

## **Understanding Delaware's Property Tax Overhaul:** What You Need to Know with Appeal Deadlines **Approaching**

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Delaware's property tax system is undergoing a significant overhaul that will alter the property taxes owed on each property. For the first time in decades, the state's counties are reassessing property values to reflect current market conditions. This reassessment is part of a larger effort to create a fairer and more equitable property tax system, driven by legal, economic and social factors. Some properties were overvalued in the process and an appeal may make sense for the property owner. Reassessment notices were mailed in November 2024, but can also be found in your county's parcel search website. The current deadline to appeal a property's assessed value in New Castle County is March 14, 2025 (pending legislation may extend the deadline to March 31, 2025).

#### Why are Property Values Being Reassessed Now?

Delaware's property tax system has not required regular reassessments, and over the years, this has led to significant disparities in property tax burdens across the state. For example, New Castle County last reassessed properties in 1983, Kent County in 1987 and Sussex County has not done so since 1974. This outdated system was inequitable because properties appreciated at different rates over the decades.

To address these disparities, Delaware introduced a reassessment program, with the goal of making property values more reflective of the current real estate market. Going forward, Delaware counties will be required to perform reassessments every five years.

#### What Does the Five-Year Reassessment Cycle Mean for You?

Delaware counties are now required to conduct property reassessments every five years. This new cycle ensures that property values remain more aligned with current market conditions and prevents the disparities that have existed in the state's property tax system. This change will help property owners avoid the financial unpredictability caused by long periods without reassessment, and the more frequent updates will make it easier to plan for any potential tax changes.

#### How Will the Reassessments Impact Your Property Taxes?

One central concern for property owners is how reassessments will affect their tax bills. While the goal is to adjust property values to reflect current market conditions, this does not automatically mean higher taxes. The counties are committed to making the process "revenue neutral," meaning the county will match its current revenue stream by adjusting down its tax rate. However, the impact on individual property owners will vary.

Some property owners may see their tax burden increase if their property values rise significantly, while others may see a decrease or no change at all, depending on how their property value compares to the rest of the tax base, which may differ for county, municipal, and school district taxes.

All Delaware counties have completed their reassessments and assured residents that the process will be revenue neutral. While state law limits counties to increasing taxes by 10% or 15% to cover reassessment costs, all three

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counties have opted not to take that route. It is still unclear how other taxing entities will handle the issue.

#### Appealing Your Property Assessment: Your Rights and Options in New Castle County

If you believe your reassessed property value is inaccurate, you have the right to file a formal appeal. Each county in Delaware has a Board of Assessment Review (BOAR) responsible for hearing appeals and determining whether an adjustment should be made to the assessed value of a property. New Castle County property owners should also refer to the county worksheet, which explains the appeal process in detail.

#### Step 1: Filing the Appeal

To initiate an appeal, property owners must file the appropriate appeal form by their county's deadline. In New Castle County, the current deadline is March 14, 2025, though the New Castle County Council is considering an extension to March 31, 2025. Until any extension is officially approved, property owners should assume that March 14 is the final deadline. The New Castle County appeal forms are available here.

#### **Step 2: Gathering Supporting Evidence**

To successfully challenge an assessment, property owners must provide competent evidence of substantial overvaluation as of July 1, 2024. Delaware law recognizes three primary approaches for valuation:

Comparable Sales Approach: This method, most commonly used for residential appeals, compares recent sales of similar properties in the area.

- Valid comparable sales must have closed between January 1, 2022 June 30, 2024.
- Properties must be similar in structure, size, location, lot size, condition, and features.
- Sales that are not "arm's-length" transactions (foreclosures, bank-owned sales, family transfers) cannot be used.
- Free online estimates from Zillow, Redfin or Realtor.com are not accepted.

Income Approach: Used primarily for commercial and rental properties, this method considers income and expenses to determine property value.

New Castle County requires that the income approach be combined with at least one other method.

Cost Approach: Evaluates what it would cost to rebuild the property based on current material and labor costs, adjusted for depreciation.

Other acceptable forms of evidence may include:

Appraisals performed by a Delaware-licensed appraiser. In most cases, this will be the best evidence to provide and is essential for commercial properties. Property should be appraised for their value on July 1, 2024.

Photos showing significant property condition issues.

#### **Step 3: County Review and Hearing Process**

Once an appeal is filed, the assessment office reviews the submission and determines the next step:

Stipulation agreement: if the county agrees that the assessed value is incorrect, it may offer a stipulation to lower the assessed value, resolving the appeal without a hearing.

Deficient appeals: if the submitted documentation does not meet the legal requirements, the county will notify the

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property owner and provide 10 days to submit additional evidence.

Formal hearing before a referee or the BOAR: most residential and some commercial properties will be evaluated by a referee, someone with special training, who will make a recommendation to the BOAR. Higher value properties will likely go straight to the BOAR. If the county disagrees with the appeal, the case is scheduled for a hearing before BOAR.

#### Step 4: Decision and Next Steps

- + BOAR decision: after the hearing, the BOAR will issue a written decision, which is mailed to the property owner.
- + Appeal to superior court: if the property owner disagrees with the BOAR's decision, they have 30 days to file an appeal with the Delaware Superior Court in their respective county.

#### Conclusion

With Delaware's property tax reassessment now complete, property owners should carefully review their updated assessed values to determine if an appeal is necessary before the deadline. If you did not receive your updated tax assessment, you can obtain it by searching for your property <a href="here">here</a>. If you have questions regarding your reassessment, need assistance compiling supporting evidence, or are experiencing challenges in filing an appeal, you may want to consult an attorney.