

LEGISLATIVE UPDATE
“FINAL GAVEL”

1st SESSION OF THE
150TH GENERAL ASSEMBLY

AS OF: 11 July 2019

EXECUTIVE SUMMARY

"It has been an honor to serve."

Senator Harris McDowell

The First Session of the 150th General Assembly, like last year, saw another surplus heading for the budget with some \$470million in new revenues for FY'20. Delaware's overall economy continues to see improvement and therefore money was not the dominate issue facing the Assembly. However - like years past, this Session faced ongoing efforts to fully legalize marijuana for recreational use, increasing the minimum wage to \$15/hr - as well as remove the training and youth wage rates (as part of the deal last year), another attempt to repeal the death penalty, doctor assisted suicide, multiply gun issues, DelTech's efforts to gain authority for an independent property tax, manufactured housing issues, new Contractor Registration/sub to sub work legislation, new municipal and county lodging tax authorization bills - one specifically to allow Kent County to charge up to 3% for the Del Turf - and a "Budget Smoothing" set aside from the Governor's office.

While in general there were not any truly devastating business bills passing the Assembly by 30 June, there is still a lack of focus on growing the state's economy via tax reductions and regulatory reform. The focus seems to remain on the social issues, and with a huge new freshman class of Legislators (12 in the House and two Reps moving to the Senate) - many of whom are center left - this may be our future where bills that place the government in more oversight and puts new burdens on the business owner becomes routine or expected. Until the democratically controlled House, Senate and Administration face competition from the minority party (Republicans) on many of these votes/issues, much of what we face will not change.

However, one change that has occurred is the unexpected retirement of State Senator Harris McDowell (D) of the 1st District in Wilmington. As the clock moved towards 12:35 AM, Senator McDowell rose in his seat and began to explain some of his accomplishments with the Bond Bill this year and all the effort made by his co-members of the Committee, staff and the Budget Office. It was here that he announced he would not seek re-election this coming Fall 2020 and that 43 years was enough time in the building. He said that while not everyone has agreed with his approach - he believes there are new faces in the Senate with new ideas, but throughout his career, "...it has been an honor to serve Delaware." Upon his re-taking his seat, he got a 3 minute standing ovation from the Senators and all those in the Chamber. As to what the future holds for his seat - and the remainder of his term, only time will resolve those questions.

This year the Assembly passed the Budget on 25 June with the two remaining money bills, Bond and Grant-in-Aid, voted on Sunday 30 June all before 1:00 AM.

Here are some highlights from this year:

The FY'20 Budget is \$4.51billion.

Also, included in this year's budget were increases in spending for state employees through a \$1000 pay raise and 2% increase for teachers. The state also increased spending on kids from impoverished areas and ELL of \$20million, as part of a three year program spending a total of \$75million. Also new spending of \$12.5 million for strategic investments for developers to bring business to the state or to expand their current facilities.

A breakdown of spending for the last number of years as compared to the new FY2020 budget is as follows:

FY2015 - 5 years ago

General Operating Budget	\$3.809 billion
Bond/Capital Improvement Bill	\$421 million
Grant-in-Aid	\$45.4 million

FY2016 - 4 years ago

General Operating Budget	\$3.985 billion
Bond/Capital Improvement Bill	\$ 456 million
Grant-in-Aid	\$43.005 million

FY2017 - 3 years ago

General Operating Budget	\$4.084 billion
Bond/Capital Improvement Bill	\$501 million
Grant-in-Aid	\$45.9 million

FY2018 - 2 years ago

General Operating Budget	\$4.11 billion
Bond/Capital Improvement Bill	\$590 million
Grant-in-Aid	\$37.2 million

FY2019 - Last year

General Operating Budget	\$4.27 billion
Bond/Capital Improvement Bill	\$816 million
Grant-in-Aid	\$52.1 million

FY2020

General Operating Budget *	\$4.57billion
Bond/Capital Improvement Bill	\$863million
Grant-in-Aid	\$55million

* This does not include the set-asides "budget smoothing" of \$125million in a reserve account.

