

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

Buena Vista, May 18, 2026

Attendance:

Member	Present
K. Agne	Yes
P. Anderson	Yes
C. Baker	Yes
S. Bravo	Yes
C. Davis	Yes
L. Davis	Yes
J. DiPaula	No
C. DuVilla	Yes
P. Gupta	Yes
S. Hastings	Yes
K. Hensley	Yes
M. Jackson	Yes
P. Key	Yes
T. Lawson	Yes
A. Levin	Yes
G. Marcozzi	No
B. Maxwell	Yes

Member	Present
D. Mell	Yes
R. Miller	Yes
R. Mitchell	Yes
K. Myers	Yes
T. Paradee	Yes
C. Patibanda-Sanchez	Yes
B. Pettyjohn	Yes
P. Reese	Yes
T. Shopa	Yes
M. Smith	Yes
W. Smith	Yes
P. Swain	Yes
D. Tam	Yes
K. Williams	Yes
B. Wise	Yes
C. Linke Young	Yes

Members in Attendance: 31

Members Absent: 2

Others Present: R. Ames, K. Baranski, R. Bond, B. Bouthier, N. Brock, A. Brown, A. Caspar, J. Celatka, A. Clark, K. Conner, K. Cupelli, J. Day, M. Denn, A. Deutsch, C. Dillon, B. DiVirgilio, S. Douglas, L. Elder, C. Engelsiepen, K. Evelyn Harris, M. Fowser, B. Frazee, N. Freedman, C. Fulke, R. Geisenberger, D. Gerardi, J. Greenage, J. Gillis, A. Giuttari, A. Godfrey, R. Goldsmith, M. Gorman, C. Hall, T. Hawk, A. Huenke, C. Hutt, A. Jenkins, J. Johnstone, B. Khanal, D. Killen, L. Kilpatrick, N. Konzelman, R. Korn, R. Lancaster, S. Lepage, R. Lewis, M. Marlin, V. McCartan, T. McGonigle, J. Mette, T. Micik, S. Milewski, M. Minor Brown, S. Mueller, E. Nestlerode, A. Norman, J. Nutter, R. Osmond, J. Patterson, B. Philbin, B. Phillips, K. Pritchard, R. Ramsburg, K. Revel, D. Reynolds, L. Rice, J. Richardson, D. Roose, D. Rohrbough, B. Scoglietti, J. Seemans, M. Seemans, J. Smith, M. Smith, S. Snyder, J. Stango, A. Starobynski, M. Steele, S. Stegg, S. Steward, R. Stojkovski, K. Stomberg, M. Strauss, K. Tabeling, K. Taylor-Roberts, S. Tiberi, K. Thomas, K. Thomson, L. Tucker, L. Vella, A. Visalli, A. Webb, A. Wright

Opening Business: Mr. Levin called the meeting to order at 1:01 p.m. Mr. Levin

acknowledged the addition of two new members to the Delaware Economic and Financial Advisory Council (DEFAC), Mr. Kevin Hensley and Ms. Brenda Wise.

The minutes from the March meeting were approved as submitted.

Expenditure Forecasts:

Mr. Jackson and Ms. Godfrey presented the General Fund Expenditure forecasts.

General Fund Expenditures - Fiscal Year 2026:

Mr. Jackson reviewed the balance sheet method and the current year appropriations. The Fiscal Year (FY) 2026 spending authority is \$8,752.0 million, with expected reversions and encumbered funds remaining at the amounts set at the March DEFAC meeting, at \$100.0 million and \$60.0 million respectively. The total forecast for FY 2026 is now \$7,152.2 million, which reflects a decrease of (\$50.4) million from the March forecast.

Ms. Godfrey then reviewed the revised FY 2026 projected expenditures as compared to the March DEFAC projections. The primary drivers of the revised forecast are a decrease in anticipated Medicaid and Grants expenditures. Medicaid claims are down, per a recently revised claims projection from the Department of Health and Social Services (DHSS). Medicaid expenditures now reflect a (\$22.1) million decrease. For Grants, an adjustment of (\$20.0) million was made to reflect a change in timing for Libraries and other economic development initiatives.

A motion was made, seconded and approved to accept \$7,152.2 million as the Expenditure estimate for FY 2026.

General Fund Expenditures - Fiscal Year 2027:

Ms. Godfrey next reviewed the FY 2027 expenditure forecast of \$7,509.5 million, reflecting a net increase of \$15.8 million compared to the March forecast. The increase is primarily attributable to higher projected expenditures in Capital Outlay and Grants and represents a corresponding offset to revisions made in the Fiscal Year 2026 forecast. Ms. Godfrey noted that these adjustments are largely the result of timing changes associated with capital projects.

Mr. Levin asked if the benefits projection reflects the recent vote made by the State Employee Benefits Subcommittee to increase health insurance premiums. Ms. Godfrey responded that the new rate change is reflected in the forecast.

Dr. Tam inquired whether the revisions to Medicaid expenditure projections were attributable to changes in enrollment. Ms. Godfrey noted that the projections were

provided by the Department of Health and Social Services (DHSS). Secretary Young explained that enrollment in the Diamond State Health Plan (DSHP) had declined, consistent with national enrollment trends.

A motion was made, seconded and approved to accept \$7,509.5 million as the Expenditure estimate for FY 2027.

