



**STATEMENT ON THE PROPOSED BUDGET OF THE DEPARTMENT OF FINANCE
BEFORE THE JOINT FINANCE COMMITTEE
FEBRUARY 11, 2018**

Good morning. My name is Sandy Spence. I serve as Advocacy Chair for the League of Women Voters of Delaware. We appreciate the opportunity to speak to you today to propose the use of some of the excess revenue available in the Fiscal Year 2020.

The League of Women Voters of Delaware studied property tax reassessments and issued a report in 2010. It documents that property taxes have not been reassessed by Delaware's counties for decades, since 1983 in New Castle County 1986 in Kent County and 1974 in Sussex County. Nothing has changed since then except that all recommendations cited have been ignored. And a pending lawsuit *could require* that property taxes be reassessed.

If you are interested, you can read the entire report at http://www.lwvdelaware.org/files/reassessment_report_-_lwvde.pdf. It includes recommendations from a committee formed as a result of House Joint Resolution 22 in 2008 that might be considered.

The report noted that "to keep assessments more in line with market values, most states have periodic or rolling reassessments. In Maryland, for example, there is a three-year rolling assessment, which means one-third of all properties are reassessed every year. In California, every sale of a house or building triggers an assessment update.

"Most of the taxes collected by the counties are for the benefit of the local public schools. The counties are the collecting agency but pass the funds on after collection. Any political body would be averse to taking the "heat" for reassessment when many of the benefits largely go to other governmental entities such as school districts and towns."

This point was repeated in a recent (2/2/19) Guest Column in the *News Journal* by New Castle County Council member Janet Kilpatrick whose op ed was entitled "What would we gain from a property tax reassessment? She points to the fact that the county is unable to use the reassessment to secure a higher tax base except for the first year after the reassessment and that, only to cover the cost of the reassessment. Her conclusion: "Depending on what the reassessment proponents are trying to fix, a revenue-neutral reassessment may not be the answer."

What could be gained would be better equity among taxpayers and, potentially, a better tax base for our public schools. **We urge this Committee to consider allocating some of the excess revenue projected for FY 2020 as a one-time expense to cover at least part of the cost of reassessment. Accompanying authorizing legislation should require that the counties reassess on a more regular basis. And it might help if the prohibition against using the reassessments to raise more revenue were modified.**

Exhibit I (on reverse) documents how low current property taxes are now.

Exhibit I

Delaware boasts the fourth lowest property tax rate of any U.S. state while Sussex County has some of the lowest property tax rates not just in the state of Delaware, but in the entire country. The statewide average effective property tax rate is just 0.55%. That means that, on average, a home in the state of Delaware with a market value of \$200,000 would have taxes of about \$1,100 annually. Effective tax rates are annual taxes paid as a percentage of current market value. The table below shows the effective tax rates, median home values and median annual property tax payments for all three Delaware counties.

County	Median Home Value	Median Annual Property Tax Payment	Average Effective Property Tax Rate
Kent	\$199,800	\$974	0.49%
New Castle	\$244,300	\$1,712	0.70%
Sussex	\$231,600	\$766	0.33%

Source: <https://smartasset.com/taxes/delaware-property-tax-calculator> operated by Lending Tree.