

DENNIS P. WILLIAMS
STATE REPRESENTATIVE
First District



HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
LEGISLATIVE HALL
DOVER, DELAWARE 19901

COMMITTEES
Appropriations, Chair
Joint Finance, Chair
Judiciary
Corrections
Public Safety & Homeland
Security

Appropriations Committee
Meeting Minutes
June 2, 2010

Chairman Williams called the meeting to order at 2:18 p.m. Members present included Representatives Thornburg, George, Mitchell, and J. Johnson. For a list of guests present, please see attached.

After calling the meeting to order, Chairman Williams chose to address **SB 209 w/SA 1, AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE PROVIDING FOR AN EXTENSION OF THE HISTORICAL PRESERVATION TAX CREDIT ACT** and recognized Rep. Bennett and Sen. Henry as sponsors of the bill. Rep. Bennett explained that the bill provides for a 10-year extension to the Historic Preservation Tax Credit Act, which is scheduled to expire in June 2010. Seventy-five historic buildings throughout the state have been rehabilitated and preserved for future generations as a result of the program. Since the bill's inception in 2001, the state has awarded \$34 million in tax credits that have leveraged more the \$166 million in private sector rehabilitation expenditures plus additional tens of millions in site acquisition investments. These investments have produced an estimated 2,400 jobs in Delaware—most of them in the construction trades and related industries. Rep. Bennett also gave some examples of the building this act has affected. He also clarified that all that this bill is doing is extending the program another 10 years and is not increasing the budget.

Rep. George asked if the governor's recommended budget they received in January already contains this money. Rep. Bennett responded in the affirmative. Rep. Mitchell asked why this bill contains 10-year increments. Rick Isenberger, from the Secretary of State's office, said that the original program was authorized as a 10-year period, and they decided to keep the program this way. He explained that this would give stability to the program.

Rep. George motioned to release the bill; Rep. Thornburg seconded the motion. The bill was released from committee on a 0-4-0 vote.

Next, Chairman Williams chose to address **HS 1 FOR HB 10 AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO PUBLIC OFFICERS' AND EMPLOYEES' HEALTH CARE INSURANCE, STATE EMPLOYEES' PENSION PLAN, AND OTHER STATE EMPLOYEE BENEFITS** and recognized Rep. Schooley as the bill's sponsor. Rep. Schooley explained that this bill will make available to the same-sex partner of a State of Delaware regular officer, employee, or eligible pensioner the same benefits that are provided to a spouse of a state officer, employee, or pensioner. In addition, employees of a labor union and Delaware authorities and commissions covered under the sections of the code are also

included. She also explained that this bill will be no cost to the state because the partners may buy into the health plan. Rep. Schooley stated that this bill promotes equality and is an inexpensive option to attract and obtain the best employees. She also said that there are a lot of other states that provide these benefits, and this bill would be allowing Delaware to catch up. Rep. Schooley explained that this bill is different from the original bill because now the state employee will pay for the partner's benefits and there are no fiscal implications for the state.

Burt Scoglietti, from the Office of Management and Budget, said that they worked with Rep. Schooley so the state cost of health coverage would be paid for by the employee. He noted that the bill also contains survivor benefits. Mr. Scoglietti explained that there would be some minor costs; there will need to be some programming to the existing payroll and retirement systems. The programming would cost roughly \$35,000. He also explained that since this would be done mid-year, the employees would have to be notified by mail, which will add roughly \$ 25,000 to the cost.

Rep. George moved to release the bill; Rep. Mitchell seconded the motion. The bill was released from committee on a 0-5-0 vote.

Next, Chairman Williams chose to address **HB 128 AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO THE STATE EMPLOYEES PENSION PLAN** and recognized Rep. Johnson as the bill's sponsor. Rep. Williams explained that this bill permits law enforcement officers and probation and parole officers to retire after 25 years of service without penalty. He also stated that there were some issues they had to clean up from the last committee meeting.

Terry Spence, former Speaker of the House, said that there were some concerns about the IRS and the fiscal implications of this bill last time and yielded to Mr. Craik to respond to these issues.

David Craik, from the State Pension Office, explained that he pulled out the entire group and did a calculation on them to get a better understanding of what the cost would be. The cost they came up with is different than the one on the original fiscal note. He said that they calculated the cost over a 20-year period so it wouldn't matter how many people go out in year 1, 2, etc. The cost is \$850,000 a year on the pension side. Mr. Craik stated that he had his tax attorney look over the issue with the IRS, and he felt that there would be some issues with the IRS because they are having an unreduced benefit at a lower age than what they consider for normal retirement. He recommended adding another section to the bill that also required them to go through the IRS approval process before the bill is enacted if the bill was to pass.

Rep. Thornburg asked why the revised fiscal note has a different number than what Mr. Craik stated. Mr. Craik explained that it could be reduced to the number seen on the fiscal note because of the extra money that employees would be putting into their pensions.

Mr. Spence added that he believes that this economic development opportunity is important to the state because it will allow younger men and women to come into these positions.

Rep. Williams said that he supports this bill but is concerned about the cost. Rep. J. Johnson believes that the exact cost has been determined and is fair. He also stated that this bill had full support of the committee last time.

Rep. Mitchell expressed his concern about the fire marshals not being included in this legislation. Mr. Spence said that the sponsor can come up with a separate piece of legislation or an amendment to this bill that will include them. Rep. J. Johnson said that if Rep. Mitchell writes an amendment to include them, he will full support it. Rep. Mitchell said that he will write an amendment to include the fire marshals.

Rep. J. Johnson motioned to release the bill; Rep. Thornburg seconded the motion. The bill was released from committee on a 0-4-0 vote.

Lastly, Chairman Williams addressed **HB 399 AN ACT TO AMEND TITLE 14 OF THE DELAWARE CODE RELATING TO EDUCATION** and recognized Rep. Scott as the bill's sponsor. Rep. George explained that this bill creates a special scholarship program that is sort of analogous to the SEED program but is not SEED and does not take any money from the SEED program. She stated that this scholarship is to help Delaware students attend Delaware State University. This scholarship creates an incentive to go on to higher education.

Rep. Thornburg asked if this scholarship is only offered for students who are coming directly out of high school. Caroline Curry, from Delaware State University, said that this scholarship mirrors the SEED program and is only offered to students coming directly out of high school.

Larid Stabler, from Wilmington University, said that he is in support of the bill in concept but has one concern. There is one significant difference between this scholarship and the SEED program: This legislation is for a 4-year program and SEED is only a 2-year program. Mr. Stabler said that they are willing to work with the sponsor to address their concern.

Rep. George motioned to release the bill; Rep. Thornburg seconded the motion. The bill was released from committee on a 0-4-0 vote.

Chairman Williams adjourned the meeting at 2:51 p.m.

Respectfully Submitted by,

Morgan DiGravina