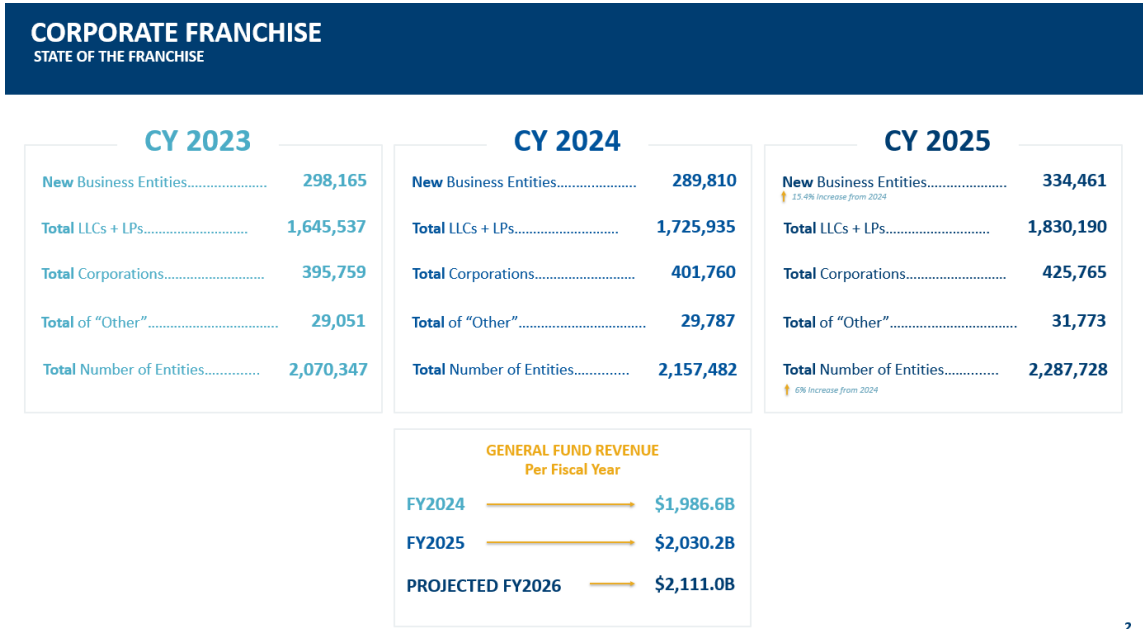
Revenue Forecasts:

Mr. Roose presented the General Fund Revenue forecasts.

Economic Outlook

Mr. Roose reviewed the U.S. economic outlook, noting that the S&P Global forecast now reflects a slightly weaker real GDP growth for 2026-2027 versus the March outlook. The Federal Reserve is expected to pause rate reductions until at least next June, and tariff policy is expected to remain broadly unchanged with trade restrictions continuing through alternative policy channels. The ongoing Iran-U.S. conflict continues to pose risks to oil prices, inflation, supply chains, and broader global economic stability.

Ms. Patibanda-Sanchez and Ms. Mitchell next presented on the current status of corporate franchise revenues for the State. Ms. Patibanda-Sanchez emphasized the importance of accurate data in evaluating corporate franchise revenue trends and reported that new business entity formations have increased by 15.4 percent compared to calendar year 2024.



Ms. Mitchell provided an update on the current status of Department of State (DOS) revenues. For the May forecast, revenue estimates were revised upward by \$9.1 million for Franchise Tax, \$24.0 million for Limited Partnerships and Limited Liability Companies (LLCs), \$14.0 million for Business Entity Fees, and \$3.0 million for Uniform Commercial Code filings. Ms. Mitchell noted that these revisions reflect year-to-date collections through May 2026.

Mr. Paradee asked if the revised forecast factors in HB 400, which was recently passed. Ms. Mitchell confirmed that it does not.

Mr. W. Smith inquired about recent fluctuations in initial public offerings (IPOs) and asked whether trends among upper-tier entities are being monitored. Ms. Patibanda-Sanchez confirmed that this information is tracked and reported that, while IPO activity has experienced a slight decline, the change is not significant enough to indicate a broader trend. She noted that staff have engaged extensively with late-stage companies to better understand current market conditions. Ms. Patibanda-Sanchez further reported that the majority of IPOs in 2025 occurred outside the United States. While some companies incorporated in Nevada, fewer did so than in prior years, with most choosing to go abroad.

Mr. Paradee inquired about the long-term growth trend in business entity formations, including how current growth rates compare with historical averages over the past ten years. Ms. Patibanda-Sanchez indicated that she would look into this.

Mr. Levin inquired whether DOS conducts exit interviews with companies that choose to leave Delaware. Ms. Patibanda-Sanchez responded that public companies generally provide disclosures in filings with the Securities and Exchange Commission (SEC), including explanations to shareholders regarding their decisions to reincorporate in another jurisdiction. She further noted that outreach and marketing efforts undertaken since the beginning of the Administration, along with the enactment of Senate Bill 21, have helped address any unease. Ms. Patibanda-Sanchez added that Delaware remains the leading jurisdiction of choice for venture capital-backed companies.

General Fund Revenues:

Mr. Roose resumed his presentation on the remaining general fund revenues.

