



LAWS OF DELAWARE
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CHAPTER 354
153rd GENERAL ASSEMBLY
FORMERLY
SENATE BILL NO. 322

ACT TO AMEND TITLE 14 OF THE DELAWARE CODE RELATING TO LOCAL SCHOOL TAXES.

WHEREAS, until recently, none of the counties in this State had conducted a general reassessment of real property in decades; and

WHEREAS, the failure to conduct reassessments meant that outdated property values were used as the basis of calculating school taxes, creating inequities among taxpayers and inconsistencies in public school funding between school districts; and

WHEREAS, the recent general reassessments and the requirement under § 8306 of Title 9 that periodic reassessments be conducted at least once every 5 years are intended to restore fairness and transparency to the property tax system by aligning the assessed value of real property with the current fair market value of that property; and

WHEREAS, school district taxes are based on the value of real property in the district as determined by the county's most recent reassessment; and

WHEREAS, school districts rely on the revenue from local school taxes to fund operations, including student services, staffing, transportation, and programs; and

WHEREAS, § 1916(b) of Title 14, enacted in June 1972, requires school districts to adjust their tax rates after reassessment so that a school district receives no more than a 10% increase in actual revenue as a result of increases in the fair market value of real property in the district; and

WHEREAS, otherwise, under Chapter 19 of Title 14, a school district may only increase the district's operational tax rate tax after a referendum is approved by voters at a special election; and

WHEREAS, the requirement of taxpayer approval of an additional tax through a referendum election provides accountability and maintains public trust; and

WHEREAS, most school districts in this State face significant challenges maintaining the services to students for which funding was initially approved by referendum, because of inflation, enrollment changes, increased student needs, and increasing operational costs; and

WHEREAS, the ability to increase revenue by up to 10% after a reassessment is an imprecise and retroactive approach to addressing these challenges; and

WHEREAS, school tax rates need to be adjusted after reassessment and these adjustments should be based on the average growth rate in taxable property in the district since the previous reassessment; and

WHEREAS, by enacting these policy changes, this Act ensures that school tax rates for operating costs are forward-looking, not retroactive, and provides consistency for taxpayers statewide and across school districts, to the benefit of public school students; and

WHEREAS, providing limited, predictable, and transparent flexibility for school districts to increase tax rates by no more than 2% annually without a referendum allows school districts to gradually adjust to these challenges; and will reduce the frequency of referenda while maintaining strong taxpayer protections; and

WHEREAS, the General Assembly finds that this limited ability for school districts to adjust tax rates without referendum is good public policy because requiring demonstrated fiscal stewardship, reasonable reserve levels, and continued oversight balances the need for local fiscal stability with safeguards for taxpayers.

NOW, THEREFORE:

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Chapter 19, Title 14 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows and redesignating accordingly:

§ 1901. Definitions.

~~As used in~~ For purposes of this chapter:

(1) “District” means a reorganized school ~~district and the school district of the City of Wilmington.~~
district.

(2) “General reassessment” or “reassessed” means the general reassessment of all real property in the district by a county under § 8306 of Title 9.

(3) “School board” means a board of education of a reorganized school ~~district and the Board of Education of the school district of the City of Wilmington.~~ district.

§ 1902. Power of district to levy taxes for school purposes.

(a) ~~Any~~ Except as provided under Chapter 26 of this title, a district may, in addition to the amounts apportioned to it by the Department of Education or appropriated to it by the General Assembly, levy and collect

additional taxes for school purposes upon the assessed value of all taxable real estate in the district, except any of the following:

§ 1903. Election preceding levy of tax.

~~Before any~~ (a) Except as specifically provided under this title, before a school board levies or increases a tax under § 1902 of this title, ~~it shall determine whether~~ the school board must do all of the following:

(1) ~~Determine if the proposed tax shall be~~ is on the basis of a specified amount or of a specified rate of taxation and shall call taxation.

(2) ~~Call a special election to be held at the polling place or places designated by the Department of Elections conducting the election. There shall be not~~ election. The special election must be held under Subchapter IV of Chapter 10 of this title.

(b) A school district may not hold more than 2 such special elections under this section held during any a 12-month period.

§ 1914. Levy of annual school tax without election.