With the pressure off with a budget surplus, the impact on the commercial real estate industry, multi-family housing property owners, manufactured housing, the Central Delaware Chamber of Commerce, and various other business organizations remains mixed.

Of general business interest were the following bills:

* Another series of alcohol bills, including another attempt to allow the ability of the consumer to receive wine from the manufacturer - known as "Direct Wine Shipment."

* A bill requiring the registration of all contractors doing state work with the DOL - which includes the allowance of sub to sub contracting.

* Legislation banning the use of plastic bags in retail stores, and another introduced that bans the use of paper bags in these same type of retail stores.

* Minimum Wage increase to \$15.00/hr by January 2025.

* Legislation seeking to change the use of "Tip Credit Pools" by service employees - mostly in the restaurant business.

* Increasing the minimum wage for tip employees from \$2.23/hr to 65% of state's minimum wage rate, increasing as that rate increases.

- * Raising the age to purchase any tobacco or vaping product from 18 to 21 years.
- * Giving both the City of Dover and Kent County the authority to raise a lodging tax up to 3%, with all of Kent County's tax supporting the Delaware Turf.
- * Legislation requiring restaurants to use other non-soda drink products for kids meals.
- * A series of bills amending the charters of various other towns to allow them to implement a lodging tax of 3%.
- * Another attempt to pass a Clean Water bill using various sources of current PIT and business taxes.
- * Another attempt to legalize recreational marijuana for adult consumers.

In summary, Delaware's economic position continues to improve, but we fall behind the national averages in wage growth, new jobs, and educational performance. Effort has been made to set-aside money for times when revenues are lacking, yet some fundamental issues such as looming pension and state employee health benefit deficits remain unresolved by the Assembly and Administration. Additionally, with a focus on social issues (gun bans, legalization) and an Assembly moving ever more center left, the plight of the small business owner remains unclear at best.

Respectfully Submitted;
C.S.KIDNER ASSOCIATES/CAPITOL STRATEGIES
C. Scott Kidner

REVIEW OF LEGISLATION

I. LAND USE/ENVIRONMENT/ REAL ESTATE/HOUSING

The following bills and positions noted represent the overall commercial real estate, multi-family, and manufactured housing industry, along with the business community as it relates to their private property rights, how they conduct their business, and their ability to use/transfer real property within the state of Delaware.

SB61w/HA#1 - Sen Hansen and Rep Osienski - Transportation Infrastructure Fund SUPPORT

As a way of increasing the speed at which some transportation projects are supported, the bill creates the new Transportation Infrastructure Investment Fund to provide more timely assistance for transportation related projects such as renovations and construction of related projects that will increase economic development by way of permanent jobs. HA#1 just adds that any vote to spend money out of the \$5million fund (\$15mm for three years) must be made by a majority of the quorum present.

Signed by Governor 12 May 2019.

HOUSE

HB45 - Rep Baumbach and Sen Sokola - Re-write of the Manufactured Housing Code SUPPORT

As a result of a resolution from last year sponsored by Rep Briggs-King, there were a series of meetings held over the Fall of 2018 with members from the tenant and landlord community - the bill re-writes Chapter 70 of Title 25. It makes a series of technical corrections, reorganizes the chapter, separates out Sections 7026, and clarifies language dealing with rental agreements, lease renewals, holdovers, and tenant notice requirements. The bill also requires a receipt for cash payments of rents, amends how meetings are noticed to tenants for rental increases, removes model bylaws from the code, and simplifies the amount of relocation assistance provided to home owners. Introduced early in the Session it easily passed both Chambers by May.

Signed by Governor 13 May 2019 .