FY 2026				FY 2027			
Revenue Category	Mar.	May.	Chan.	Revenue Category	Mar-26	May-26	Change
Personal Income Tax	2,841.8	2,933.2	91.4	Personal Income Tax	2,920.1	3,019.9	99.8
PIT Refunds	(288.5)	(362.7)	(74.2)	PIT Refunds	(267.3)	(360.5)	(93.2)
Corporation Income Tax	413.3	443.0	29.7	Gross Receipts Tax	429.6	459.4	29.8
CIT Refunds	(68.0)	(95.0)	(27.0)	Insurance Taxes	101.2	121.6	20.4
Limited Partnerships & LLC's	551.0	575.0	24.0	Limited Partnerships & LLC's	557.0	575.0	18.0
Corporate Fees	171.0	185.0	14.0	Dividends and Interest	140.2	152.2	12.0
Insurance Taxes	83.3	96.8	13.5	Realty Transfer Tax	267.5	257.8	(9.7)
Gross Receipts Tax	437.1	449.5	12.4	Franchise Tax	1,328.9	1,338.0	9.1
Franchise Tax	1,328.9	1,338.0	9.1	Corporate Fees	171.0	175.0	4.0
Dividends and Interest	180.5	183.6	3.1	Other Revenues	90.6	92.5	1.9
Uniform Commercial Code	32.0	35.0	3.0	Public Utility Tax	34.5	36.1	1.6
Other Refunds	(14.7)	(12.0)	2.7	Bank Franchise Tax	104.5	106.0	1.5
Public Utility Tax	36.5	38.1	1.6	Lottery	261.7	260.4	(1.3)
Lottery	257.6	256.3	(1.3)	Uniform Commercial Code	32.0	33.0	1.0
Bank Franchise Tax	98.6	99.4	0.8	Other Refunds	(16.2)	(15.3)	0.9
Other Revenues	89.0	89.7	0.7				
Hospital Board and Treatment	21.4	22.1	0.7				

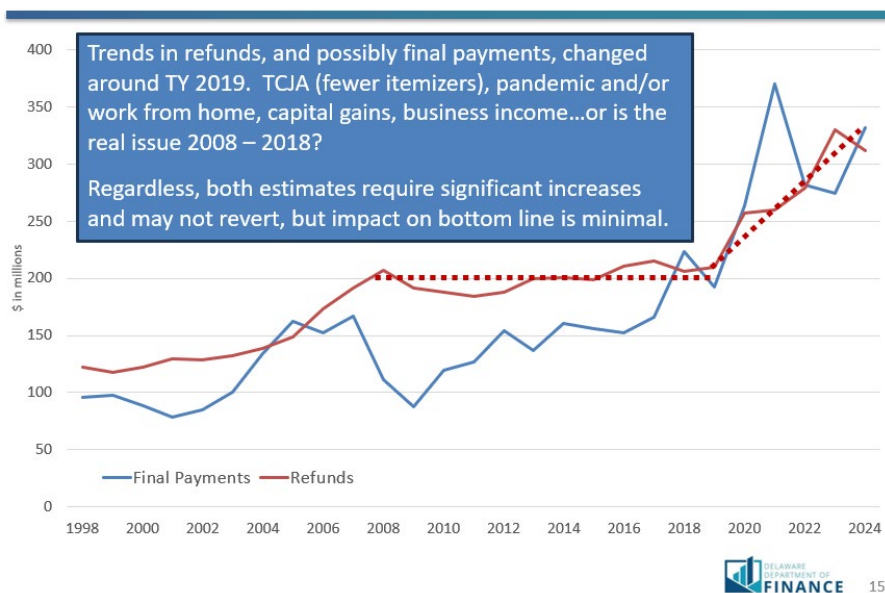
For a complete listing of FY 2026 and 2027 estimates, see Table 2.

Personal Income Tax (PIT) estimated payments show significant growth from March. April payments (quarter 1) are up 14%, on top of 11.5% growth in tax year 2025. Mr. Roose stated that this is partially driven by an increase of 11.6% in proprietors' income in calendar year 2025, following 27% growth in 2024. PIT final payments have also shown strong growth since March, which is partly due to 30% increase in the number of returns with payments. Offsetting these revenue increases is an increase in PIT refunds, which has grown from (\$288.5) million to (\$362.7) million. The overall net increase to PIT is \$17.2 million.

Ms. Williams inquired whether changes in Delaware's population are contributing to recent trends in settlement increases. Mr. Roose responded that revenue performance is influenced by changes in taxpayer income and the composition of that income. Withholding from wages tends to be a reliable indicator of overall tax liability, as most wage earners receive relatively small refunds. In contrast, taxpayers with capital gains income typically make estimated tax payments throughout the year, which can contribute to variability in collections.

Ms. C. Davis inquired whether artificial intelligence is contributing to these trends and whether such effects are expected to continue. Mr. Roose responded that retirees generally remit estimated tax payments on non-wage income, if not working. He further noted that to the extent artificial intelligence leads to reductions in wage-based employment, it could affect wage income and withholding levels. However, he also observed that new business formation may offset some of these effects by contributing to growth in income.

Settlements Have Grown



Mr. Roose next reviewed Gross Receipts Tax (GRT) revenue. GRT continues to show strong growth over last year, which is most likely being driven by general inflation, oil prices, 100% depreciation, artificial intelligence investment and tech more generally. Mr. Roose further explained that GRT has historically been a relatively slow-growing revenue source and experienced relatively low growth in prior years. However, since 2020, the tax has grown at an average annual rate of approximately 8 percent, which is significant. He noted that this level of growth is not expected to continue over the long term.

Corporate Income Tax (CIT) revenues reflected a small number of extraordinary transactions that affected both gross collections and refunds, which largely offset one another. The State is only now beginning to receive initial returns reflecting the decoupling that was enacted last fall. However, because most taxpayers file on extension through October and many taxpayers are not on a calendar year basis, the full impact of decoupling will not be known until approximately this time next year.

