TRUTHLINE NETWORK INVESTIGATIVE REPORT

Delaware's $410 Million Mistake: How Governor Meyer Chose Politics Over Delaware's Economic Future

THE BOTTOM LINE

By Karen Hartley-Nagle | Former New Castle County Council President (2016-2024)

THE CHOICE: Governor Matt Meyer had $980 million in reserves, 68 years of bipartisan business trust, and a timing problem that would resolve itself by 2030. He chose to break Delaware's federal tax conformity instead. On November 19, 2025, Meyer signed House Bill 255, extracting approximately $328 million from Delaware businesses by forcing them to delay tax deductions they are legally entitled to take immediately. Not a single dollar of new investment. Not a single job created. Just taking money from businesses to make a budget spreadsheet look better.

THE COST: The Tax Foundation now ranks Delaware 50th out of 50 states in corporate tax treatment. Dead last. The same week Meyer signed HB 255, Coinbase, an $82 billion company, announced it was fleeing Delaware for Texas. Delaware was the only Mid-Atlantic state offering bonus depreciation; Meyer surrendered that advantage. The bill creates dual compliance burdens, cash flow disadvantages for R&D investment, and policy uncertainty through its 2030 sunset. The businesses that leave will file press releases. The businesses that never came will leave no trace.

THE TRUTH: Corporate income tax represents only 5% of Delaware's $6.8 billion budget. This was never a structural crisis. It was a timing issue caused by federal tax changes under the One Big Beautiful Bill Act. Delaware's real crisis is a structural operating deficit of $361.4 million, operation at 98.6% of its constitutional appropriation limit, and Medicaid costs growing at 10-12% annually while revenues grow at 2-3%. HB 255 addresses none of these problems. It avoided them.

THE OPPOSITION: The Delaware State Chamber of Commerce, Delaware Business Roundtable, Delaware BioScience Association, and Delaware Society of CPAs all opposed HB 255. Former Democratic budget chair Quinn Johnson warned: "It is not a matter of if this alternative will cause long-term problems; it's a matter of when." Even DEFAC member Michael Houghton raised concerns about the "time value of money" businesses would lose. The warnings were explicit, bipartisan, and ignored.

THE BOTTOM LINE: Meyer turned a manageable $410 million timing shock into a permanent competitiveness problem. He broke 68 years of federal tax conformity to avoid making hard budget choices. He punished mid-sized and growing businesses to preserve political spending priorities. He sacrificed Delaware's long-term growth for a better three-year spreadsheet. This was not about saving Delaware's budget. This was about avoiding hard choices. Delaware businesses will pay the price for years to come.