153rd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**SENATE SUBSTITUTE NO. 1 FOR SENATE BILL NO. 35**
SPONSOR:	**Senator Hoffner**
DESCRIPTION:	**AN ACT TO AMEND TITLE 9 OF THE DELAWARE CODE RELATING TO ASSESSMENTS AND TAXATION OF STRUCTURES LOCATED ON LAND IN AGRICULTURAL, HORTICULTURAL, AND FOREST USE.**

Assumptions:

1. This Act becomes effective upon signature of the Governor.

2. Currently, farmlands in Delaware that are actively devoted to agricultural, horticultural or forest use and are eligible for valuation, assessment, and taxation qualify for real estate tax relief. This Act amends Delaware Code to extend the real estate tax relief to qualified farm structures including poultry houses, barns, sheds, cribs, silos, commodity storage facilities, greenhouses, packing or cooling facilities, and similar improvements, that are located on land that qualifies as land actively devoted to agricultural, horticultural, or forest use. This relief is limited to 50% of the assessed value of the building.

3. Currently, property taxes collected from assessed agricultural, horticultural, and forest use buildings are distributed to local school districts as revenue. The real estate tax relief will result in local school revenue loss statewide.

4. Kent and Sussex Counties provided a list of agricultural buildings and their assessed value as of the most recent reassessment. While counties will need to conduct further analysis to verify whether each building would be eligible for tax relief, this can be used for the estimated maximum impact on local school revenues. A breakdown of local school revenue loss by school district is provided below.

District	Local School Revenue Loss
Caesar Rodney	$ 39,060
Capital	$ 123,267
Lake Forest	$ 149,531
Milford (KC)	$ 44,048
Smyrna	$ 41,674
Woodbridge (KC)	$ 35,401
PolyTech	$ 35,676
Kent County Subtotal	$ 468,657

District	Local School Revenue Loss
Cape Henlopen	$ 25,640
Delmar	$ 67,618
Indian River	$ 103,800
Laurel	$ 124,347
Milford (SC)	$ 63,626
Seaford	$ 57,556
Woodbridge (SC)	$ 162,371
Sussex Tech	$ 50,166
Sussex County Subtotal	$ 655,125

5. New Castle County provided a list of buildings that could potentially be eligible for tax relief but was not able to provide a breakout of assessed value for those specific buildings. Approximately 1,300 buildings could be assumed to be eligible based on their category or description, but there is not sufficient data to estimate their impact based on the full parcel's assessed value alone.

6. After each reassessment counties are required to reset school property tax rates and may include up to a 10% increase in revenue. Kent County's next reassessment will go into effect Fiscal Year 2029, and based on the most recent reassessment school districts took an average increase of 9%. This same rate was applied as the estimated inflationary growth adjustment for Fiscal Year 2029. Sussex County's next reassessment will go into effect Fiscal Year 2030, so no inflationary growth adjustment is required.

Cost:

	Local School Revenue Loss		
	New Castle County	**Kent County**	**Sussex County**
Fiscal Year 2027:	Indeterminable	$ 468,657	$ 655,125
Fiscal Year 2028:	Indeterminable	$ 468,657	$ 655,125
Fiscal Year 2029:	Indeterminable	$ 510,836	$ 655,125

Prepared by Russell Ames
Office of the Controller General