LEGISLATIVE UPDATE

"FINAL GAVEL"

2nd SESSION OF THE 153rd GENERAL ASSEMBLY

AS OF: 5 July 2026

EXECUTIVE SUMMARY

"To know Rich is to know he has every opinion about DNREC"
Rep. Mike Smith

The Second Session of the 153rd General Assembly started with a few announced retirements, and as the Session progressed…. an avalanche of House and two Senate members not seeking re-election for 2026. Almost a third of House Republicans have announced their retirements with two Senators – Dave Lawson and Dave Sokola, who upon his retirement, will have been the longest serving member of the current Assembly.

And as years past, the pacing and general pressure of legislation impacting the business community continues. Also notable is the committee process continues to be difficult, making the public's ability to interact during testimony non-impactful.

Specifically, if there is strong interest from the public who wish to testify, the normal 2 minutes-time allowed gets reduced to one minute per speaker. This is not enough time to introduce yourself and discuss technical issues of the bill, before time has expired. It also has become common during June that if there are not enough members to take action (lacking a quorum or majority) on a bill… the Chair announces they will "walk the bill out" of committee. In essence, the Chair gains the required number of votes by seeking signatures of those members that were missing from the hearing. This brings forward a very basic question – "Why hold a committee hearing, when majority action by committee members to release a bill does not matter… the bill simply gets walked?" While the committee process allows the "hearing" to remain open for written comments for an additional 24 hours after the meeting, most observers of Leg Hall agree the members never read the submitted comments, ever…. and to add to this, if the bill is scheduled for the floor the next day…. they already voted on it.

While zoom has become normal for those that wish to testify outside of committee room and does offer more public access – it was still a difficult environment to petition your government, given many of the comments from zoom may not be considered in the same light as those present in the room. And since the ruling party can pass any legislation they wish, the speed at which things happen in the building continues to remain high.

This Session saw action on high energy users (Data Centers), hospitals (again), wetlands enabling legislation, housing changes to local codes, homeless bill-of-rights, disparate impact, chatbots, surveillance pricing, DP&L, single use plastics ban (again), reporting and registration of FFL's and gun purchasers to the state, interest again in an escrow bill from the House, and many other bills impacting our business and housing provider communities.

Of special significance this Session was action around legislation that would have allowed restaurants to not pay credit-card interchange fees on tips. HB315 introduced by Rep Kim Williams seeks to remove the credit card fees on the tip portion of the bill. Hotly contested by the banks, credit card companies, and the credit unions, the bill pitted the large chain and large independent restaurant owners against the financial community. It was a mess.

The proponents argued that since the tip is not revenue for the restaurant owner, they should not have to pay the customary 2%-3% fee to run the card on the total amount of the bill. They argued it was to help small mom and pops reduce costs, and to help their waiters and waitresses. It was all about the tipped worker and making them whole. The bill had 34 co-sponsors from both parties and both Chambers. Introduced on 3 March, it was heard in the House Banking Committee that following Tuesday. It was released immediately, and for the next weeks, the financial community begun to set the record straight as to the legal problems, the technology issues, and more directly, the practicality of banks not accepting tips on credit cards, if the legislation were to pass. This would immediately harm the servers who work for tips because no one carries cash anymore. Servers and other "tipped" workers would be left making less than they do when all cards are processed with the tip included.

This was also significant because Delaware has dominated the corporate legal system for some 180 years, was home to car manufacturers, chemical companies, credit card banks, and chickens…. The 5 C's. With chemicals and cars gone, we should not drive out the remaining credit card banks over interchange fees.

Next – the retirements.

As of this writing – there are 2 long-term Senators and 7 House members retiring this year. Senators Dave Lawson R and Dave Sokola D and Representatives Jeff Hilovsky R, Kevin Hensley R, Deb Heffernan D, Mara Gorman D (running for Sen. Sokola's Newark seat) Charlie Postles R, Ron Gray R, and Rich Collins R.

As the House was formally recognizing these individuals during Session, Rep Mike Smith R was at the podium offering his observations and thoughts about Rep Rich Collins. As he began speaking he noted "…to know Rich is to know he had every opinion about DNREC." Why this is interesting is that Rich Collins is the only person to have sued DNREC on two different occasions for two unrelated regulatory issues and won both suits. He has dedicated his service to our state to protect, above all else, private property rights and the preservation of land-owners ability to own and use their land without overt and aggressive regulatory action by the State. While he was not always antagonistic to DNREC – his instincts always went to how does this impact the property and business owner.

While not one individual can create significant change typically – the retirements of these legislators removes a huge amount of institutional knowledge that will be hard to replace. And for the R members departing, they all were or are business owners. Who will replace them – November will answer that question – but let us hope these new legislators focus will be our small and large business owners.

As the Session came to a close on 30 June, the Senate finished at 5:01 AM and the House later at 5:40AM on 1 July. Given the retirements, huge last day agendas for both Chambers, and a 3 hour delay in the House, this was one of the longest Sessons in the last 3 to 4 years.

As to spending, early DEFAC numbers presented a revenue picture for the coming FY '27 budget with the potential for a slow-down in receipts. However, both May and June DEFAC revenue estimates indicated more money to be spent. This resulted in giving Delaware another banner year with near record-breaking HB500 Bond Bill of $1.1 billion and SB335 General Operating Budget of $6.99 billion. And like past years, this Assembly passed a supplemental spending bill SB336 of one-times in the amount of $146.1mm that covered numerous spending priorities to include monies to implement the new regulations on FFL's, a category of "Technology" for $1.5mm, early voting spending of $1.8mm, another category "Operations" for $5mm, and Future Formula Adjustments (teacher funding) for $100mm.

