153rd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**SENATE BILL NO. 343**
SPONSOR:	**Senator Huxtable**
DESCRIPTION:	**AN ACT TO AMEND TITLE 25 AND TITLE 29 OF THE DELAWARE CODE RELATING TO THE HOMEOWNERSHIP USING SAVINGS AND EARNINGS PLAN ACT.**

Assumptions:

1. This Act becomes effective upon signature by the Governor.
    a. Enactment of the Homeownership Using Savings and Earnings Plan (the "HOUSE Plan" or the "Plan") does not take effect until publication in the Register of Regulations from a notice that the State Treasurer submits stating that the funding identified in this fiscal projection has been received from the General Assembly or another source.
2. This Act establishes the HOUSE Plan, a tax-advantaged savings program designed to assist eligible first-time homebuyers in saving for qualified home purchase expenses. The Act also creates the HOUSE Plan Board (the "Board") to oversee the development, implementation, and initial administration of the program.
3. The Office of the State Treasurer will assist in providing the Board with staff support to assist in administrative support, program development, legal and consulting services, investment management, marketing and outreach activities, and other operational expenses necessary to establish and administer the program. The Act authorizes the Board to contract for such services and to assess administrative fees to account holders to offset program costs. Based upon the start-up, prior annual appropriations, and expenditures of the Delaware EARNS program, it is assumed that General Funds will be needed to cover the various start-up and implementation costs. The Fiscal Year 2027 costs are estimated at $446,600, and one-time costs are estimated at $7,300, and are as follows:
    a. Recurring Costs – $446,600
        1. $95,020 in the Fiscal Year 2027 Personnel Costs (9 months of funding), including OECs at 33.41%, for 1.0 FTE, Finance & Operations Program Manager.
        2. $1,580 for projected contractual service needs relating to the Department of Technology and Information SEUS (Secure End User Services) costs and the Department of Human Resources eSTAR timekeeping costs, and supplies and materials needs relating to the establishment of the new position.
        3. $350,000 for legal and consulting services to support program development, investment management, marketing and outreach activities, and other operational expenses necessary to establish and administer the program.

    b. One-Time Costs – $7,300 for computer and technology equipment, and office furniture startup costs for the new position.
4. The Fiscal Year 2027 personnel costs have been estimated for nine months of funding, with the annualization of the remaining three months incorporated into subsequent year estimates. Additionally, a 2% inflation factor has been included to account for projected increases in salaries, health insurance, and OECs.

5. In addition, the Act exempts earnings accrued within HOUSE Plan accounts from Delaware personal income taxes when used for qualified expenses, which may result in a reduction in General Fund revenues. The revenue loss cannot be determined until participation levels and account balances are known.
6. This Act provides that the Board may use administrative fees charged to participants to support the ongoing program administration to defray program expenses. The date this program reaches this point is unknown, as it depends on program participation. For purposes of this fiscal projection, the costs identified below are likely to remain, but the funding source may change as the program continues to grow in future years.

Cost:

	Operating/Recurring	One-Time
Fiscal Year 2027:	$446,600	$7,300
Fiscal Year 2028:	$480,808	
Fiscal Year 2029:	$483,392	

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Office of the Controller General