HB46 w/HA#2, #4 and SA#1 - Rep Kowalko and Sen Ennis - Tenant Attorney Fund

OPPOSED

The bill creates a new Attorney Fund for manufactured housing tenants by collecting a 50 cent monthly assessment per lot in manufactured housing communities. It does reduce the landlord's fee by \$.50 that they pay into the RTA. The Fund will be administered by the Dept of Justice to contract with an attorney to provide legal representation and advocacy for tenants, including rent justification cases. After a series of amendments in the House and significant debate, it barely passed with 23 yes. Once in the Senate, it was again fiercely debated by the community owners because the bill will increase arbitration costs to the RTA; there is no cap on the expenses the tenants may incur; there is no recovery of a landlord's legal costs if they prevail in a case; and the bulk of the monies expended by the tenants will be subsidized by New Castle County residents. SA#2 further amends the bill to require if the money is to be used for challenging rent increases, the following must apply;

The proposed rent increase must be 3% or higher, and;

If challenged, it must be 25% or more of the homeowners or a simple majority or more of the homeowners who received notice of the proposed rent increase.

Once SA#2 was attached, it easily passed the Senate 9 May and then the House on 16 May 2019.

Signed by Governor 25 May 2019.

HB65 w/HA#2 - Rep K Williams and Sen Walsh - Solar Systems/Deed Restrictions

NEUTRAL

This bill is re-write from a previous edition from last Session that seeks to allow individual homeowners to install solar systems on their property, but must meet certain requirements as to amending deed restrictions if they exist in the community. HA#2 brings clarity that these are only for rood mounted systems, adds provisions as to how deed restrictions can be changed by a simple majority of home owners, 60 days notice to the home owners association that then requires a response within 30 days of any concerns of the roof mounted system.

Awaiting Governor's Signature.

HB89 - Rep Mathews and Sen Cloutier - Childhood Lead Prevention Act
NEUTRAL

The sponsor seeks to restore the Childhood Lead Poisoning Advisory Committee by increasing its membership with a couple of new stakeholders and asks the Committee to report back to the Assembly on the status of testing, monitoring blood lead levels, seek practices to improve identification of lead poisoning, and improve lead poisoning prevention across the state. While lead paint has been banned for use in the early 1970's, and many in the housing industry have removed these sources from their rental units, yet some believe this remains a significant health concern for young children.

Signed by Governor 15 May 2019.

HB120- Rep Mathews and Sen McDowell - Rental Tax Credit for Low Income and Elderly Renters

NEUTRAL

The bill seeks to increase affordable housing by creating new rental assistance for those qualified low income or elderly tenants, but not already getting some government housing benefits. This rental assistance comes from a percentage back to the tenant based upon an assumed property tax on that rental unit. Upon a series of questions and concerns from the Delaware Apartment Association to the sponsor, the bill was not heard in committee.

No Further Action Taken.

HB200 - Rep Longhurst and Sen McBride - Clean Water Act

OPPOSED

Introduced on 30 May, this is the latest version of establishing a new Clean Water Fund and the taxes to support this fund. Money will be taken from the various four sources - \$10million from the PIT; \$5million from gross receipts revenues; \$5million from the realty transfer tax, and; \$5million from corporate taxes.

Concerns range from no public members on the Board to raiding these tax sources - which would then need to be replaced with higher taxes. The Fund would be managed by a 5 member government board that would be able to issue revenue bonds and take on debt. Initially heard in the House Environment Committee it was re-assigned to the House Revenue Committee and has not yet had a hearing.

No Further Action Taken.

HB235 w/HA#1 - Rep Bush and Sen McBride - Real Estate Services Fees in Municipalities.

SUPPORT

The bill prohibits political subdivisions of this state from requiring real estate licensees to obtaining an additional business license or pay taxes in order to list or sell or lease property in that political subdivision. As part of a grander agreement with a number of House Members on the solar bill, this legislation moved forward despite opposition from the League of Local Governments and SCAT. HA#1 makes the bill a 2/3rds vote, exempts cities over 50,000 in population, does allow for cities to collect wage taxes if they are so defined, and changes the enactment from 1 January 2020 to 1 July 2020. Passing with enough votes in the Senate on 1 July 2019

Awaiting Governor's Signature.