Insurance taxes and fees also show an increase from the previous DEFAC meeting. This adjustment accounts for tax year 2025 returns.

Dividends and Interest (D&I) reflects minor changes from the March meeting. Ms. C. Davis discussed how the Federal government did not cut rates in May, citing the need to further assess incoming inflation and employment data. The largest employment report was stronger than expected, allowing the Federal government to hold rates longer to combat inflation. The Treasury yields have risen recently

with the 10-year treasury rising 10 bps to approximately 4.40%, as markets are no longer certain which direction the Federal government's next rate move may go. As a result of this, the fixed income assets had slightly negative returns in April.

Fiscal Year 2026 Estimate Adopted:

A motion was made, seconded and approved to accept \$7,000.7 million as the revenue estimate for FY 2026. The estimate represents an increase of \$104.2 million or 4.6% over the March FY 2026 forecast.

Fiscal Year 2027 Estimate Adopted:

A motion was made, seconded and approved to accept \$7,039.4 million as the revenue estimate for FY 2027. The estimate represents an increase of 95.8 million or 1.4% from the March FY 2027 forecast.

Balance and Appropriations Worksheet:

Mr. Roose presented the Balance and Appropriations worksheet. With the revenue and expenditure projection changes, the 98% appropriation limit is now \$7,328.0 million, which reflects an increase of \$196.0 million from the March DEFAC meeting.

Transportation Trust Fund (TTF):

TTF—Expenditures: Ms. Giuttari presented the Transportation Trust Fund FY 2026 expenditure forecast, which reflects a net decrease of (\$22.6) million for a total projected expenditure projection of \$1,118.3 million. This decrease is primarily driven by a decrease in anticipated State Capital expenditures.

A motion was made, seconded, and approved to accept \$1,118.3 million as the FY 2026 TTF expenditure estimate (see Table 4).

TTF—Revenues: Ms. Giuttari then presented the Transportation Trust Fund revenue forecast, noting a \$11.7 million increase over the March projection for FY 2026. This is primarily driven by an increase in Route 1 toll revenue. Ms. Giuttari stated that there were no changes for the FY 2027 forecast.

Fiscal Year 2026 Estimates:

A motion was made, seconded, and approved to accept \$711.8 million as the FY 2026 TTF revenue estimate.

Fiscal Year 2027 Estimates:

A motion was made, seconded, and approved to accept \$741.2 million as the FY 2027 TTF revenue estimate.

FY 2027 Budget Benchmark

Mr. Roose presented the Budget Benchmark Index for FY 2027. The index is calculated from Delaware’s personal income growth, Delaware’s population growth, and the price deflator for state and local government purchases.

Mr. Roose stated that the FY 2027 benchmark appropriation is \$7,084.6 million and extraordinary revenues, which are available for appropriation to the Budget Stabilization Fund (BSF) and/or appropriation for non-recurring expenditures and/or reduction of long-term liabilities, are \$243.4 million.

A motion was made, seconded, and approved to accept 4.1% as the FY 2027 Budget Benchmark Index.

Calendar Year 2027 Healthcare Spending Benchmark

Ms. Young presented the Health Care Spending Benchmark Subcommittee (HCSB) recommendations from their April meeting. The HCSB voted to recommend to continue to use the methodology approved at the December DEFAC meeting, which includes the 3-year average of Personal Health Care growth from the National Health Expenditure Data from the Centers for Medicare & Medicaid Services (CMS). Using this methodology, the revised benchmark for Calendar Year (CY) 2027 is 5.0%, which reflects an increase of 0.1% from CY 2026.

Blended Methodology

Blended Methodology			2026	2027
			3-year average (2026-2028)	3-year average (2027-2029)
Components	Source	Links	Dec-25	Apr-26
Expected growth in national labor force	CBO Data	Key Budget and Econ	1.4%	1.4%
+ expected growth in Delaware's civilian labor force	DE Population Consortium	Annual Projections fr	0.3%	0.3%
+ Average of national inflation and 3-year average of Personal Health Care Growth from NHE	CBO Data - average of 5-10 years in the future Price Index, PCE & NHE Data		3.8%	3.8%
=Nominal PGSP growth			5.5%	5.5%
-Expected population growth in Delaware	DE Population Consortium	Annual Projections fr	0.6%	0.5%
=PGSP growth			4.9%	5.0%

*Personal Health Care Growth rate increased 0.1%

*Delaware Population Consortium data has not been updated since 2024, which shows a decrease of 0.1%



Ms. Young stated that the Subcommittee intends to reconvene in August 2026 to review updated CMS expenditure data, as well as actuals from 2026 in comparison to the CY 2026 benchmark. This conversation will inform development of the CY 2028 benchmark, and the Subcommittee will report back to DEFAC with any additional observations.

Mr. Maxwell asked if there were any recent spending benchmark results that could be shared with the committee. Ms. Young responded that the DHSS just completed their review of CY 2024 expenditures. They found that healthcare spending in Delaware grew to \$11.3 billion in CY 2024, which is nearly 9% growth over CY 2023.

A motion was made, seconded and approved to accept 5.0% as the CY 2027 HCSB rate.

Other Business:

Mr. Levin announced the next (tentatively) scheduled DEFAC meeting date:

- Monday, June 15th, 2026

Public Comment:

There was one member of the public that provided comment, Rick Geisenberger, former Secretary of Finance. His written submission is attached.

Mr. Levin adjourned the meeting at 2:16 p.m.