The Assembly passed the Budget Bill SB335 earlier on 24 June, but waiting to the very end to pass the Grants-in-Aid and Bond Bill by 5:32 AM on 1 July.

<u>Here are the highlights of spending for FY2027.</u>

The FY'27 Budget is $6.99 Billion.

This year's budget showed increases again in spending for virtually all agencies and employees, including raises for teachers as the push to $60,000 per starting salary by 2028 looms. The Assembly maintained monies in the Budget Stabilization Fund (budget smoothing), and numerous one-times in the Supplemental Spending Bill SB336. Grants-in-Aid had increased spending to $99.4mm. Budget growth was around 7% from FY26 last year.

A breakdown of spending for the last number of years as compared to the new FY2027 budget is as follows:

FY2018 - 9 years ago	
General Operating Budget	$4.11 billion
Bond/Capital Improvement Bill	$590 million
Grant-in-Aid	$37.2 million
FY2019 - 8 years ago	
General Operating Budget	$4.27 billion
Bond/Capital Improvement Bill	$816 million
Grant-in-Aid	$52.1 million
FY2020 – 7 years ago	
General Operating Budget	$4.57billion
Bond/Capital Improvement Bill	$863million
Grant-in-Aid	$55million
FY2021 – 6 years ago	
General Operating Budget	$4.525billion
Bond/Capital Improvement Bill	$707 million
Grant-in-Aid	$54.4 million
FY2022- 5 years ago	
General Operating Budget	$4.771 billion
Bond/Capital Improvement Bill	$1.350 billion
Grant-in-Aid	$63.2 million
FY2023-4 years ago	
General Operating Budget	$5.09 billion
Bond/Capital Improvement Bill	$1.40 billion
Grants-in-Aid	$69.4 million

FY2024- 3 years ago	
General Operating Budget	$5.606 billion
Supplemental/One-times	$ 194 million
Bond/Capital Improvement Bill	$1.409 billion
Grants-in-Aid	$ 70 million
FY2025 – 2 years ago	
General Operating Budget	$6.129 billion
Supplemental/One-times	$ 168 million
Bond/Capital Improvement Bill	$1.116 billion
Grants-in-Aid	$ 98 million
FY2026 - last year	
General Operating Budget	$6.58 billion
Supplemental/One Times	$ 37 million
Bond/Capital Improvement Bill	$ 977 million
Grants-in-Aid	$ 98 million
FY2027	
General Operating Budget	$6.99 billion
Supplemental/One Times	$146.2 million
Bond/Capital Improvement Bill	$ 1.25 billion
Grants-in-Aid	$ 99.4 million

Delaware continues to spend faster than is prudent. As the Assembly becomes more progressive, which will mostly likely drive more programing/spending, which means the potential when an economic slowdown occurs…. more taxes.

Delaware's projected revenue increased again for FY'27. While inflation remains steady at around 3.5%, many of the persistent issues that have long plagued Delaware as to an aging population, in-migration of retirees, loss of the chemical industry, a lack of diversified production-based economy, highly educated work-force, all will likely cause long-term problems for the State. If Delaware's economic base does not keep pace with its spending in the out years - the Assembly and Administration will either raise taxes or cut spending or both. However, there is no inclination to cut spending.

Somebody, some day is going to have to pay.

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

REVIEW OF LEGISLATION

I. REAL ESTATE/HOUSING

The following bills and positions noted represent the overall commercial and residential 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.

SENATE

SB34 Sen Brown and Rep Cooke – Tenant's Rights to Break a Lease
OPPOSED
Introduced in January 2025 during the 1st Session, the bill would allow tenants to break their apartment leases if they are purchasing their first home. While supported in concept to help a tenant who wants a become a first-time home buyer, the bill contained a lack of guidance and measures to ensure legitimacy of the actual claim was to purchase a new home. The bill allows for the breaking of a contract. After a number of meetings with the Senate sponsor and additional language provided by DAA this year, and getting released from Committee in January '26, it never got worked.
No Further Action Taken.

SB87 w/ SA#1Sen Huxtable and Rep Harris – Accessory Dwelling Units
SUPPORT
Another result of the Housing Production Task Force recommendations, the bill mandates to the counties and municipalities to allow for the construction of ADU's within their jurisdictions without restrictive zoning covenants. The bill remains controversial because it overrides local land use decisions, with the League of Local Governments remaining opposed. SA#1 requires DSHA and the Office State Planning Coordination to assist the local government in the development of these ordinances, but also require the local government bring forward any draft ordinance or law within 6 months of the passage of the bill. Reported out of the Senate Housing Committee in early June, it remained there throughout 2026.
No Further Action Taken.

SB114 Sen Wilson and Rep Short – Exercise of Eminent Domain
NEUTRAL
The bill limits what local government can use the eminent domain process within their jurisdictions and clearly bans local government cannot condemn land for recreational use. It also sets out guidelines on notice to the public and numerous other provisions that must be disclosed by local government during the eminent domain process. Assigned to the Senate Elections Committee on 1 May 2025, the bill never got a hearing throughout all of 2026.
No Further Action Taken.