II. TAXES

SENATE

SS#2 to SB50 - Sen. McDowell and Rep. Osienski - Del-Tech Property Tax
NEUTRAL

In another attempt to give Delaware Technical and Community College the authority to raise funding through their own property tax, the sponsors understood this overall concept would not pass as written and therefore introduced the substitute. The new bill allows Del Tech to issue bonds to finance the cost of major capital repairs, deferred maintenance and other infrastructure costs, and seeks to gain the Assembly's support for upwards to \$10mm a year for deferred maintenance. The bill does not give the school a local property tax program, which was a significant problem with the initial version of the bill. Once these provisions were removed from the bill, it easily passed both Chambers.

Signed by Governor on 16 May 2019.

SS#2 to SB178 - Sen Paradee and Rep Lynn - Kent County Lodging Tax
Neutral

Strongly supported by the Delaware Turf organization, the bill enables Kent County Levy Court to enact a maximum 3% lodging tax that once collected will be used by the DE Turf to promote the facility, create youth programs, reduce costs for schools, and to cover other operating expenses. The bill was introduced late in the Session on 26 June, and with no recognized opposition from the local hotel industry, the bill passed both Chambers by 30 June.

Awaiting Governor's Signature.

HOUSE

HB14 - Rep Kowalko and Sen Sokola - PIT Tax Brackets

OPPOSED

This creates new tax brackets of \$125k at 7.7%, and \$250k at a rate of 7.85% while it also creates a tiered reduction of current allowable itemized reductions. This like a series of bills that increase taxes or creates new tax brackets was opposed by the Chamber and others in the business community. Assigned to the House Revenue and Finance Committee, it remains tabled with little expectation of action next Session.

No Further Action Taken.

HB15 - Rep Kowalko and Sen Sokola - PIT Tax Brackets

OPPOSED

This bill simply creates new tax brackets of \$125k at a rate of 7.10% and \$250k at a rate of 7.85%, but does not change the itemized deductions. This bill did get a favorable report, on a party line vote, released it out of the Revenue Committee in April, and was placed on the House Ready List.

No Further Action Taken.

HB23 - Rep. K Williams and Sen Walsh - Tax Check-off

NEUTRAL

It seeks to add a voluntary check off donation box supporting Pediatric Cancer Research Fund as managed by the Delaware Community Foundation. The bill easily passed the House and passed the Senate with 21 yes on 9 May 2019.

Signed by Governor 5 June 2019.

HB32 - Rep Ramone and Sen DelCollo - Reduce Transfer Tax

SUPPORT

The bill takes the 4% Transfer Tax back to the original 3% from 1 August 2017. Supported by the real estate industry and others within the business community - it was assigned to the House Revenue Committee, and after a lengthy hearing - tabled on party-line vote in March.

No Further Action Taken.

HB80 w/HA#1, 2, 3 and 4- Rep Baumbach and Sen Paradee- Retirement Exclusion and Eligibility

SUPPORT

This legislation is seeking to raise the eligibility age from 60 to 65 over a five year period up to a total of \$12,500 retirement income exclusion, and also creates an extra \$110 age based personal credit. Overall, this reduces taxes for our senior citizens and may allow more of them to remain in the state as their retirement income is not taxed as heavily as currently. After its release from committee in March a series of amendments were added that require means testing for individuals, brings limitations on specific subtractions for pensions and makes a series of significant changes to the calculations of the benefit. It remains on the House Ready List.

No Further Action Taken.

HB129 - Rep Jaques and Sen Sturgeon - School Taxes without Referendum

OPPOSED

Like the Del Tech bill previously discussed - this would allow school districts the ability to raise property taxes without going to referendum. It would allow the districts to raise money that does not exceed the higher of the change in CPI-W or by 2% annually. The bill also describes if the district wishes to raise monies more than 2% for operating expenses, they may do so by referendum. Strongly opposed by the apartment and commercial real estate property owners along with others in the business community, the bill was heard in the House Education Committee and did not receive but one vote for release.

No Further Action Taken.