Respectfully submitted,

Kylie Taylor-Roberts

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2026 (\$ in millions)
May 18, 2026

	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Appropriations</u>
Budget Act	4,525.2	4,771.5	5,099.7	5,606.7	6,129.2	6,580.8
Supplementals	-	221.1	378.6	194.6	168.4	37.6
Cash to Bond Bill	35.4	692.3	855.5	753.4	427.5	368.3
Grant-in-Aid	54.5	63.2	69.4	72.0	98.5	98.3
Continuing & Encumbered (from prior years)	431.3	495.8	1,098.6	1,575.0	1,864.6	1,666.9
<i>Fiscal Year Spending Authority</i>	5,046.4	6,243.9	7,501.7	8,201.7	8,688.1	8,752.0
<i>% increase/(decrease)</i>	(0.7%)	23.7%	20.1%	9.3%	5.9%	0.7%
<u>Less:</u>						<u>FY2026</u>
						<u>Mar.</u>
						<u>May</u>
Reversions to the General Fund	53.4	85.8	67.4	105.0	95.9	100.0
Continuing & Encumbered to next fiscal year	495.8	1,098.6	1,575.0	1,864.6	1,666.9	1,449.4
<i>Encumbered to next fiscal year</i>	<i>53.1</i>	<i>71.6</i>	<i>57.3</i>	<i>61.6</i>	<i>70.4</i>	<i>60.0</i>
<i>Continuing to next fiscal year</i>	<i>442.6</i>	<i>1,027.0</i>	<i>1,517.7</i>	<i>1,802.9</i>	<i>1,596.4</i>	<i>1,389.4</i>
<i>Fiscal Year Budgetary Expenditures</i>	4,497.2	5,059.5	5,859.3	6,232.1	6,925.3	7,202.6
<i>% increase/(decrease)</i>	(0.4%)	12.5%	15.8%	6.4%	11.1%	4.0%
<u>Comments:</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Mar.</u>
						<u>May</u>
Expenditures / Spending Authority	89.1%	81.0%	78.1%	76.0%	79.7%	82.3%
Total Continuing / Spending Authority	8.8%	7.1%	20.2%	22.0%	18.4%	15.9%

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements (\$ in millions)
May 18, 2026

	FY2026			FY2026			FY2027			FY2027		
	<u>March</u>	<u>May</u>	<u>Var (\$)</u>	<u>YoY (\$)</u>	<u>YoY (%)</u>	<u>March</u>	<u>May</u>	<u>Var (\$)</u>	<u>YoY (\$)</u>	<u>YoY (%)</u>		
Salaries	2,202.4	2,202.4	0.0	133.5	6.5%	2,347.8	2,347.8	0.0	145.4	6.6%		
Fringe Benefits	<u>824.8</u>	<u>824.8</u>	<u>0.0</u>	<u>59.0</u>	<u>7.7%</u>	<u>900.5</u>	<u>900.5</u>	<u>0.0</u>	<u>75.7</u>	<u>9.2%</u>		
Health Care	634.5	634.5	0.0	47.1	8.0%	697.7	697.7	0.0	63.2	10.0%		
Other	190.3	190.3	0.0	11.9	6.6%	202.8	202.8	0.0	12.6	6.6%		
Pension	<u>594.1</u>	<u>594.1</u>	<u>0.0</u>	<u>(11.3)</u>	<u>(1.9%)</u>	<u>642.3</u>	<u>642.3</u>	<u>0.0</u>	<u>48.2</u>	<u>8.1%</u>		
Contribution	292.5	292.5	0.0	16.7	6.1%	311.8	311.8	0.0	19.3	6.6%		
Health Care	229.3	229.3	0.0	13.9	6.5%	247.1	247.0	0.0	17.8	7.7%		
Other	72.3	72.3	0.0	(41.8)	(36.7%)	83.4	83.5	0.0	11.2	15.4%		
Medicaid	1,200.2	1,178.2	(22.1)	97.3	9.0%	1,327.4	1,315.4	(12.0)	137.2	11.6%		
Debt Service	262.1	262.1	0.0	10.5	4.2%	273.6	273.0	(0.6)	10.9	4.2%		
Capital Outlay	166.8	158.6	(8.3)	(53.0)	(25.0%)	139.1	147.4	8.3	(11.2)	(7.0%)		
Contractual Services	1,024.7	1,024.7	0.0	22.7	2.3%	984.4	984.4	0.0	(40.3)	(3.9%)		
Grants	834.4	814.5	(20.0)	(30.1)	(3.6%)	788.6	808.6	20.0	(5.9)	(0.7%)		
Supplies & Materials	93.0	93.0	0.0	(1.8)	(1.9%)	90.1	90.1	0.0	(2.9)	(3.1%)		
Total Expenditures	7,202.6	7,152.2	(50.4)	226.9	3.3%	7,493.7	7,509.5	15.8	357.2	5.0%		

