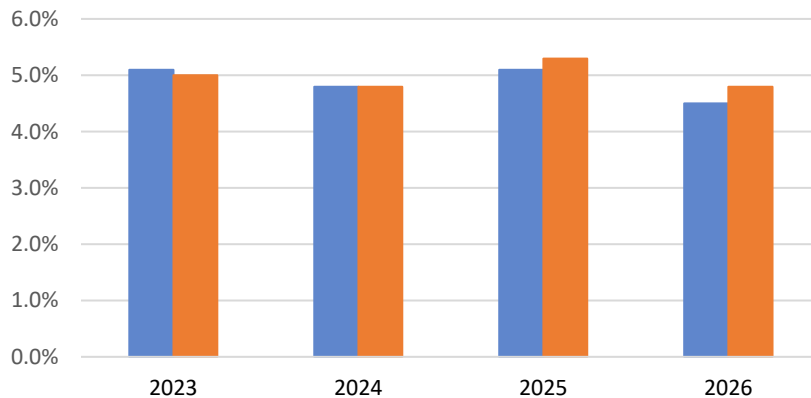
Real GDP Growth



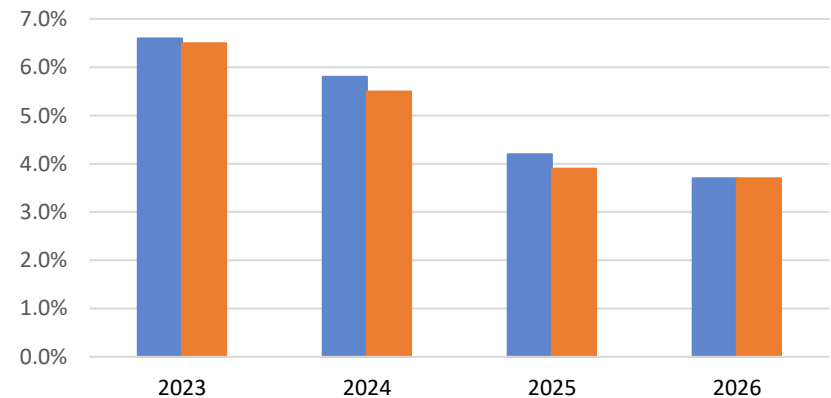
US Employment



US Personal Income