HB255 - Rep Lynn and Sen Paradee - Dover Lodging Tax

NEUTRAL

As a companion to SS#2 to SB178, this was a bill rushed into circulation without committee hearing, and as part of the "deal" that gave Kent County their tax, this enables Dover to impose its own 3% lodging tax for all hotels/motels within the city limits. To note - the City has already presented ordinance #2019-16 in committee and is expected to have it passed by the full Council within the month. Again with no opposition from the hotel community - this bill passed both Chambers by 30 June.

Awaiting Governor's Signature.

III. BUSINESS ISSUES

SENATE

SS#1 to SB8 - Sen. Walsh and Rep Brady - Collective Bargaining

OPPOSED

The bill seeks to change how state collective bargaining units can operate, the terms under which they can bargain, compensation and other factors tied to the ability to collectively bargain as units within the state. The bill further entrenches more state employees within the union and has a \$350,000 first year cost. It easily passed the House and Senate in mid May 2019.

Signed by the Governor on 30 May 2019.

SB25 - Sen. Townsend and Rep. Minor-Brown - 18 to 21 for Tobacco Products

SUPPORTED

It will the legal age to purchase and posses tobacco products from 18 to 21 years of age, to include vaping products, but allows those in vape shops to be 18 to sell and work in those retail establishments if they worked there prior to the enactment of this law, and the vape shop reports to the DOL those employees under the age of 21.

Signed by Governor 17 April 2019.

SS#1to SB48 w/HA#1 - Sen. Walsh and Rep. Dorsey-Walker - Public Works

Contracting

OPPOSED

The legislation will require contractors to seek apprentice and journeyman training for the various trades for public works contracts. After a series of senate amendments failing, the bill was modified in the House to allow DOL to approve these training programs (not just those in union halls) and for those contractors that violate these provisions, the Secretary may debar that contractor for up to 5 years - not automatically 5 years debarment from bidding.

Signed by Governor 7 May 2019.

SB71 w/SA# 2, 3, 4, and HA# 1- Sen Decollo and Rep Bennett - Pharmacy

Ownership and Pharmacy Benefits Managers

OPPOSED

Introduce back in April, the bill only caught the attention of the commercial real estate community after it had passed the Senate when it was understood that any pharmacy in Delaware can only be operated by a licensed pharmacist, and would bar corporate owned pharmacies such as Walgreens or Rite Aid. After numerous conversations with the prime House and Senate sponsors - an agreement was

reached that Section 2 of the bill would be amended out - which contained the requirements for ownership. The Senate amendments created some exemptions as well as discusses that pharmacy benefits managers are not in violation when the product is in extremely limited distribution. With HA#1 attached by the House on 30 June, the bill returned to the Senate but did not get final action.

No Further Action Taken.

SB93 w/SA#1 - Sen Walsh and Rep K Williams - Alcoholic Liquors/Horse Racetracks

NEUTRAL

Introduced to allow horse racing tracks (Delaware Park and Dover Downs) to make and sell beer on their tracks for on premises or off premises consumption, within certain requirements and limits. Introduced in May, and facing no opposition, it easily moved through the Chambers passing the House on 30 June.

Awaiting Governor's Signature.

SS#1 to SB95 - Sen Walsh and Rep Osienski - Contractor Registration

OPPOSED

Initially designed to combat contractors who miss-classify or miss-represent the sub-contractors and hired workers on their sites (fraud) so they can avoid these workers from becoming employees - the bill has gone through a number of revisions. Most notable - while it continues to allow the "sub to sub contracting" so critical in the construction business, the bill establishes a registration process that is invasive and cumbersome, including tight timelines on when to register for the company seeking registration to do state work. It grants DOL all powers to hear and adjudicate any complaints, creates new and aggressive fines, and creates new fees for annual registration. The Central Delaware Chamber of Commerce testified as to the many concerns with the registration process - and some of these were addressed through the substitute. Upon all parties basically signing off the new version - it passed the both Chambers by 30 June.

Awaiting Governor's Signature.