DEFAC General Fund Revenue Worksheet

<i>May-26 DEFAC Meeting</i>	FY 2025 A Actual Collections	FY 2026				
		B DEFAC Mar-26	C % B over A	D DEFAC May-26	E % D over A	F \$ Increase D over B
Revenue Category						
Personal Income Tax	2,718.2	2,841.8	4.5%	2,933.2	7.9%	91.4
Less: Refunds	<u>(335.0)</u>	<u>(288.5)</u>	-13.9%	<u>(362.7)</u>	8.3%	<u>(74.2)</u>
PIT Less Refunds	2,383.2	2,553.3	7.1%	2,570.5	7.9%	17.2
Franchise Tax	1,324.4	1,328.9	0.3%	1,338.0	1.0%	9.1
Limited Partnerships & LLC's	522.1	551.0	5.5%	575.0	10.1%	24.0
Subtotal Franchise + LP/LLC	1,846.5	1,879.9	1.8%	1,913.0	3.6%	33.1
Less: Refunds	<u>(20.2)</u>	<u>(22.0)</u>	9.0%	<u>(22.0)</u>	9.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,826.3	1,857.9	1.7%	1,891.0	3.5%	33.1
Business Entity Fees	171.4	171.0	-0.2%	185.0	7.9%	14.0
Uniform Commercial Code	32.5	32.0	-1.5%	35.0	7.7%	3.0
Unclaimed Property	554.0	554.0	0.0%	554.0	0.0%	0.0
Less: Refunds	<u>(128.0)</u>	<u>(168.0)</u>	31.2%	<u>(168.0)</u>	31.2%	<u>0.0</u>
Unclaimed Prop Less Refunds	426.0	386.0	-9.4%	386.0	-9.4%	0.0
Gross Receipts Tax	388.5	437.1	12.5%	449.5	15.7%	12.4
Lottery	230.0	257.6	12.0%	256.3	11.4%	(1.3)
Corporation Income Tax	452.5	413.3	-8.7%	443.0	-2.1%	29.7
Less: Refunds	<u>(81.1)</u>	<u>(68.0)</u>	-16.1%	<u>(95.0)</u>	17.2%	<u>(27.0)</u>
CIT Less Refunds	371.4	345.3	-7.0%	348.0	-6.3%	2.7
Realty Transfer Tax	235.8	247.9	5.1%	247.9	5.1%	0.0
Cigarette Taxes	87.5	82.4	-5.8%	82.4	-5.8%	0.0
Bank Franchise Tax	114.8	98.6	-14.1%	99.4	-13.4%	0.8
Insurance Taxes and Fees	100.3	83.3	-17.0%	96.8	-3.5%	13.5
Hospital Board and Treatment	23.5	21.4	-8.9%	22.1	-5.9%	0.7
Public Utility Tax	36.0	36.5	1.4%	38.1	5.9%	1.6
Alcoholic Beverage Tax	31.5	31.4	-0.3%	31.4	-0.3%	0.0
Dividends and Interest	165.5	180.5	9.1%	183.6	10.9%	3.1
Other Revenues	82.2	89.0	8.3%	89.7	9.1%	0.7
Less: Other Refunds	<u>(12.2)</u>	<u>(14.7)</u>	20.9%	<u>(12.0)</u>	-1.3%	2.7
Net Receipts	6,694.3	6,896.5	3.0%	7,000.7	4.6%	104.2

DEFAC General Fund Revenue Worksheet

May-26 DEFAC Meeting	FY 2027					FY 2028				
	G DEFAC Mar-26	H % G over B	I DEFAC May-26	J % I over D	K \$ Increase I over G	L DEFAC Mar-26	M % L over G	N DEFAC May-26	O % N over I	P \$ Increase N over L
Revenue Category										
Personal Income Tax	2,920.1	2.8%	3,019.9	3.0%	99.8	3,087.9	5.7%	3,151.9	4.4%	64.0
Less: Refunds	<u>(267.3)</u>	-7.3%	<u>(360.5)</u>	-0.6%	<u>(93.2)</u>	<u>(268.9)</u>	0.6%	<u>(372.4)</u>	3.3%	<u>(103.5)</u>
PIT Less Refunds	2,652.8	3.9%	2,659.4	3.5%	6.6	2,819.0	6.3%	2,779.5	4.5%	(39.5)
Franchise Tax	1,328.9	0.0%	1,338.0	0.0%	9.1	1,328.9	0.0%	1,338.0	0.0%	9.1
Limited Partnerships & LLC's	557.0	1.1%	575.0	0.0%	18.0	557.0	0.0%	575.0	0.0%	18.0
Subtotal Franchise + LP/LLC	1,885.9	0.3%	1,913.0	0.0%	27.1	1,885.9	0.0%	1,913.0	0.0%	27.1
Less: Refunds	<u>(10.0)</u>	-54.5%	<u>(10.0)</u>	-54.5%	<u>0.0</u>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,875.9	1.0%	1,903.0	0.6%	27.1	1,875.9	0.0%	1,903.0	0.0%	27.1
Business Entity Fees	171.0	0.0%	175.0	-5.4%	4.0	171.0	0.0%	175.0	0.0%	4.0
Uniform Commercial Code	32.0	0.0%	33.0	-5.7%	1.0	32.0	0.0%	33.0	0.0%	1.0
Unclaimed Property	554.0	0.0%	554.0	0.0%	0.0	525.0	-5.2%	525.0	-5.2%	0.0
Less: Refunds	<u>(130.0)</u>	-22.6%	<u>(130.0)</u>	-22.6%	<u>0.0</u>	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%	<u>0.0</u>
Unclaimed Prop Less Refunds	424.0	9.8%	424.0	9.8%	0.0	395.0	-6.8%	395.0	-6.8%	0.0
Gross Receipts Tax	429.6	-1.7%	459.4	2.2%	29.8	450.0	4.7%	481.0	4.7%	31.0
Lottery	261.7	1.6%	260.4	1.6%	(1.3)	265.6	1.5%	264.3	1.5%	(1.3)
Corporation Income Tax	335.0	-18.9%	335.0	-24.4%	0.0	362.4	8.2%	362.4	8.2%	0.0
Less: Refunds	<u>(91.8)</u>	35.0%	<u>(91.8)</u>	-3.4%	<u>0.0</u>	<u>(80.0)</u>	-12.9%	<u>(80.0)</u>	-12.9%	<u>0.0</u>
CIT Less Refunds	243.2	-29.6%	243.2	-30.1%	0.0	282.4	16.1%	282.4	16.1%	0.0
Realty Transfer Tax	267.5	7.9%	257.8	4.0%	(9.7)	278.2	4.0%	268.1	4.0%	(10.1)
Cigarette Taxes	78.3	-5.0%	78.3	-5.0%	0.0	74.4	-5.0%	74.4	-5.0%	0.0
Bank Franchise Tax	104.5	6.0%	106.0	6.6%	1.5	106.7	2.1%	108.2	2.1%	1.5
Insurance Taxes and Fees	101.2	21.5%	121.6	25.6%	20.4	91.9	-9.2%	119.8	-1.5%	27.9
Hospital Board and Treatment	21.4	0.0%	21.4	-3.2%	0.0	21.0	-1.9%	21.0	-1.9%	0.0
Public Utility Tax	34.5	-5.5%	36.1	-5.2%	1.6	33.8	-2.0%	35.3	-2.2%	1.5
Alcoholic Beverage Tax	31.4	0.0%	31.4	0.0%	0.0	31.4	0.0%	31.4	0.0%	0.0
Dividends and Interest	140.2	-22.3%	152.2	-17.1%	12.0	129.8	-7.4%	122.0	-19.8%	(7.8)
Other Revenues	90.6	1.8%	92.5	3.1%	1.9	92.1	1.7%	94.0	1.6%	1.9
Less: Other Refunds	<u>(16.2)</u>	10.2%	<u>(15.3)</u>	27.5%	0.9	<u>(16.9)</u>	4.3%	<u>(15.9)</u>	3.9%	<u>1.0</u>
Net Receipts	6,943.6	0.7%	7,039.4	0.6%	95.8	7,133.3	2.7%	7,171.5	1.9%	38.2