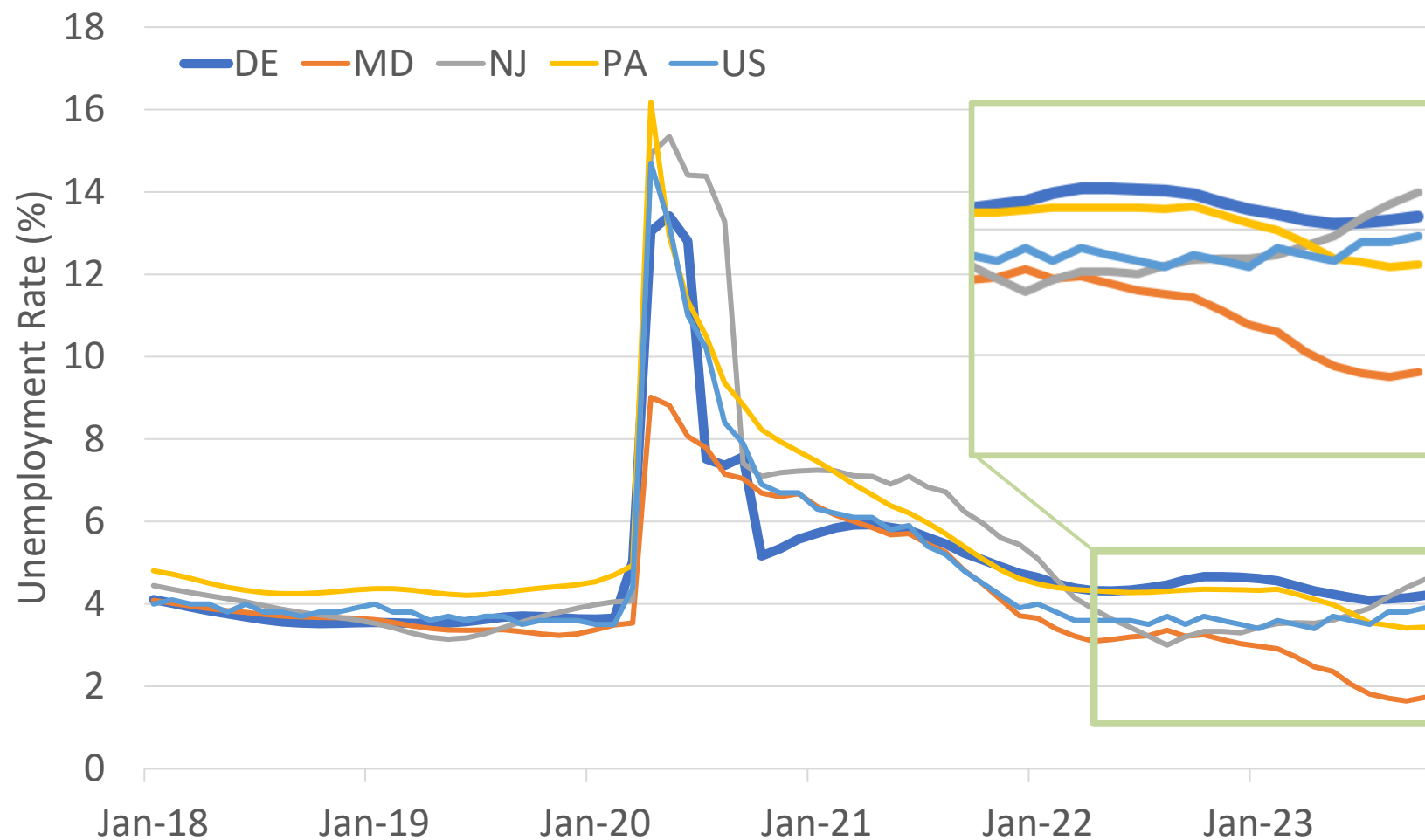
US Wage & Salary



■ October

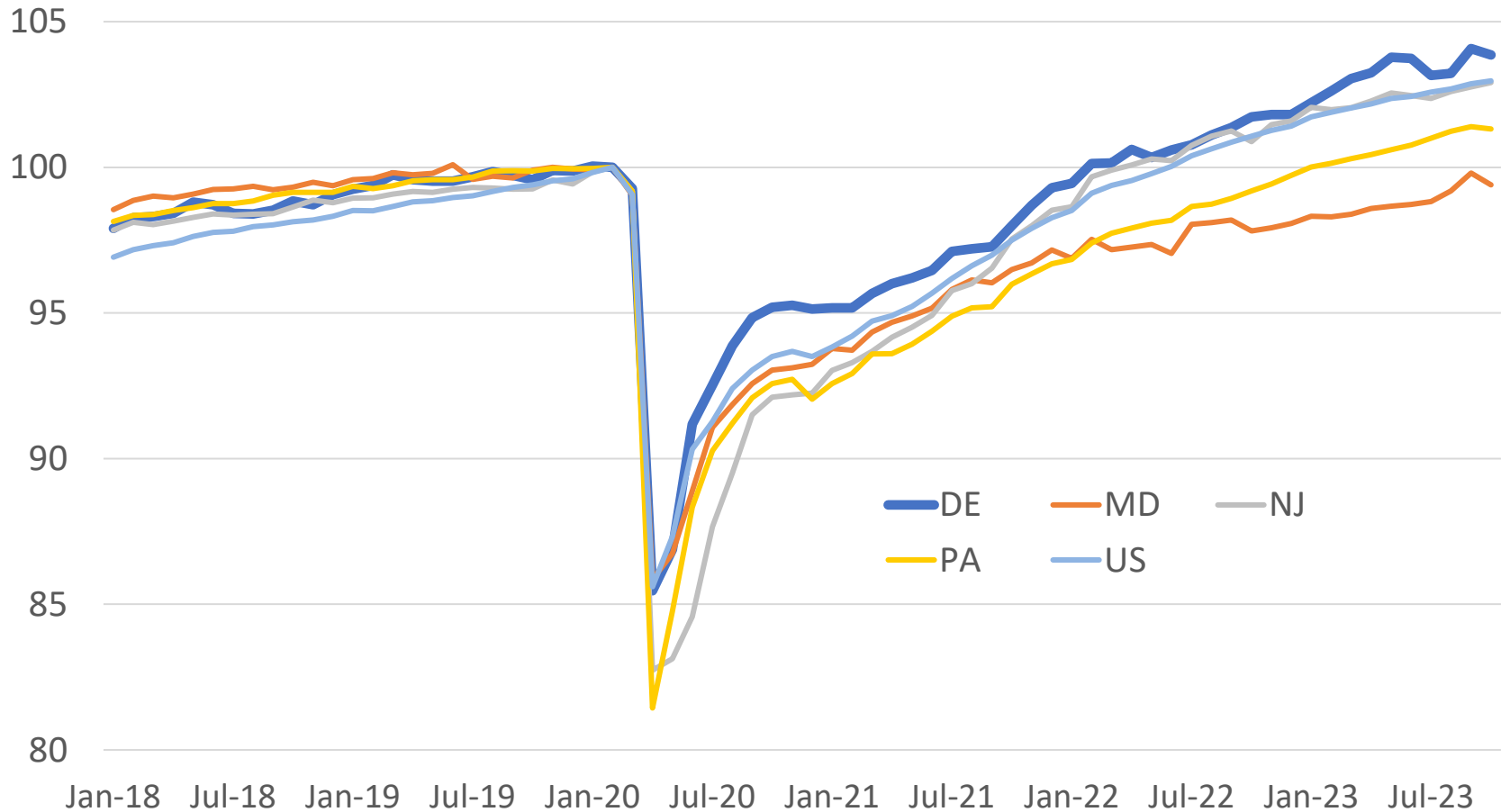
■ December

Is Delaware Lagging Its Neighbors?