SB105 - Sen Brown and Rep Brady - \$15/hr Minimum Wage

OPPOSED

Like previous editions of increasing the minimum wage this one takes the boldest step yet by moving Delaware's wage rate to \$15.00/ hour by 1 January 2024, and then all subsequent increases would go up automatically starting in January 2025 by any increase in the CPI-W as calculated by the Federal Government. There were over 20 small business owners from the Central Delaware Chamber of Commerce and other Chambers who testified in strong opposition to the bill. They discussed new and unbudgeted cost increases for workers compensation, renewed

pressure to automate, wage inflation for their other workers, and the potential of raising consumer prices if they can. Released from the Senate Labor Committee, it was promptly reassigned to Senate Finance Committee with no hearing scheduled.
No Further Action Taken.

SB127 - Sen Walsh and Rep Osienski - Unemployment Compensation
NEUTRAL

This act changes the penalty for an employer's failure to report to the DOL's Unemployment Insurance Division by using a percentage of what is due, and with a maximum to be no more than \$450. Not opposed by the business community, it passed by 30 June.

Awaiting for Governor's Signature.

SS#1 to SB128 w/SA#1 - Sen Walsh and Rep Osineski - Unemployment Compensation
NEUTRAL

Unlike SB127 above, this bill is more complicated because it changes the collection process for the UI Department of the DOL by allowing collections through the extension of liens, garnishments of wages, bank accounts and other property. It also creates a new process for hearings conducted under this process and powers given to the Director to hear and adjudicate these hearings. Facing some concerns from the business community - the bill was substituted on 11 May. While a number of changes did occur, there remains a number of concerns as to process within the DOL. SA#1 adds a clarification that penalties apply when the employer knowingly fails to comply with the notice.

Awaiting Governor's Signature.

SB141 - Sen McDowell and Rep Brady - Foreign Student Economic Development
NEUTRAL

The sponsors are seeking to encourage Delaware's Universities and specifically foreign born students who are engaged in the development of new businesses and technologies by assisting them in securing the proper visas and legal status in the country. Released from committee with the amendment - which removes the three year sunset provision - it remains on the Senate Ready List.

No Further Action Taken.

HOUSE

HB47 - Rep K. Williams and Sen Walsh - Youth and Training Wage

OPPOSED

The bill removes the negotiated positions of the Republicans and the business community by striking both the youth and training wage rates of the minimum wage bill that passed last June 30th. Strongly opposed by these same groups, it was introduced almost immediately upon the commencement of Session in January 2019, and assigned to the House Banking Insurance and Econ Dev Committee. Because of the potential negative impact upon the general "order" of the Assembly and a question of trust between the Caucuses - a hearing is yet to be held by the Chairman.

No Further Action Taken.

HB79 w/HA#1 - Rep Minor Brown and Sen Lockman - Default Beverages/Kids Meals

OPPOSED

In essence - it requires restaurants to offer non-soda alternatives as the default beverage on their kids menus when offered as part of the meal. Initially opposed by the restaurant and Chamber community because of costs and other factors, the amendment makes clear there can be no enforcement actions or fines levied by the DHSS for non-compliance with the bill.

Awaiting Governor's Signature.

HB110 - Rep Osienski and Sen Paradee- Legalization of Marijuana

OPPOSED

Of the many issues facing business owners - this one seems to carry the most trepidation and concern. While most people look at legalization as a social issue, from a business owner's position - it could dramatically change the employer/employee relationship. Specifically, in Section 1305, line 177, the advocates seek to reassure the employer their policies on drugs in the workplace, or working while impaired known as "zero tolerance policies", will not be affected. However, the language in the bill is weak. There is no discussion about protection from termination lawsuits by employees that are judged impaired by the employer, and the Section says "Nothing in this chapter is intended to affect the ability of employers to do any of the following:". Why the word "intended"? Additionally, there are no reliable tests for THC impairment; there is little legal frame work for employers to know what they can or cannot do, and; this will impact an already difficult hiring environment by taking even more people out of the hiring pool. Assigned to the House Revenue and Finance Committee the bill was released after a 2 hour hearing. During the hearing not all the legalization advocates were in

support - with some claiming the bill, because of its new licensing fees, would eliminate small businesses seeking to sell or grow. It was then re-assigned to the House Appropriations Committee given the very extensive fiscal note of some \$3.04 million a year in new spending to administer the act.