SS#1 to SB116 w/SA1, HA1, 2 Sen Lockman – Right of Redemption
OPPOSED
With numerous conversations throughout ’25 and ’26 the bill finally advanced with SA1 to the substitute that corrected many of the issues contained in the original bill. Essentially, the bill seeks to allow tenants to pay their rent up to and including the court date, and this payment can be made by third parties. During testimony, DAA noted this bill dramatically increases the level of risk for the landlord when they cannot predict if an eviction will be sustained when the tenant may pay all monies owed even as possession is being sought. The bill was then amended in the Senate and twice in the House (all three were helpful) – returning to the Senate on 30 June, passing mostly along party-line votes.
Awaiting Governor’s Action.

SB149 Sen Huxtable and Rep K Johnson – Payment in Lieu of Taxes for Low Income Housing Tax Credit Properties
SUPPORT
This bill creates a framework under which a local government may enact ordinances that exempt LIHTC properties from property taxes, by allowing annual payments up to 5% of the LIHTC’s annual net income to be paid in lieu of those property taxes. Supported by DAR, this is an attempt to spur more affordable/low-income housing construction and is a result of the Housing Production Task Force recommendations. Heard in the Senate Housing Committee on 21 May, it was released but saw no action and remains on the Ready List.
No Further Action Taken.

SB186 Sen Brown and Rep Lynn – Notification by Electronic Means/Landlord Tenant Code
SUPPORT
Brought late into June, the bill will allow the landlord to use email and other electronic communications with a tenant – when that process is acknowledged by both parties and was used exclusively during the lease term between the tenant and

landlord. Supported by DAA and the JP Courts, and no opposition from tenant's groups, however the bill failed to get a hearing throughout the 2026 Session.
No Further Action Taken.

SB292 Sen Hansen and Rep K Johnson – Re-entry Housing Programs
NEUTRAL
The bill requires those housing providers or shelters that get federal or state money to support the re-entry of ex-prisoners back into society, they must have rules and regulations about how their leases, termination of leases without notice, and how that facility will assist in that person's discharge plan.   It Passed the House on 24 June.
Awaiting Governor's Action.

SB252 Sen Walsh and Rep K Willimas – Sunset for Rent Increases
SUPPORT
Introduced in February, the bill repeals the sunset date on rent increases within manufactured housing communities that were enacted as pilot under previous SB317 in the 151st Assembly. Agreed to by FSMHA and the tenant organization, it eventually passed the Senate, and finally seeing action on June 30th.
Awaiting Governor's Action.

SB131 Sen Buckson and Rep Spiegelman – Garagekeeper's Liens
SUPPORT
Introduced with only 4 days of Session remaining, the bill seeks to make clear the current garagekeeper's lien in Title 25 to recover attorney's fees and allow those sales to pay other debts of the tenant. With concerns raised by the JP Court during Committee, the bill was not released and a commitment to work those issues before the start of Session next year.
No Further Action Taken.

<u>HOUSE</u>

HB39 w/HA#1 Rep Carson and Sen Hoffner – Manufactured Housing/Maintenance
OPPOSED
Introduced in March, the bill sought to clarify how a period of time is calculated under the statue, along with the duties and responsibilities of the landlord for trees and other common area maintenance issues, such as bulkheads, standing water, and utility services/connections. Initially opposed by FSMHA, an amendment was

offered by Rep Gray that made clear where the utility demarcation point is and who is responsible for that connection to the home. Released from Committee and the amendment agreed to by the Sponsor, it passed the House on 15 April 39 yes votes. Assigned to the Senate Housing Committee, where it remained for the entire 2026 Session.
No Further Action Taken.

HB135 w/HA#1 Rep Phillips and Sen Lockman – Homeless Bill of Rights
OPPOSED
The latest in a series of bills seeking to give the homeless population additional rights, this version was introduced on 6 May '25 and assigned to the House Housing Committee. The bill is different in one significant way by mandating that any local government that removes individuals that are or claim to be homeless from public property, must only do so if they can provide alternative housing for these people. Opposed by the League of Local Governments, numerous business organizations, and the rental housing community, the bill was finally heard in the House Housing Committee in June this year. The sponsor then introduced HB454 on 4 June to adjust language that may make it more acceptable. With many of the same organizations strongly opposed, it never got a hearing.
No Further Action Taken.

HB217 w/HA1 Rep K Johnson and Sen Lockman – Key Return in Residential Leases
NEUTRAL
Given a draft in early April of 2025 from the sponsor, the housing community made a series of adjustments as to how and when a key is returned to the landlord, and language within the lease on how this process should be governed. After these changes were made the bill was introduced on 17 June, with Committee action in January '26. HA1 was added making a technical change and allowing tenants to leave keys in the rental unit or a secured drop box identified by the landlord. Passing both Chambers by 16 June.
Awaiting Governor's Action.

HB229 Rep Ortega and Sen Huxtable – Summary Possession
SUPPORT
Introduced on 26 June '25, the bill is an agreement between CLASI, DAA and the JP Court system to adjust the notice period for a hearing and complaint must be served in an action for summary possession from 5 to 30 days to between 5 and 90 days prior to the time at which the complaint is to be heard. The bill was never released from Committee in 2026.
No Further Action Taken.