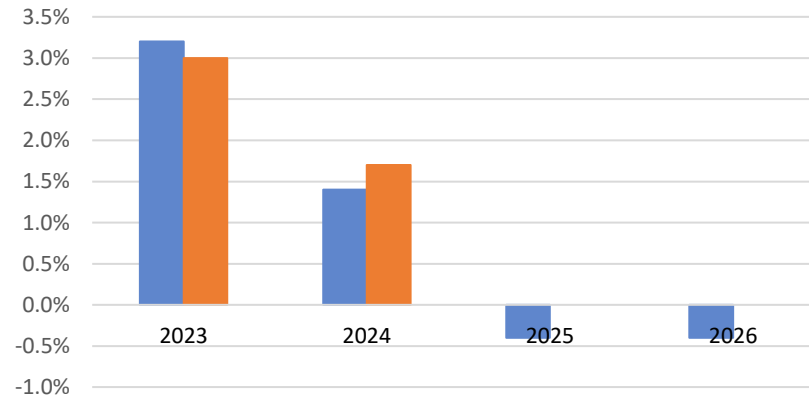
Employment Relatively Strong

Payroll Employment, Feb 2020 = 100

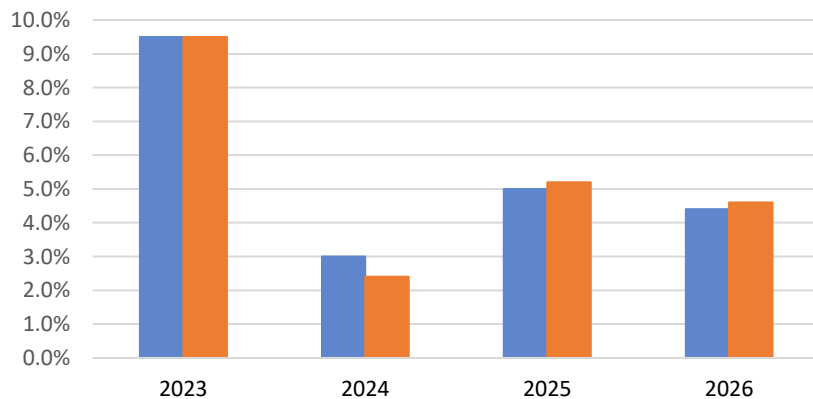


DE Employment Forecast Improves

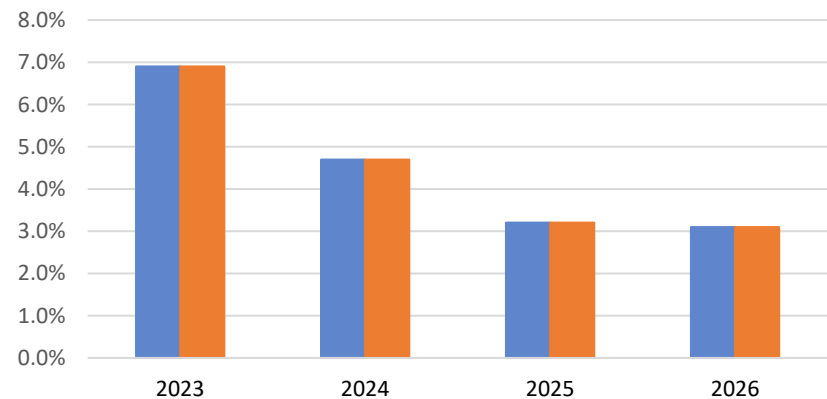
DE Employment



DE Personal Income



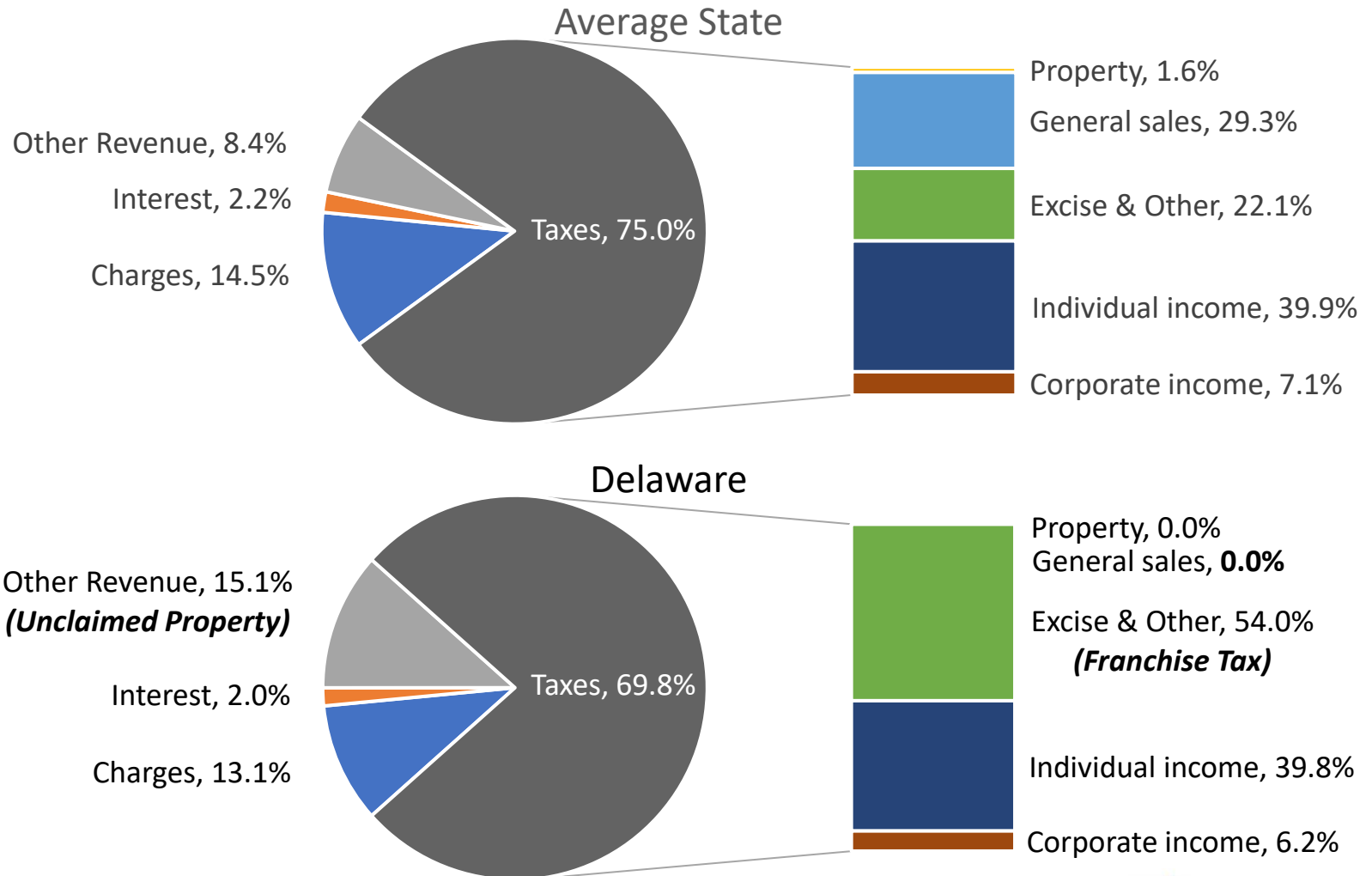
DE Wage & Salary



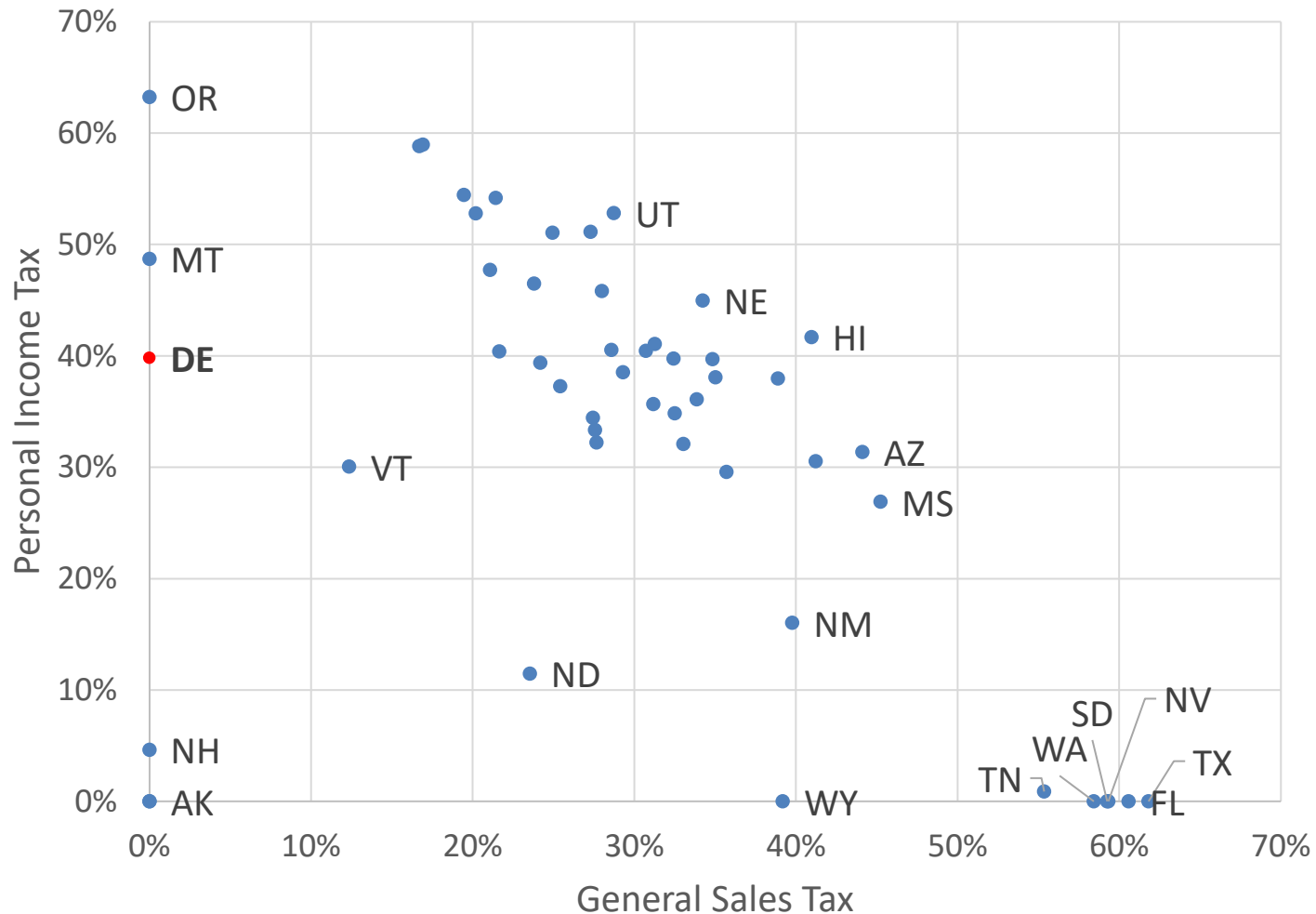
■ October

■ December

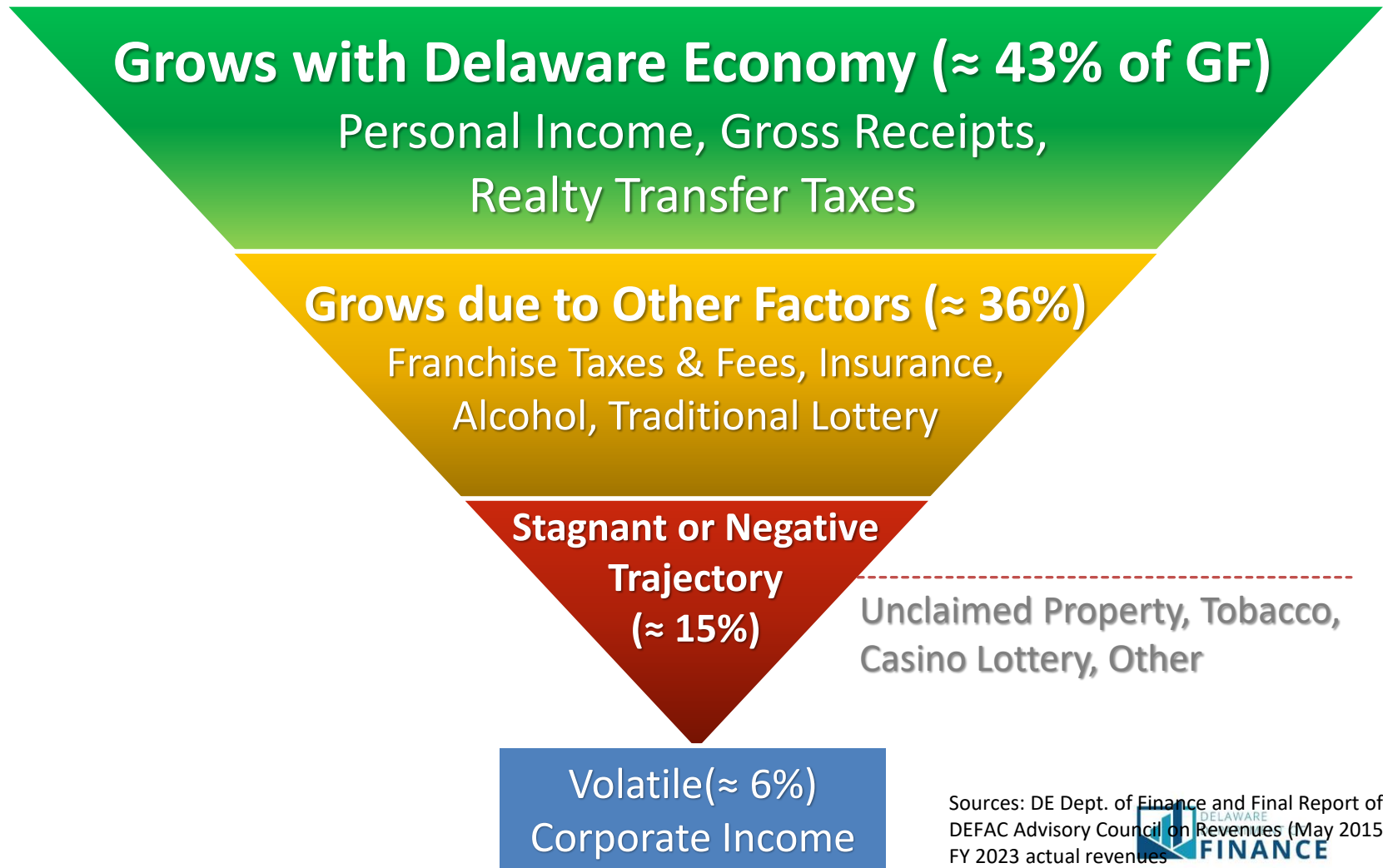
State Own-Source Revenue



PIT/Sales as Share of Tax Revenue



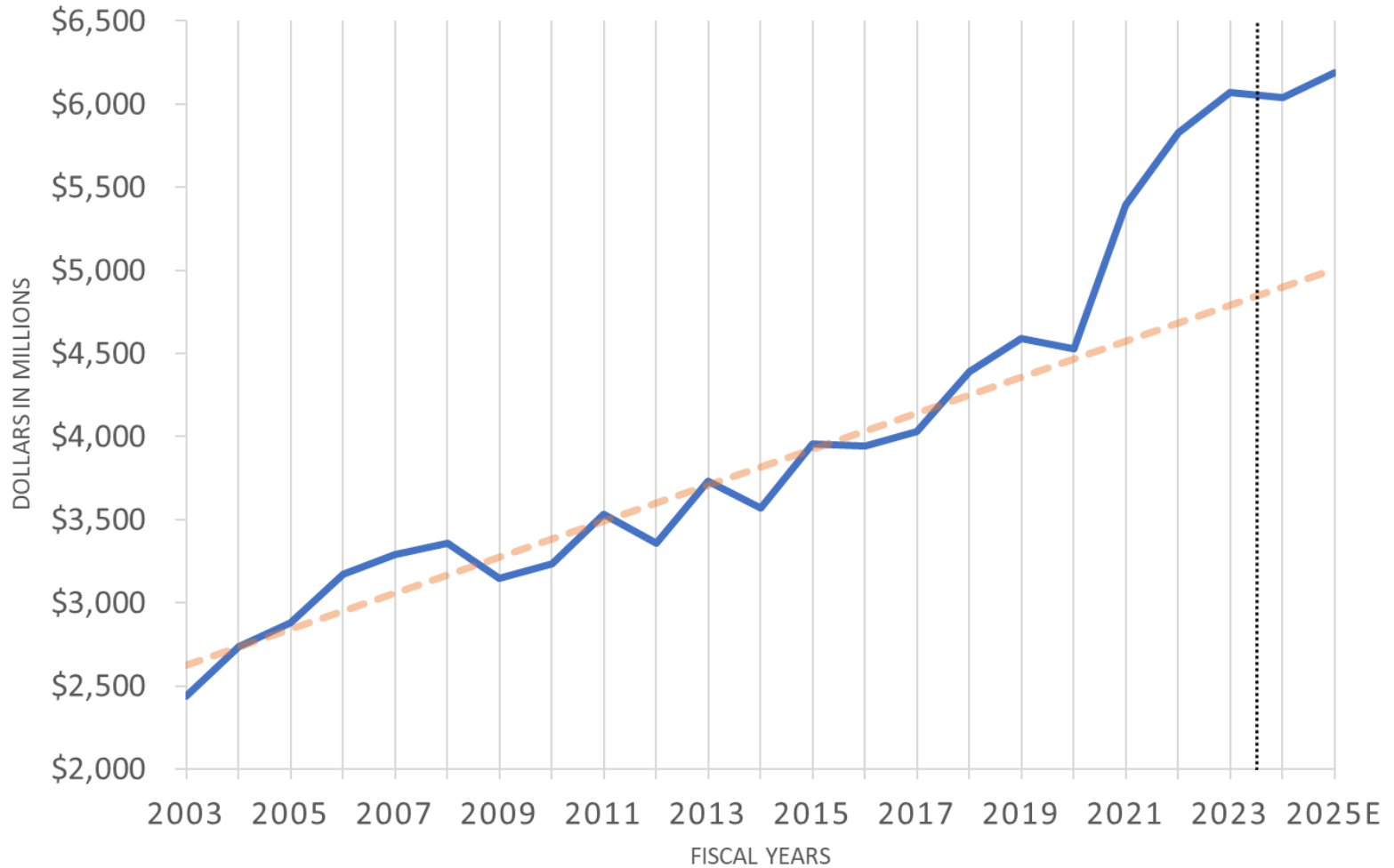
DE Revenue Growth Prospects



Extraordinary Revenue Growth

Revenue Source	FY19 Actual	FY23 Actual	FY19-FY23 Trend (Annualized)	Prior 20-Year Trend*
Corporate Income Tax	\$147.8	\$383.9	27.0%	1.9%
Realty Transfer Tax	154.3	246.7	12.4%	2.6%
Dividends and Interest	24.9	37.3	10.8%	-7.2%
Franchise & Related	1,364.4	2,043.4	10.6%	3.3%
Personal Income Tax	1,527.5	2,112.9	8.5%	4.8%
Gross Receipts Tax	259.3	353.2	8.0%	4.8%