(a) ~~A The school board of any district, which has for 1 year that has, for 1 year,~~ levied a local tax under this chapter, chapter may continue annually, without a further election or referendum, to levy such that local tax not exceeding tax in amount the an amount that does not exceed any of the following, as calculated under § 1913 of this title:

(1) ~~The tax originally authorized by an election if said election, if the original authorization was on the basis of an amount of tax, or not to exceed the tax.~~

(2) ~~The rate of tax originally authorized by an election if said election, if the original authorization was on the rate of taxation, each together with an added 10 percent for delinquencies and costs of collection as provided in § 1913 of this title. taxation.~~

(3) The amount or rate of tax under paragraphs (a)(1) or (a)(2) of this section as increased under subsection (b) of this section.

(b) A school board that has levied a local tax under § 1902(a) of this title may, without a further election or referendum, annually increase the rate of that tax under this chapter for the next fiscal year by an amount that does not exceed 2% of the tax rate levied for the school district for the immediately prior fiscal year, as follows:

(1) A school board may not increase the tax rate if any of the following apply:

a. The district's operational reserve balance is more than 10% of the district's annual revenue.

b. For the same fiscal year as a new tax rate is established after a general reassessment under § 1916(b) of this title.

(2) A school board may implement this subsection (b) beginning the earlier of the following:

a. For fiscal year 2031.

b. After the first time a new tax rate is established by the district following a general reassessment after [the enactment date of this Act].

(c) If the amount or rate of tax is increased under subsection (b) of this section, state funding may not be decreased in any subsequent tax year based on the levy of that increase.

§ 1916. Tax collection warrant and assessment list; tax rate after general reassessment.

(b)(1) After a general reassessment, a school board shall calculate a new tax rate that projects the total amount of money that is equal to or less than the sum of all of the following:

a. The actual operating revenue derived by the tax levied in the fiscal year immediately preceding the general reassessment.

b. A percentage that is equal to the average growth rate, during the previous 5 years, in taxable property in the district.

(2) If a general reassessment is completed after a new tax or a tax increase is approved under § 1903 of this title but before actual revenue is derived from that approved tax, the school board shall calculate a new tax rate that projects the total amount of money that is equal to or less than the sum of all of the following:

a. The projected operating revenue announced, projected, or calculated to be derived by approved tax.

b. A percentage that is equal to the average growth rate, during the previous 5 years, in taxable property in the district.

Whenever (3) Paragraphs (b)(1) and (b)(2) of this section do not apply to general reassessments before January 1, 2026, and this paragraph (b)(3) applies only to general reassessments before January 1, 2026. If the qualified voters of a reorganized school district have approved a specific rate of taxation or specified amount of taxation under § 1903 of this title and a subsequent general reassessment of all real estate in the county changes the total assessed valuation of the school district, the local board of education

of each such local school district shall calculate a new real estate tax rate which, at its maximum, would realize no more than 10% increase in actual revenue over the revenue derived by real estate tax levied in the fiscal year immediately preceding such reassessed real estate valuation. In the event the qualified voters of a reorganized school district approve a specific rate of taxation or specified amount of taxation under § 1903 of this title to be collected, and there is a reassessment effective after voter approval, but before actual revenue is derived from increased taxation resulting from such voter approval, the local board of education of each such local school district shall calculate a new real estate tax rate which, at its maximum, would realize no more than a 10% increase in actual revenue over the revenue announced, projected or calculated to be derived by such voter approval and prior voter approvals.

(4) Any subsequent increase in the rate of taxation ~~shall~~ may only be achieved ~~only by~~ as follows:

a. Under § 1914(b) of this title.

b. By an election of the qualified voters in such local the school district according to the procedures in under § 1903 of this title.

Section 2. Amend § 2601, Title 14 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2601. Power of county vocational-technical high school districts and county vocational-technical school districts to levy taxes for school purposes.

(c) ~~In the event~~ After a general reassessment of all real estate in the county changes the total assessed valuation of a county vocational-technical high school district or a county vocational-technical center, the board of education of ~~such that~~ district shall calculate a new tax rate ~~which, at its maximum, would realize no more than 10 percent increase in actual revenue over the revenue derived by real estate tax levied in the fiscal year immediately preceding such reassessed real estate valuation.~~ under § 1916(b) of this Title.

Approved July 23, 2026