HB259 Rep K Willimas and Sen Pinkney – Screening for Lead Paint
NEUTRAL
The bill requires the Div. of Public Health to submit a report to various government officials and post data it gets from schools regarding the number of kindergartners who meet the screening requirements. Easily passing both Chambers by 23 June.
Awaiting Governor's Action.

HB264 Rep K Williams and Sen Pickney – Lead Poisoning Prevention Advisory Committee
NEUTRAL
Adds a school nurse the currently formed and operating advisory committee who will be a school nurse as appointed by the Speaker. Introduced in January, the bill easily passing both Chambers by 16 June.
Awaiting Governor's Action.

HB311 Rep Williams and Sen Mantzavinos – Residential Landlord Code/Guide
NEUTRAL
The bill represents work between the DAA, DAR and others, along with Real Estate Commission to create a uniform and consistent "residential landlord/tenant guide" for the state. The Commission (through a committee of stakeholders) is tasked with drafting, maintaining, and distributing a comprehensive, statewide rights & responsibilities guide ("guide") for landlords and tenants with support from the Committee. This guide will reference responsibilities that a tenant or landlord must follow, including federal, state, county, and municipal requirements. It also requires the Commission to provide a report to the Assembly on items not required by the bill, and other statutes that should be amended in the future.
Signed by Governor 10 June 2026

HB451 w/HA1 K Johnson and Sen Lockman – Disparate Impact
OPPOSED
Introduced on 3 June and heard the following Tuesday in the House Housing Committee, the bill prohibits housing practices that have a discriminatory effect on a protected class, commonly known as "disparate impact," even in the absence of that there is any intent from the landlord to discriminate. The Act seeks to codify a burden-shifting framework consistent with federal fair housing jurisprudence and regulations and with laws adopted in other states, including California and Massachusetts. HA#1 amended out the business community and land use zoning policies such the bill only applied to housing.
DAA was not party to the drafting and offered strong opposition to the bill, noting the provisions do not line-up with federal law, even though the advocates claimed it simply mirrored existing housing law. After a lengthy debate on the House floor, it passed on 18 June 26 Y, 12 N. The Senate Committee hearing was no less difficult, it was released with 5 votes on 24 June. Placed on the June 30 Senate Agenda, it was never brought to the floor for a vote because of extensive work opposing the bill by DAA.
No Further Action Taken.

HB467 w/HA1 Rep Harris and Sen Buckson- Renters Insurance
NEUTRAL
Introduced on 9 June, the bill prevents a landlord from purchasing or using a named renters insurance company as long as the tenant maintains insurance according to the terms of the rental agreement. HA1 allows the landlord to initiate coverage from a specific insurer or insurance provider if the tenant fails to maintain their insurance. With DAA's neutral position, the bill easily passed both chambers by 30 June.
Awaiting Governor's Signature.

HB469 Rep Hilovsky and Sen Buckson – Common Interests Ombudsman
NEUTRAL
This Act provides for the creation of three Deputy Ombudsmen who can assist the Common Interest Community Ombudsman by serving as the main point of contact in each of the three Counties. These Deputies will also be permitted to assist with investigations of alleged violations and will have powers and duties as delegated by the agency. Introduced on 10 June and assigned to the House Judiciary Committee, it never got a hearing before the close of Session.
No Further Action Taken.

II. LAND USE/ENVIRONMENT

SENATE

SS2 to SB23 Sen Huxtable and Rep K Johnson – Housing Supply
NEUTRAL
Introduced on 8 June – the bill is a work product of developers, builders, and various housing advocacy groups to include the REALTORS. The Substitute takes into consideration many issues raised by local government but still is considered by them in removing their local land use control.

As way of background, Senate Joint Resolution No. 8 of the 1st Session of the 153rd General Assembly created a pilot program designed to encourage local zoning reform efforts that would help increase affordable housing. While several local jurisdictions have taken advantage of the assistance offered by the State, advocates argue more needs to be done to increase production of affordable housing units. This Act seeks to address those needs by increasing access to housing for all income levels while allowing local jurisdictions the flexibility to develop their own strategies for doing so. This Act is a second Senate substitute for Senate Bill No. 23 and differs from the first substitute by refining the process that occurs if a County fails to rezone in accordance with its comprehensive plan within 12 months. It also provides that if rezoning does not occur as required, a property owner's application must be approved if the requested zoning classification is consistent with future land use map or map series and implementing provisions of the comprehensive plan. It adds a denial can only occur if the County makes written findings that the requested zoning classification is inconsistent with the future land use map or map series or implementing provisions of the comprehensive plan, or that the application fails to satisfy procedural or submission requirements. If neither of these apply, the application must be approved within 120 days, unless the applicant agrees in writing to an extension.

The bill was opposed by the League of Local Governments throughout the action in both Chambers but their opposition, coupled with votes by most of the R's in the House and Senate, was not enough to stop it from passing by 30 June
Awaiting Governor's Action.

SB258 Sen Hoffner and Rep Bush – Stormwater Management
OPPOSED
Introduced by DNREC on 20 April, it seeks to revise and clarify provisions relating to sediment and stormwater management by removing outdated and redundant language and standardizes terminology for consistency with current program practices and applicable regulations. It also adds and revises definitions to improve clarity and alignment with existing regulations and removes certain provisions related to designated watersheds and special management areas. However, it also removed the Regulatory Advisory Committee, which was the body of appointed stakeholders that created the stormwater regulation 10 years ago. The bill was released from committee, but with significant push-back from the housing, engineering and farming community, it did not get onto the agenda before 30 June.
No Further Action Taken.