Lottery	215.8	239.6	2.6%	3.9%
Bank Franchise Tax	100.8	105.8	1.2%	1.1%
Other	357.4	356.6	-0.1%	2.3%
Unclaimed Property	439.7	415.7	-1.4%	9.7%
Total General Fund	\$4,591.9	\$6,295.1	8.2%	3.8%
Total GF (ex. UP/Lottery)	\$3,936.4	\$5,639.8	9.4%	3.4%

Recent GF Growth Above Trend



Franchise Tax

\$ in millions	FY 2024	FY 2025	FY 2026
Estimate	1,348.9	1,348.9	1,348.9
Dec Revision	20.0	20.0	20.0
Adj Growth	(3.5%)	0.0%	0.0%

FY 2024 Growth	
YTD	2.7%
Req'd	(5.9%)

- Tracking of quarterly payments

Net Unclaimed Property

\$ in millions	FY 2024	FY 2025	FY 2026	FY 2024 Growth	
Estimate	394.0	365.0	340.0	YTD	11.4%
Dec Revision	(10.0)	15.0	(10.0)	Req'd	(7.1%)
Adj Growth	(5.2%)	(7.4%)	(6.8%)		

- Tracking suggests claims will reach \$160 million, expected to continue in out-years
- Analysis of remittances (at \$554 million cap for fiscal year 2024) suggests \$25 million increase, to \$525 million, is appropriate for fiscal year 2025

Dividends and Interest