No Further Action Taken.

HB130 w/HA#1 and #5 - Rep Brady and Sen Paradee - Plastic Bags

OPPOSED

It will ban single use plastic bags at checkout by January 1, 2021. It does exempt a series of bags used in industrial processing or shipment, and for frozen and perishable products such as meat and fish, as well as stores that are less than 7000 sq ft. The bill over-arching concerns are costs and management to implement new reusable bags, and the impact upon the consumer. The amendments remove the definition of "compostable" because of the confusion surrounding how to define those types of bags and allowing Wilmington to impose this law to stores of 500 sq ft in size. With significant support from the Administration and the Assembly at large - the bill easily passed both changers with only marginal opposition.

Awaiting Governor's Signature.

HB167 - Rep Postles and Sen Wilson - Administrative Procedures Act

SUPPORT

It seeks to amend the notice provisions of the current APA to include copies of the flexibility analysis and the economic impact statement when new regulations are proposed. Essentially, the sponsors are asking the agencies to review the impact of their regulatory action by requiring a new Economic Impact Statement by also requiring specific analysis in the statement, and it seeks to put in place a timeline for review of the proposed regulations. Assigned to the House Administration Committee on 30 May, where by a hearing was never held.

No Further Action Taken.

HB198 - Rep Osienski and Sen Paradee - Unemployment Compensation

NEUTRAL

It will increase the maximum weekly benefit amount payable to a claimant from \$330 a week to \$400 a week and it freezes the taxable wage base sued by employers for the period July 1 2019 to October 29, 2020 to allow the DOL and the Unemployment Compensation Advisory Council to revise the wage base formula in the future. Having no opposition - the bill passed both Chambers by early June.

Signed by Governor 30 June 2019.

HB251 - Rep K. Williams and Sen Walsh - Minimum Wage/Tip Credit
OPPOSED

Introduced late on 27 June, the bill will dramatically change how tip credit employees are treated by defining who is classified as a tip credit employee; it will require that all tips on credit cards will be paid to the employee in the month earned, even if the employer is waiting for re-imburement from the card company; requires the employer to disclose in writing a series of new parameters surrounding tips, and; it creates a new civil fine of not to exceed \$1000 for the first offense by the employer. Placed into the House Banking Insurance and Economic Dev. Comm., no hearing was held before the close of Session on 30 June.

No Further Action Taken.

HB252 - Rep K. Williams and Sen Walsh - Minimum Wage/Tip Credit
OPPOSED

The bill increases the wage rate for tipped employees from the current \$2.23/hr to a 65% of whatever the minimum wage is for non-tipped employees. Both this bill and HB251 are strongly opposed by the restaurant and small business community. It too was assigned to the House Banking and Insurance Committee, and it is fully expected both bills will be heard when the Assembly returns in January 2020.

No Further Action Taken

IV. ISSUES FOR JANUARY 2020

Delaware's economy continues to improve. Unemployment is down, lowest in many years, and portions of the economy and tax revenues continue to grow with another budget surplus for 2020. Yet, Delaware has not addressed costs in state employee health benefits, and our Medicare and Medicaid programs. Educational spending goes unabated with lackluster results as compared to our surrounding states, and there is little regulatory reform to ease permitting on routine applications. And given the surpluses to the budget - some would argue tax cuts are now reasonable policy decision for our next fiscal year. Yet, with the Governor's advocacy - there is a "budget smoothing" set aside of some \$125mm that does not include our cap on spending at 95% of revenues. This is critical to our ongoing fiscal health. Despite that, Delaware's picture remains mixed.

Returning legislation will be another attempt to legalize marijuana; both the removal of training and youth wages and potential increase of \$15/hr for the minimum wage; the tip credit bills; more lodging tax allowances for municipalities, and on the social front - more gun bills and doctor assisted suicide will be returning.