Table 3.

Balance and Appropriations Worksheet

May-26

FY 2026 EXPENDITURES

Total Spending Authority	\$8,752.0
Less: Continuing Appropriations & Encumbrances from FY 2026	(\$1,499.7)
Less: Reversions	<u>(\$100.0)</u>
Total Expenditures	\$7,152.2

FY 2026 BUDGET

Budget	\$6,580.8
Grants	\$98.3
Supplemental	\$406.0
Total Appropriations	\$7,085.1
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$1,666.9</u>
Total Spending Authority	\$8,752.0

FY 2026 BALANCES

Total Expenditures	\$7,152.2
vs. FY 2026 Revenues	7,000.7
Operating Balance	(151.5)
Prior Year Cash Balance	2,925.3
Less: Budget Stabilization Fund (29 Del. C. § 6533(k))	<u>(\$469.3)</u>
Cumulative Cash Balance	2,304.5
Less: Continuing Appropriations & Encumbrances from FY 2026	(1,499.7)
Less: Budgetary Reserve Account	<u>(\$366.5)</u>
Unencumbered Cash Balance 6/30	\$438.2

FY 2026 RESERVES

2% Set Aside	\$144.6
Budget Reserve Account	\$366.5
Budget Stabilization Fund	<u>\$469.3</u>
Reserves	\$980.4
Revenue Resolution (Gross)	\$7,330.9
Reserve Ratio	13.4%

FY 2027 APPROPRIATION LIMITS

FY 2027 Revenue Estimate	\$7,039.4
Unencumbered Cash Balance from FY 2026	<u>\$438.2</u>
100% Appropriation Limit	\$7,477.6
98% Appropriation Limit	<u>\$7,328.0</u>
Prior 98% Appropriation Limit	\$7,132.0
Increase (Decrease) from Prior Meeting	\$196.0
October 2025 98% Appropriation Limit	\$6,733.0
Increase (Decrease) from October 2025	\$595.0

Table 4.

Delaware Department of Transportation											83%
FY 2026 Expenditures, Through April 30, 2026											
	FY2024 Actual	FY2025 Actual	FY2026 Appropriation	OCTOBER FY2026 Forecast	DECEMBER FY2026 Forecast	MARCH FY2026 Forecast	MAY FY2026 Forecast	\$ difference March to May	\$ difference Forecast V. FY2025 Actual	FY2026 YTD Spend	% spent YTD
Operations			<u>w/o US301</u>								
Debt Service	82.2	91.6	91.5	91.5	91.5	91.5	91.5	0.0	(0.1)	91.5	100%
Personnel Costs	117.3	129.3	133.8	133.8	133.8	133.8	137.3	3.5	8.0	111.2	81%
Operations/Capital Outlay	82.1	90.2	95.6	95.6	95.6	103.7	109.6	5.9	19.4	83.3	76%
Transit Operations (DTC)	98.2	118.4	120.6	120.6	120.6	120.6	120.6	0.0	2.2	100.5	83%
Total Expenditures - Operations	379.8	429.5	441.5	441.5	441.5	449.6	459.0	9.4	29.5	386.5	84%
State Capital											
Road System	258.1	213.8	189.0	189.0	189.0	180.0	159.5	(20.5)	(54.3)	108.9	68%
Grants & Allocations	35.5	37.0	38.7	38.7	38.7	38.7	28.7	(10.0)	(8.3)	26.0	91%
Support Systems	51.9	67.1	36.5	36.5	36.5	35.5	35.5	0.0	(31.6)	28.8	81%
Transit	14.3	8.2	13.8	13.8	13.8	13.8	12.3	(1.5)	4.1	9.4	76%
State Capital	359.8	326.1	278.0	278.0	278.0	268.0	236.0	(32.0)	(90.1)	173.1	73%
Federal Capital											
Federal Capital	331.6	373.9	375.0	375.0	375.0	400.0	400.0	0.0	26.1	310.1	78%
Total Expenditures - Capital	691.4	700.0	653.0	653.0	653.0	668.0	636.0	(32.0)	(64.0)	483.2	76%
TOTAL EXPENDITURES	1,071.2	1,129.5	1,094.5	1,094.5	1,094.5	1,117.6	1,095.0	(22.6)	(34.5)	869.7	79%