\$ in millions	FY 2024	FY 2025	FY 2026	FY 2024 Growth	
Estimate	127.1	150.6	143.0	YTD	401.9%
Dec Revision	9.0	3.8	3.8	Req'd	184.7%
Adj Growth	240.9%	18.5%	(5.1%)		

- Increase attributable to investments/reinvestments at higher market rates than previously expected
- Forecast anticipated last week's Federal Reserve announcement, and the market reaction to it

Other Revenues

Revenue	YTD Growth	Growth Req'd
Withholding	5.1%	5.1%
PIT Estimated	(13.3%)	(10.2%)
Gross Receipts Tax*	(3.6%)	5.9%
Lottery	1.5%	1.4%
Gross CIT	(10.0%)	(13.5%)
Realty Transfer Tax*	(30.7%)	(5.6%)
Cigarette Tax*	2.0%	(10.3%)
Bank Franchise Tax	(1.3%)	(5.7%)
Insurance Taxes/Fees	4.5%	(1.9%)
Public Utility Tax	(7.7%)	(3.4%)

Tracking Adjustments

- CIT refunds \$4 million higher this year, \$5 million in the out-years
- Bank Franchise Tax down \$3.2 million this year, \$300,000 next year
- Hospital Board and Treatment down \$500,000 this year
- Other Revenues up \$1.5 million this year