<u>HOUSE</u>

HS1 to HB450 Rep Bush and Sen Walsh – The ROAD Act.
SUPPORT
Introduced on 10 June, this bill is part of the Ready in 6 suite of bills to make the development and DelDOT process move efficiently. The bill, called the Reforming Opportunities and Accelerated Development for Delaware Act ("ROAD-DE Act") and will make significant changes to Delaware's land use permitting process by building on Governor Meyer's Executive Order No. 18, which created the Permitting Accelerator to reform policies, processes, and procedures that have accumulated over decades that are holding back jobs, housing, and other critical infrastructure statewide. A 2019 study concluded that Delaware's permitting process was significantly longer and more challenging than those of surrounding states. It showed that statewide delays are driven by structural misalignment, sequential review processes, incentive distortions, and capacity constraints that compound across agencies. Delaware's permitting process can stretch beyond 24 months, placing this State at a distinct economic development disadvantage when it comes to attracting and growing businesses. This bill is a result of the recommendations to streamline the permitting process and modify and improve accountability and eliminate redundancies within various government agencies, particularly within the Delaware Department of Transportation ("DelDOT").
The bill supported by numerous trade associations and the housing community, it easily moved through the system passing both Chambers by June 30th
Awaiting Governor's Action.

HB456 Rep Romer and Sen Hoffner – Subaqueous Lands
NEUTRAL
This Act streamlines DNREC's subaqueous lands permitting process by adding permitting exemptions for common activities already authorized by the U.S. Army Corps of Engineers, and expanding the use of general permits to provide statewide authorization for certain activities instead of individual permits. The bill is an attempt to speed-up the regulatory process by clarifying when some decisions may be delegated from the Secretary to Department staff, imposing specific processing timelines for minor structures and standardizing applications to reduce processing delays. It also creates the Marine Contractors and Consultants Licensing Board, to assist DNREC in licensing and regulation of individuals and entities that affect submerged lands or tidelands. The bill was supported by the development and engineering community and passed both Chambers by June 30th
Awaiting Governor's Action

III. TAXES

SENATE

SB350 Sen Sokola and Rep Romer – Reassessment/Split Rates
SUPPORT
Introduced late in the Session on 18 June, the bill seeks to provide a statewide framework for classifying taxable real property and explicitly grants split-rate tax authority to counties, school districts, and vocational-technical school districts. The Act defines four baseline, statewide property classes based on use: Class A (one-to-four-family residential property); Class B (multifamily residential property, including affordable and income-restricted housing); Class C (non-residential commercial, industrial, utility, and institutional property); and Class D (mixed-use property, which must have its assessed value allocated proportionally among the other classes based on floor area or another objective measure). The Act explicitly declares that Class A and Class B properties together comprise Delaware's residential housing sector and protects multifamily housing from being treated as commercial or industrial property for tax purposes. Property taxes get passed along to the tenant through higher rents, negatively impacting affordable housing developments from disproportionate tax burdens following property reassessments. The bill was heard in Senate Executive Committee but never gained enough votes to be released.
No Further Action Taken.

HOUSE

HB283 Rep Hensley and Sen Hansen – Realty Transfer Tax
SUPPORT
This Act provides updates to Title 30 relating to the Realty Transfer Tax by clarifying that the exception for spouses is not solely limited between a husband and wife and instead applies to spouses in general. It also adds an exception for conveyances between grandparents and their grandchildren or the spouse of such a grandchild. Supported by both parties, it passed the Senate on 23 June.
Awaiting Governor's Action.

HB386 Rep Hilovsky and Sen Richardson – Tipped Worker tax Relief
SUPPORT
This Act establishes the Tipped Worker Tax Relief Act of 2026 to provide targeted state income tax relief to resident and nonresident tipped workers in Delaware. It creates a deduction of up to $15,000 on qualified tips and converts it to a refundable credit for low-income resident earners. The program sunsets in 2029 unless renewed after review. Considered a small tax break, the bill was released from the committee in mid-June but never reached the House floor.
No Further Action Taken.

HB400 Rep Heffernan and Sen Townsend – Corporate Fee Increases
OPPOSED
This Act alters various fees assessed by the Delaware Secretary of State. Most of the increases in fees will take effect on August 1, 2026, however changes to the partnership, limited partnership, and limited liability company annual tax and changes to the annual tax on registered series of limited partnerships and limited liability companies will take effect on January 1, 2026. Because it is a three/fifths vote and many R's considered the timing of these increases bad (in light of continuing pressure on DE corporate franchise system), it passed along party line vote by May
Signed by Governor 21 May 2026

HS1 to HB407 w/HA1 Rep Heffernan and Sen Hansen – Brownfields and TTax
OPPOSED
Introduced on 7 May, the bill seeks to clarify the ability of the Department of Natural Resources and Environmental Control (DNREC) to respond to emergent situations, expands the jurisdiction from which DNREC may file to recover costs, and makes certain changes to amounts deposited into the Hazardous Substance Cleanup Act Fund. It increases the civil penalty for each fraudulent act from up to $10,000 to $40,000. The Act also establishes a $10,000,000 annual funding

baseline for the Brownfields Grant Program by allocating $8,000,000 annually from the State share of the Realty Transfer Tax. Opposed by the Realtor community and others, the concern was the "earmarking" of the RTT for this or any purpose… which makes it header to reduce in the future. Moving through the various finance and revenue committees in both Chambers, the bill finally passed the Senate on 25 June with 21 Yes.
Awaiting Governor's Action.