	OCTOBER FY2026 Forecast	DECEMBER FY2026 Forecast	MARCH FY2026 Forecast	MAY FY2026 Forecast	\$ difference March to May	FY2026 YTD Spend	% spent YTD
DelDOT	1,094.5	1,094.5	1,117.6	1,095.0	\$ (22.6)	\$ 869.7	79%
US301	23.3	23.3	23.3	23.3	\$ -	\$ 12.1	52%
TOTAL	1,117.8	1,117.8	1,140.9	1,118.3	\$ (22.6)	\$ 881.8	79%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY24	FY25	% Chg.	Fiscal 2026			Fiscal 2027		
				3/16/2026 Approved	5/18/2026 Recomm	% Chg. FY 25	3/16/2026 Approved	5/18/2026 Recomm	% Chg. FY 26
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$133.5	\$121.7	-8.9%	\$136.7	\$136.7	12.3%	\$164.2	\$164.2	20.1%
Route 1 Toll Road	61.1	59.0	-3.4%	\$86.9	\$98.0	66.1%	\$98.4	\$98.4	0.4%
Concessions	<u>2.4</u>	<u>2.2</u>	-8.8%	<u>\$2.4</u>	<u>\$2.4</u>	<u>3.2%</u>	<u>\$2.5</u>	<u>\$2.5</u>	<u>4.2%</u>
Total Toll Road Revenues	197.0	182.9	-7.2%	\$226.0	\$237.1	29.7%	\$265.1	\$265.1	11.8%
MOTOR FUEL TAX ADMIN.	137.4	135.0	-1.7%	\$129.7	\$129.7	(3.9%)	\$127.1	\$127.1	(2.0%)
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	149.1	162.4	8.9%	\$171.7	\$171.7	5.7%	\$188.5	\$188.5	9.8%
Motor Vehicle Registration Fees	61.0	62.3	2.2%	\$62.8	\$62.8	0.7%	\$64.0	\$64.0	1.9%
Other DMV Revenues	40.2	43.2	7.4%	\$42.9	\$42.9	-0.7%	\$43.3	\$43.3	0.9%
Alternative Fuel Vehicle Fees	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>	<u>\$2.6</u>	<u>\$2.6</u>	<u>0.0%</u>	<u>\$4.1</u>	<u>\$4.1</u>	<u>55.9%</u>
Total DMV Revenues	250.3	267.9	7.0%	\$280.0	\$280.0	4.5%	\$299.9	\$299.9	7.1%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	9.1	10.2	12.4%	\$25.2	\$25.2	146.3%	\$9.3	\$9.3	-63.1%
Investment Income(Net)	<u>19.5</u>	<u>10.8</u>	-44.8%	<u>\$8.2</u>	<u>\$8.7</u>	-17.5%	<u>\$5.0</u>	<u>\$5.0</u>	-42.5%
Total Other Transp. Revenue	28.6	21.0	-26.6%	\$33.4	\$33.9	61.5%	\$14.3	\$14.3	-57.8%
GRAND TOTAL	\$613.3	\$606.8	-1.1%	\$669.1	\$680.7	12.2%	\$706.4	\$706.4	3.8%
	FY24	FY25	% Chg.	Fiscal 2026			Fiscal 2027		
US301 Revenues	\$ 25.4	\$ 27.7	9.1%	\$ 31.0	\$ 31.0	12.0%	\$ 34.8	\$ 34.8	12.0%
TOTAL	\$ 638.7	\$ 634.5	-0.7%	\$ 700.1	\$ 711.8	12.2%	\$ 741.2	\$ 741.2	4.1%

DEFAC Public Comments - May 18, 2026

Good afternoon. My name is Rick Geisenberger. I am a recovering Secretary of Finance and Director of Corporations.

In light of today's presentation by the Secretary of State and the corrections made to DEFAC's incorporation forecast, I will forego most of my public comments — except to note that the need for these adjustments were apparent to many long-time DEFAC observers as early as December and certainly by March based on publicly available data.

I will note my concerns about the corporate franchise tax. CFT collections are a lagging indicator. It is totally unprecedented to have back-to-back essentially flat revenue growth when domestic equity markets are as strong as they've been the last two years. I'm glad this body is asking probing and perhaps uncomfortable questions and the Secretary is studying the drivers.

The answers are critical in understanding the underlying causes and what the State can and should do on all manner of important public policy considerations. Not just with respect to our corporate laws but also whether it is prudent to increase Delaware's reliance on a closely related revenue — unclaimed property.

I have the deepest respect for all of you. And I remain hopeful that with today's meeting, DEFAC is continuing the traditions that have served the State so well for nearly 60 years.