* Adjusted for reporting issues

Fiscal Year 2024 Recommended Forecast

December-23 DEFAC Meeting	FY 2023 A	FY 2024				
		B	C	D	E	F
	Actual Collections	DEFAC Oct-23	% B over A	DEFAC Dec-23	% D over A	\$ Increase D over B
Revenue Category						
Personal Income Tax	2,396.2	2,400.4	0.2%	2,400.4	0.2%	0.0
Less: Refunds	(283.3)	(287.0)	1.3%	(287.0)	1.3%	0.0
PIT Less Refunds	2,112.9	2,113.4	0.0%	2,113.4	0.0%	0.0
Franchise Tax	1,397.3	1,328.9	-4.9%	1,348.9	-3.5%	20.0
Limited Partnerships & LLC's	474.9	<u>460.8</u>	-3.0%	<u>460.8</u>	-3.0%	0.0
Subtotal Franchise + LP/LLC	1,872.1	1,789.7	-4.4%	1,809.7	-3.3%	20.0
Less: Refunds	<u>(15.0)</u>	<u>(20.0)</u>	33.0%	<u>(20.0)</u>	33.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,857.1	1,769.7	-4.7%	1,789.7	-3.6%	20.0
Business Entity Fees	158.1	150.0	-5.1%	150.0	-5.1%	0.0
Uniform Commercial Code	28.2	26.5	-6.2%	26.5	-6.2%	0.0
Unclaimed Property	554.0	554.0	0.0%	554.0	0.0%	0.0
Less: Refunds	<u>(138.3)</u>	<u>(150.0)</u>	8.4%	<u>(160.0)</u>	15.7%	<u>(10.0)</u>
Unclaimed Prop Less Refunds	415.7	404.0	-2.8%	394.0	-5.2%	(10.0)
Gross Receipts Tax	353.2	358.7	1.6%	358.7	1.6%	0.0
Lottery	239.6	243.0	1.4%	243.0	1.4%	0.0
Corporation Income Tax	457.4	400.0	-12.5%	400.0	-12.5%	0.0
Less: Refunds	<u>(73.5)</u>	<u>(76.0)</u>	3.4%	<u>(80.0)</u>	8.8%	<u>(4.0)</u>
CIT Less Refunds	383.9	324.0	-15.6%	320.0	-16.6%	(4.0)
Realty Transfer Tax	246.7	205.0	-16.9%	205.0	-16.9%	0.0
Cigarette Taxes	104.9	98.6	-6.0%	98.6	-6.0%	0.0
Bank Franchise Tax	105.8	104.2	-1.5%	101.0	-4.5%	(3.2)
Insurance Taxes and Fees	107.5	106.7	-0.8%	106.7	-0.8%	0.0
Hospital Board and Treatment	20.9	22.6	8.4%	22.1	6.0%	(0.5)
Public Utility Tax	35.7	33.9	-4.9%	33.9	-4.9%	0.0
Alcoholic Beverage Tax	32.2	31.9	-1.0%	31.9	-1.0%	0.0
Dividends and Interest	37.3	118.1	216.8%	127.1	240.9%	9.0
Other Revenues	81.2	69.9	-14.0%	71.4	-12.1%	1.5
Less: Other Refunds	<u>(25.8)</u>	<u>(15.7)</u>	-39.2%	<u>(15.7)</u>	-39.2%	0.0
Net Receipts	6,295.1	6,164.5	-2.1%	6,177.3	-1.9%	12.8

Fiscal Year 2025 Recommended Forecast

December-23 DEFAC Meeting	FY 2025				
	G	H	I	J	K
	DEFAC Oct-23	% G over B	DEFAC Dec-23	% I over D	\$ Increase I over G
Revenue Category					
Personal Income Tax	2,487.6	3.6%	2,487.6	3.6%	0.0
Less: Refunds	<u>(272.7)</u>	-5.0%	<u>(272.7)</u>	-5.0%	<u>0.0</u>
PIT Less Refunds	2,214.9	4.8%	2,214.9	4.8%	0.0
Franchise Tax	1,328.9	0.0%	1,348.9	0.0%	20.0
Limited Partnerships & LLC's	<u>460.8</u>	0.0%	<u>460.8</u>	0.0%	0.0
Subtotal Franchise + LP/LLC	1,789.7	0.0%	1,809.7	0.0%	20.0
Less: Refunds	<u>(10.0)</u>	-50.0%	<u>(10.0)</u>	-50.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,779.7	0.6%	1,799.7	0.6%	20.0
Business Entity Fees	150.0	0.0%	150.0	0.0%	0.0
Uniform Commercial Code	26.5	0.0%	26.5	0.0%	0.0
Unclaimed Property	500.0	-9.7%	525.0	-5.2%	25.0
Less: Refunds	<u>(150.0)</u>	0.0%	<u>(160.0)</u>	0.0%	<u>(10.0)</u>
Unclaimed Prop Less Refunds	350.0	-13.4%	365.0	-7.4%	15.0
Gross Receipts Tax	368.0	2.6%	368.0	2.6%	0.0
Lottery	247.8	2.0%	247.8	2.0%	0.0
Corporation Income Tax	362.0	-9.5%	362.0	-9.5%	0.0
Less: Refunds	<u>(70.0)</u>	-7.9%	<u>(75.0)</u>	-6.3%	<u>(5.0)</u>
CIT Less Refunds	292.0	-9.9%	287.0	-10.3%	(5.0)
Realty Transfer Tax	223.2	8.9%	223.2	8.9%	0.0
Cigarette Taxes	93.7	-5.0%	93.7	-5.0%	0.0
Bank Franchise Tax	110.2	5.8%	109.9	8.8%	(0.3)
Insurance Taxes and Fees	113.0	5.9%	113.0	5.9%	0.0
Hospital Board and Treatment	21.9	-3.1%	21.9	-0.9%	0.0
Public Utility Tax	32.8	-3.2%	32.8	-3.2%	0.0
Alcoholic Beverage Tax	32.2	0.9%	32.2	0.9%	0.0
Dividends and Interest	146.8	24.3%	150.6	18.5%	3.8
Other Revenues	71.8	2.7%	71.8	0.6%	0.0
Less: Other Refunds	<u>(15.7)</u>	0.0%	<u>(15.7)</u>	0.0%	0.0
Net Receipts	6,258.8	1.5%	6,292.3	1.9%	33.5

Fiscal Year 2026 Recommended Forecast

December-23 DEFAC Meeting	FY 2026				
	L	M	N	O	P
	DEFAC	%	DEFAC	%	\$ Increase
Revenue Category	Oct-23	L over G	Dec-23	L over I	N over L
Personal Income Tax	2,579.3	3.7%	2,579.3	3.7%	0.0
Less: Refunds	<u>(245.7)</u>	-9.9%	<u>(245.7)</u>	-9.9%	<u>0.0</u>
PIT Less Refunds	2,333.6	5.4%	2,333.6	5.4%	0.0
Franchise Tax	1,328.9	0.0%	1,348.9	0.0%	20.0
Limited Partnerships & LLC's	<u>460.8</u>	0.0%	<u>460.8</u>	0.0%	<u>0.0</u>
Subtotal Franchise + LP/LLC	1,789.7	0.0%	1,809.7	0.0%	20.0
Less: Refunds	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,779.7	0.0%	1,799.7	0.0%	20.0
Business Entity Fees	150.0	0.0%	150.0	0.0%	0.0
Uniform Commercial Code	26.5	0.0%	26.5	0.0%	0.0
Unclaimed Property	500.0	0.0%	500.0	-4.8%	0.0
Less: Refunds	<u>(150.0)</u>	0.0%	<u>(160.0)</u>	0.0%	<u>(10.0)</u>
Unclaimed Prop Less Refunds	350.0	0.0%	340.0	-6.8%	(10.0)
Gross Receipts Tax	378.3	2.8%	378.3	2.8%	0.0
Lottery	250.8	1.2%	250.8	1.2%	0.0
Corporation Income Tax	354.0	-2.2%	354.0	-2.2%	0.0
Less: Refunds	<u>(70.0)</u>	0.0%	<u>(75.0)</u>	0.0%	<u>(5.0)</u>
CIT Less Refunds	284.0	-2.7%	279.0	-2.8%	(5.0)
Realty Transfer Tax	233.9	4.8%	233.9	4.8%	0.0
Cigarette Taxes	89.0	-5.0%	89.0	-5.0%	0.0
Bank Franchise Tax	112.5	2.1%	112.1	2.0%	(0.4)
Insurance Taxes and Fees	111.1	-1.7%	111.1	-1.7%	0.0
Hospital Board and Treatment	21.3	-2.7%	21.3	-2.7%	0.0
Public Utility Tax	32.1	-2.1%	32.1	-2.1%	0.0
Alcoholic Beverage Tax	32.5	0.9%	32.5	0.9%	0.0
Dividends and Interest	139.2	-5.2%	143.0	-5.0%	3.8
Other Revenues	71.8	0.0%	71.8	0.0%	0.0
Less: Other Refunds	<u>(15.7)</u>	0.0%	<u>(15.7)</u>	0.0%	<u>0.0</u>
Net Receipts	6,380.6	1.9%	6,389.0	1.5%	8.4