IV. BUSINESS ISSUES

SENATE

SS#2 to SB 1 Sen Townsend and Rep Minor Brown – Primary Care Services
OPPOSED
The bill was a direct result of the ongoing litigation around HB350 that passed in 2025, but it seeks to deal with pay for primary care doctors but in its original form included many provisions that were under litigation by the hospitals against the state. Weeks of meetings between the sponsors and the hospital community resulted in a general consensus bill in SS#2 which relates to primary care insurance. Section 1 of the Act amends § 9903 of Title 16 of the Delaware Code to provide that the Health Care Commission, in coordination with the Primary Care Reform Collaborative, will monitor compliance of primary care providers with value-based care delivery models established under the Office of Value-Based Health Care Delivery (OVBHCD). Section 2 of the Act amends § 9904A of Title 16 to remove a time frame limitation for the period during which the Health Care Commission is authorized to request written reports by health insurers regarding progress in adopting and implementing value-based payment models. Under the Act, the PCRC may continue to request such reporting going forward. Section 3 of the Act amends § 329 of Title 18 to provide that administrative penalties for violations of §2503(a)(12), §2503(a)(15), § 3342B, and § 3556A of Title 18 may be equivalent to the amount of the violation, and that penalties imposed for such violations are to be deposited into a Primary Care Fund, which will be used by the Statewide Benefits Office and the Division of Medicaid and Medical Assistance. Section 4 of the Act amends § 334 of Title 18 to clarify that the OVBHCD has the ability to promulgate regulations necessary to accomplish the stated goals of reducing health-care costs by increasing the availability of high quality, cost-efficient health insurance products that have stable, predictable, and affordable rates. Section 5 of the Act amends § 2503 of Title 18 to extend current cost containment calculations to rate filing year 2027. Given their relative size and

patient populations within Delaware's health care market, Delaware's two smallest hospitals and lone free-standing children's hospital are exempt from that extension. In rate filing year 2028 and thereafter, the Act specifies that costs per service for health benefit plans may not exceed certain Medicare Reference-Based Pricing Targets, which are based on the "Full Medicare rate," meaning the applicable wage-adjusted base Medicare rate for different services, the Free-Standing Children's Hospital Medicare outpatient payment rate, or the TEFRA Rate, meaning the target amount under the federal Tax Equity and Fiscal Responsibility Act (TEFRA) Waiver Program applicable to Free-Standing Children's Hospitals, unless certain exemptions apply. Those exemptions are for Delaware's two smallest hospitals and, if making progress with value-based care, for a Delaware hospital in a high-growth, high-Medicare population region. Carriers issuing plans in the commercial market for 2 consecutive years and that cover more than 5,000 members must meet minimum percentages of alternative payment model contracting, as specified. Section 6 of the Act amends § 3342B of Title 18 concerning primary care coverage offered by individual insurance plans. Under the Act, starting in 2026, carriers must spend at least 11.5% of their total cost of medical care on primary care, at least 5% of which must be via prospective primary care management payments. Carriers must offer value-based care programs and may not deny contracted providers the opportunity to participate in offered value-based care programs. The bill passed the Senate on 18 May, then passing the House on 30 June with all Legislators in favor.
Awaiting Governor's Action.

SB104 Sen Pinkney and Rep Chukwuocha – Trauma Kits
OPPOSED
Adding an entirely new section under Title 16, the bill first defines what are trauma kits and what is contained in them. It then requires virtually every building, school, apartments, stores, theatres, museums, hotel, restaurants and a "work area" that has 50 or more people on a routine bases, the kits must be accessible. Drawing concern from the apartment and business communities, the sponsor indicated a re-draft was forthcoming. However, assigned to the Senate Health and Social Service Committee in April, the bill saw no action in 2026.
No Further Action Taken.

SS#1 SB130 Sen Paradee and Rep Phillips – Expanded Polystyrene Foam
OPPOSED
The Act's intention is to ban the use, sale or distribution of expanded foam products in Delaware. After testimony and concerns from the business and food service industry, a series of amendments were offered and the substitute was filed that clarifies this applies to only products sold in DE; the ban is limited to

expanded polystyrene foam food service packaging, foam coolers and loose foam packaging materials; it does not apply to restaurants; creates an exemption for foam coolers/packaging used in shellfish and seafood shipping, and clarifies the waiver process for businesses seeking an exemption because inability to comply. Passing the Senate on 25 June, it is heard in House Banking and Insurance Comm, passed out, and remains on the House Ready List throughout all of 2026.
No Further Action Taken.

SB197 Sen Walsh and Rep Osienski – Project Labor Agreements for School construction
NEUTRAL
Another bill in support of unions, this will require all school and charter school construction after 31 December 2026 must have a PLA with the De Building and Construction Trades Council unless there is only 1 bid for the work. PLA's are contracts that set work rules and how the school can direct the labor on the project. For charter schools, a PLA could easily add another 18% to the cost of the capital project. Introduced on 26 June of '25, it was stricken by the Senate Sponsor in February '26.
No Further Action Taken.