Balance & Appropriations

FY 2024 EXPENDITURES

Total Spending Authority	\$8,201.7
Less: Continuing Appropriations & Encumbrances from FY24	(\$1,790.3)
Less: Reversions	(\$54.6)
Total Expenditures	\$6,356.8

FY 2024 BALANCES

Total Expenditures	\$6,356.8
vs. FY 2024 Revenues	\$6,177.3
Operating Balance	(\$179.5)
Prior Year Cash Balance	\$3,039.5
Less: Budget Stabilization Fund (84 Del Law c 91; HB 195, Section 65)	(\$410.1)
Cumulative Cash Balance	\$2,449.9
Less: Continuing Appropriations & Encumbrances from FY 2024	(\$1,790.3)
Less: Budgetary Reserve Account	(\$328.8)
Unencumbered Cash Balance 6/30	\$330.9

FY 2025 APPROPRIATION LIMITS

FY 2025 Revenue Estimate	\$6,292.3
Unencumbered Cash Balance from FY 2024	\$330.9
100% Appropriation Limit	\$6,623.2
98% Appropriation Limit	<u>\$6,490.7</u>
Prior 98% Appropriation Limit	\$6,401.6
Increase (Decrease) from Prior Meeting	\$89.1
Oct 2023 98% Appropriation Limit	\$6,401.6
Increase (Decrease) from Oct 2023	\$89.1

FY 2024 BUDGET

Budget	\$5,606.7
Grants	\$72.0
Supplemental	\$948.0
Total Appropriations	\$6,626.7
Plus: Continuing Appropriations & Encumbrances from Prior Years	\$1,575.0
Total Spending Authority	\$8,201.7

Budget Benchmark Index



December 18, 2023

Executive Order 21

DEFAC shall calculate an advisory “Benchmark Index” consisting of equal weightings of the 3-year average of:

- (i) Delaware personal income growth and
- (ii) Delaware population growth and inflation reflecting the pool of goods and services purchased by government (as represented by the “Implicit Price Deflator for State & Local Government Purchases”)

Components

(calculated based on E.O. 21)

December 2022

FY	Income Deflator	Population	Annual	
2023	5.1%	6.9%	0.7%	6.4%
2022	3.3%	8.7%	0.7%	6.4%
2021	6.4%	3.9%	0.9%	5.6%
Benchmark Index: 6.1%				

May 2023

FY	Income Deflator	Population	Annual	
2023	5.3%	6.3%	0.7%	6.2%
2022	3.6%	8.7%	0.7%	6.5%
2021	6.4%	3.9%	0.9%	5.6%
Benchmark Index: 6.1%				

December 2023

FY	Income Deflator	Population	Annual	
2024	2.4%	1.9%	1.2%	2.8%
2023	9.5%	4.8%	1.5%	7.9%
2022	4.8%	8.0%	1.3%	7.1%
Benchmark Index: 5.9%				

Most likely to change

Might change

Not likely to change

Benchmark Calculations

FY 2024 Budget	a	\$5,606.7
FY 2024 Grants-in-Aid	b	72.0
Operating Spending in Bond Bill	c	56.1
OPEB Set Aside	d	56.1
FY 2025 Benchmark Appropriation	e $(a + b) * 1.059 + c + d$	6,125.9
FY 2025 98% Appropriation Limit	f	6,490.7
FY 2025 Extraordinary Revenues/(Shortfall)	f - e	364.8

Budget Stabilization Fund

(For Budget and Planning Purposes Only)

FY 2024 100% Appropriation Limit	a	\$6,769.7
FY 2024 98% Appropriation Limit	b	6,634.2
2% Set-Aside	$c = a - b$	135.5
FY 2024 Unencumbered Forecast	d	330.9
Budget Stabilization Fund Increment	$e = \max: (d - c) \text{ or } 0$	195.4
HB 195 Budget Stabilization Fund	f	410.1
Total Budget Stabilization Fund	$g = e + f$	605.5

PROJECTED NEW GENERAL OBLIGATION DEBT AUTHORIZATION

In accordance with 29 Delaware Code, § 7423, the Delaware Economic and Financial Advisory Council (DEFAC) is required to publish semi-annually (in December and June) projections of the State's new tax-supported debt authorization for the next fiscal year. As defined in 29 Delaware Code, § 7422(b), the aggregate principal amount of tax-supported obligations which may be authorized by the State in any one fiscal year may not exceed five percent (5%) of the estimated net General Fund revenue for that fiscal year from all sources as determined by the joint resolution approved by a majority of the General Assembly and signed by the Governor in connection with the adoption of the annual budget appropriation bill.

Estimated Revenue for FY 2025	\$6,292,300,000
	x 0.05
New Tax-Supported Debt Limit for FY 20245	\$314,615,000

Monday, December 18, 2023

2023 Tax Preference Report



finance.delaware.gov/financial-reports/tax-preference-report/

New Since Last Report

- 529 and ABLE Deductions

Allowed certain deductions for contributions to 529 college savings plans and 529(a)/ABLE plans

- Organ and Bone Marrow Transplantation Tax Credit

Allowed refundable credits for the costs incurred by a living taxpayer for organ and bone marrow donation and for an employer for 25% of paid time off (exclusive of earned leave)

- Union Dues Deduction

Allowed certain deductions of union dues, up to \$500, that are not currently deductible on the federal return

Expanded Since Last Report

- Exclusion of Pension and Eligible Retirement Income
Allowed military retirees under 60 to exclude up to \$12,500 in military pension income
- Volunteer Firefighter's Tax Credit
Increased the nonrefundable credit from \$500 to \$1,000
- Tax Credit for Creation of Employment and Qualified Investments in Business Facilities
Expanded to include operators of climate-controlled fruit or vegetable growing facilities with at least 400,000 square feet of enclosed space

Expired Since Last Report

- Angel Investor Tax Credit

Expired for tax years on or after January 1, 2022








Summary of Revenue Loss

	Number of Preferences	FY 2023 Estimate	FY 2024 Estimate
Personal Income Tax	22	\$225.2 - \$226.0m	\$230.9 - \$242.0m
<i>Age-based Preferences</i>	5	\$197.0m	\$203.0 - \$211.4m
<i>All Others</i>	17	\$28.2 - \$29.0m	\$27.9 – \$30.6m
Corporate Income Tax	19	\$26.2m	\$21.5 - \$28.4m
Motor/Special Fuel Tax	4	\$171,300	\$220,400
Public Utility Tax	9	\$10.0m	\$8.6 - \$10.1m


Personal Income Tax

FY 23: \$225.2 - \$226.0m






FY 24: \$230.9 - \$242.0m


Tax Preference		FY 23 (est)	FY 24 (est)
Exclusion of Pension and Eligible Retirement Income	 	\$64.8m	\$65.9 - \$68.9m
Exclusion of Taxable Social Security Benefits		\$106.4m	\$110.6 - \$114.6m
Additional Standard Deduction for the Blind or Persons Age 65+		\$8.5m	\$8.9 - \$9.9m
Additional Personal Credit for Persons Age 60 and Over		\$17.3m	\$17.6 - \$18.0m
Earned Income Tax Credit		\$14.8m	\$14.4 - \$14.6m
Child and Dependent Care Expense Tax Credit		\$6.0m	\$6.0 - \$6.4m
Exemption for Early Retirement Distributions Used for Education		\$2.4 - \$3.2m	\$2.6 - \$3.4m
Volunteer Firefighter's Tax Credit		\$4.2m	\$4.1 - \$4.5m
Historic Preservation Tax Credit		\$125,000	\$125,000 - \$1.0m
529 and ABLE Deduction		\$670,000	\$690,000


 New/Expanded credit

 Age-based credit

Personal Income Tax

Tax Preference		FY 23 (est)	FY 24 (est)
Low-Income Elderly Exclusion		Negligible	Negligible
Charitable Mileage Deduction		Negligible	Negligible
Military Action Exemption		Negligible	Negligible
Extension of Filing Deadline for Military Personnel Serving in a Combat Zone		Negligible	Negligible
Exemption of Out-Of-State Resources During Declared Emergencies		Negligible	Negligible
Vocational Rehabilitation Hiring Credit		Negligible	Negligible
Land and Historic Resource Tax Credit		Negligible	Negligible
Exemption for Trusts Established as “Designated” or “Qualified” Settlement Funds		Unknown	Unknown
Tax Credits for New Business Facilities, New Employees, Qualified Investments, and Clean Energy Technology Device Manufacturing		(D)	(D)
Angel Invest Tax Credit		(D)	N/A
Organ and Bone Marrow Transplantation Tax Credit		N/A	Negligible
Union Dues Deduction		N/A	N/A

 New/Expanded/Expired credit

 Age-based credit

Negligible = Less than \$50,000

(D) = Per 30 Del. C. §368, the Department of Finance is prohibited from disclosing tax return information identifying specific taxpayers.

Corporate Income Tax

FY 23: \$26.2m

FY 24: \$21.5 - \$28.4m

Tax Preference	FY 23 (est)	FY 24 (est)
Research and Development Tax Credit	\$24.8m	\$20.0 - \$26.0m
Tax Credit for Creation of Employment and Qualified Investments in Business Facilities and Targeted Areas (New Jobs Creation formerly Blue Collar Jobs Act) ★	\$750,000	\$750,000 - \$1.5m
Neighborhood Assistance Credit	\$610,000	\$750,000 - \$850,000

★ Expanded credit

Corporate Income Tax

Tax Preference	FY 23 (est)	FY 24 (est)
Deduction of Interest from Affiliated Companies	Negligible	Negligible
Handicapped Accessibility Deduction	Negligible	Negligible
Land and Historic Resource Tax Credit	Negligible	Negligible
Asset Management Corporation	Negligible	Negligible
Vocational Rehabilitation Credit	Negligible	Negligible
Automatic External Defibrillator Tax Credit	Negligible	Negligible
Exemption of Out-of-State Resources During Declared Emergencies	Negligible	Negligible
Clean Energy Technology Device Manufacturing Tax Credits	\$0	\$0
Credits for Development at “Brownfield” Sites and Facilities	\$0	\$0
Headquarters Management Company	\$0	\$0
Business Finder’s Fee Tax Credit	\$0	\$0
Historic Preservation Tax Credit	(D)	(D)
New Economy Jobs Tax Credit	(D)	(D)
Apportionment Election Preference for Worldwide Headquarters and Telecommunications Companies	(D)	(D)
Exemption of Investment Holding Companies, Firms Managing Intangible Investments of Mutual Funds.	Unknown	Unknown

Negligible = Less than \$50,000

(D) = Per 30 Del. C. §368, the Department of Finance is prohibited from disclosing tax return information identifying specific taxpayers.

Motor/Special Fuel Tax

FY 23: \$171,300

FY 24: \$220,400

Tax Preference	FY 23 (est)	FY 24 (est)
Motor Fuel Exemptions	\$114,200	\$115,000
Special Fuel Exemptions	\$46,100	\$47,000
Motor Fuel Tax Refunds	\$11,000	\$58,400
Aviation Jet Fuel Exemptions	(D)	(D)

(D) = Per 30 Del. C. §368, the Department of Finance is prohibited from disclosing tax return information identifying specific taxpayers.

Public Utility Tax

FY 23: \$10.0m

FY 24: \$8.6 - \$10.1m

Tax Preference	FY 23 (est)	FY 24 (est)
Rate Reduction for the Provision of Cable and Satellite Television Services	\$8.1m	\$7.0 - \$8.0m
Rate Reduction for Electricity Used by Manufacturing, Agribusiness and Food Processing Firms	\$1.6m	\$1.3 - \$1.6m
Exemption of Electricity Used in Certain Manufacturing Processes	\$145,000	\$125,000 - \$175,000
Rate Reduction for Gas Used by Manufacturing, Agribusiness and Food Processing Firms	\$150,000	\$150,000 - \$175,000
Exemption of Electricity Used By Automobile Manufacturers	\$0	\$0
Exemption of Gas Used By Automobile Manufacturers	\$0	\$0
Public Utility Exemption for Corporations Reorganizing Under Provisions of the Bankruptcy Code	Negligible	Negligible
Refunds of Public Utility Tax to Firms That Qualify for the New Facilities Business Credit Program	Negligible	Negligible
Exemption for Electronic Pager Service	Negligible	Negligible

Negligible = Less than \$50,000