SB241 Sen Walsh and Rep Osienski - Project Labor Agreements
OPPOSED
This Act requires that a contract advertised after September 30, 2026, relating to a public works project with an aggregate cost of $5 million or more must include a project labor agreement with the Delaware Building and Construction Trades Council unless the project receives federal funding, the project is for highway construction, or there was only 1 bid for the craft under the contract. Like all PLA's was also contested by the Associated Builders and Contractors because of the impact on their companies and employees and driving costs to the state. Released from the Senate Labor Committee it was assigned to the Senate Finance Committee and never got a hearing.
No Further Action Taken.

SB272 w/SA1 Sen Walsh and Rep Osienski - PLA's for Schools
OPPOSED
The bill requires public works project for schools with an aggregate cost of $1 million or more, a contract relating to that public works project, advertised after December 31, 2026, must include a project labor agreement with the Delaware Building and Construction Trades Council unless there was only 1 bid for the craft under the contract. Advocates claim this is for safety, quality projects and labor conditions on the project. Opponents show studies that with PLA's costs for the

project rise by an average of 18% over merit-shop contracts. Hotly contested by the merit/non-union workers and companies, it passed along party line vote in the Senate, but never got to the House floor for a vote.
No Further Action Taken.

SB288 Sen Walsh and Rep Osienski – Broadband and the PSC
OPPOSED
Introduced on 21 April, the bill seeks to place the broadband providers under the jurisdiction of the Delaware Public Service Commission to exercise oversight related to the resiliency, reliability, and public safety of broadband service and Voice Over Internet Protocol (VoIP) networks operating in Delaware. The Act requires the Commission to promulgate regulations to effectuate its oversight authority. The bill grants the Commission the power to investigate, audit, and inspect any broadband service or VoIP provider's facilities to assess compliance with safety and resiliency requirements. Opposed by the large communications companies because its underling purpose is to drive union work through the Communications Wokers of America union, as ell as the PSC since they do not expertise in this arena to regulate. After testimony in committee and conversations with the sponsor, the bill was not released.
No Further Action Taken.

HOUSE

HB57 w/HA1 Rep Morrison and Sen Huxtable – Home Construction Contracts
OPPOSED
This is the second attempt by the sponsor to essentially allow customers to break home improvement contracts with builders. Strongly opposed by segments of the business community and the Home Builders Association, the Act allows the buyer to cancel home improvement contracts within 3 days (5 days if over the age of 65 years) while also limiting contract deposits, material deposits, and setting time periods when construction must begin. After a lengthy hearing in House Banking and Insurance Committee in 2025, the bill was tabled along a bi-partisan vote, with no action in 2026.
No Further Action Taken.

HS1 to HB84 w/HA1 Rep Morrison and Sen Walsh – Employer Sponsored Meetings
OPPOSED
This Substitute for House Bill No. 84 prohibits employers from requiring meetings or communications for employees if the company wants to convey the employer's

political or religious views, including views regarding unionization. The Act enumerates several situations to which the prohibition does not apply, including the communication of religious views by a religious employer, the communication of political views by a political party or organization, and training required to comply with civil rights laws and occupational safety and health laws. The statute also clarifies that the following communications are outside the scope of the prohibition: (1) An employer communicating to its employees any information that the employer is required by law to communicate, but only to the extent of that legal requirement; (2) An employer communicating to its employees any information that is necessary for those employees to perform their job duties; (3) An institution of higher education, or any agent, representative, or designee of that institution, meeting with or participating in any communications with its employees that are part of coursework, any symposia, or an academic program at that institution; (4) An employer that is a public entity communicating to its employees any information related to a policy of the public entity or any law or regulation that the public entity is responsible for administering; and (5) A tax exempt organization, as defined under United States Internal Revenue Code § 501(c)(3) communicating with its employees about policy issues that are relevant to the organization, its mission, or the people the organization serves, provided such communication is done in a non-partisan manner. The amending language and the substitute reduced some of the business community's opposition, passing with enough votes on June 30th in the Senate.
Awaiting Governor's Action.

HS#2 to HB111 w/HA1 HA2 Rep Phillips and Sen Paradee – Single Use Plastic Utensils
OPPOSED
This Substitute to House Bill No. 111 prohibits food establishments from providing any single-use food service items unless requested by a customer, requires food establishments to provide options to allow the customer to request such items, prohibits food establishments from inquiring into the reason for a request for single-use food service items, and allows food establishments to maintain self-serve stations at which single-use food service items are available. This Substitute sets forth penalties for third and subsequent violations of this Act, not to exceed a cumulative total of $1,500 per year. This Substitute exempts nonprofit organizations, schools, early childhood centers, health care facilities, facilities operated by the Department of Children, Youth, and Their Families, and correctional facilities from the definition of "food establishment." Opposed by the restaurants and other business organizations – the bill passed the House along a party-line vote, but was never released from the Senate committee
No Further Action Taken.

HB 234 w/HA1 Rep Burns and Sen Walsh – Constitutional Right to Unionize.
OPPOSED
Introduced late in the Session last year, the bill seeks is the first leg of a constitutional amendment that would establish a fundamental right for all employees to organize and to bargain collectively through representatives of their own choosing for the purpose of negotiating wages, hours, and working conditions, and to protect their economic welfare and safety at work. The bill is seen as anti-business and anti-employment at will. The CDCC and other Chambers strongly opposed the bill and it remains in Committee until the end of Session.
No Further Action Taken.

HB 262 Rep Heffernan and Sen Cruce – Paid Family Leave
NEUTRAL
This Act clarifies that paid leave for the adoption of a child may begin at one of the following times: (1) when the child is placed for adoption with the employee; (2) when the employee initiates a petition for adoption; or (3) when the adoption process is completed. Without any opposition, it easily passed the Chambers and advanced to the Governor's desk on 6 May 2026
Signed by Governor May 10, 2026

HB273 w/HA1 HA2 Rep Morrison and Sen Cruce – Employer Questions
OPPOSED
The bill prohibits employers from asking employees or potential employees about political preferences, including donations the employee makes to candidates for office or political committees. It also prohibits employers from taking any adverse action against an employee based on political affiliation or preference. The CDC and other Chambers were unclear of the purpose and thought this restricted the ability of the business owners to communicate with their employees. It was reported out in April but never got to the House floor for a vote.
No Further Action Taken.

HB306 w/HA1 HA3 Rep Romer and Sen Townsend – Chatbot
OPPOSED
This Act makes it unlawful to engage in a commercial transaction with a consumer who interacts with computer technology, under circumstances where a reasonable person would believe that person is engaging with an actual human, without notifying the consumer that the consumer is communicating with a machine. The sponsor is unwilling to amend out numerous sections of the code such as a private right of action for damages, no ability to cure, and both class action and civil action by the Attorney General to seek injunctive relief and a civil penalty of not more

than $5 million dollars for violations. The bill passed the House along another party-line vote, assigned to the Senate Banking and Insurance Committee which heard the bill in mid-June. Numerous business organizations spoke in opposition, failing to get enough votes for release.
No Further Action Taken.

HB310 w/SA1 Rep Heffernan and Sen Hansen – Tax Credits for Data Centers
OPPOSED
The bill, in a series of "data center" focused legislation, seeks to exclude large energy use facilities from the definition of a qualified facility for purposes of determining eligibility for a tax credit or license fee reduction for the creation of employment and qualified investment in business facilities. Opposed by the Chambers and labor unions because it sends the wrong message about growth and jobs. It returned to the House passing along party-lines with the R's in opposition.
Awaiting Governor's Action.

HB315 Rep Williams and Sen Brown – Credit Card Fees
NEUTRAL
The bill, introduced on behalf of the restaurant association would eliminate the "interchange fee" or transaction fees from the use of credit cards on the tipped portion of the bill. Violations are punishable by a penalty of $1,000 per electronic transaction and the wrongful fees must be refunded. Advocates claimed this elimination of the fee will help small owners and the opponents (virtually every bank, credit union, and credit card companies) offered the technology is not there, significant legal concerns, and ultimately the tipped worker would lose money. Released easily from committee, the bill never got to the House floor for a vote.
No Further Action Taken.

HS1 To HB453 w/HA1 HA2 Rep Chukwoucha and Sen Mantzavinos – Surveillance Pricing
OPPOSED
The substitute was introduced on 18 June and will prohibit surveillance-based price discrimination by forbidding the use of automated decision systems to set individualized consumer prices based on personal data, metadata, or proxy data, such as device identifiers and digital behavioral patterns. The advocates claim using this data can infer a consumer's socioeconomic status or urgency of purchase. While the Act establishes safe harbors for discounts based on lawful, objective criteria (e.g., military, student, or senior status), it ensures that rewards and loyalty programs are not used to circumvent these protections by requiring that such discounts remain uniform across membership and are not individualized through algorithmic profiling. It also adds a definition of electronic shelving labels and

provides language that protects loyalty programs. Critical to the business community, it carves out financial services and insurance industry from the bill. However, with the addition of Rep Lynn's HA2, the bill's sponsor said he would not advance it this year.
No Further Action Taken.

HB458 w/HA1 Rep Lynn and Sen Paradee – Backflow Preventors
SUPPORT
Introduced late in the Session, it prohibits counties and municipalities from requiring the use of water backflow preventers in certain types of low hazard buildings. In doing so, this Act reduces costs for businesses and single-family residential homeowners by exempting them from backflow preventer installation and inspection requirements on a yearly basis. Opposed by the Rural Water Association who claim these devices are required by the EPA and will keep the water supply safe. The amendment places a sunset on the bill to allow the real estate community to define what structures fall under the definition of low hazard. Easily passing the House and the Senate by June 30th.
Awaiting Governor's Action.

V. ISSUES FOR JANUARY 2027

Delaware's revenue growth continues to be moderate but spending it outpacing money coming into the State. Housing prices are rising and development in Sussex County seems unstoppable with retirees coming from other parts of the Northeast. This supports local jobs but puts pressure on infrastructure. Inflation remains low, and some borrowing rates are steady. However, the employment picture remains a mixed bag of lower claims, but small businesses in the service sector continuously looking for qualified help. And like years past, there were **no** tax cuts or relief on the transfer tax or other user fess… but new fees for incorporating companies with the Secretary of State, while high profile corporations have left Delaware to reincorporate in Texas or other competing states.

Returning legislation for next year will include these and other bills that impact the business and real estate community: Lead Paint; Disparate impact in housing; Another attempt to pass the Homeless Bill of Rights; Escrow legislation; Regulations around state-level wetlands protection; Regulations for back-flow preventors in low hazard buildings; Data Centers; Energy production; PLA's; and, ongoing implementation of FMLA by regulation.