

New Castle and Sussex Counties Property Tax Reassessment Update

Hosted by:

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The Reassessments are Almost Complete.

- In New Castle County, the deadline to appeal is **March 14.**
- Sussex County begins accepting appeals February 25; deadline is **March 31.**

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Why Reassessment Now?

- “Delawareans for Educational Opportunity” and the state NAACP sued the State of Delaware alleging that the State violated State constitutional requirements to provide an adequate education to low-income students, students with disabilities, and students for who English was not a first language; they also sued the three counties claiming that the counties’ property tax system violated State constitutional requirements and state law.
- In May, 2020, the Chancery Court found all three counties violated State Constitution and statutory requirements, in particular by using valuation dates that were decades old for purposes of establishing assessment values.
- The Court ordered all three counties to do reassessments.
- Subsequently, the State legislature adopted and the Governor signed into law on August 9, 2023, HB 62 which changed the language of the law to state that all property subject to reassessment shall be assessed at its present fair market value. HB 62 also requires that a reassessment occur at least once every 5 years.

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Reassessment Base Date/Year

- Original Base Date/Year (pre-reassessment)
 - New Castle County Original Base Date/Year: July 1, 1983
 - Sussex County Original Base Date/Year: July 1, 1974
- New Base Date/Year (pre-reassessment)
 - New Base Date/Year for New Castle County: July 1, 2024
 - New Base Date/Year for Sussex County: July 1, 2023

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What is my Proposed Reassessment?

- Both counties previously sent letters with proposed reassessment values, and invited property owners to meet informally with company performing the reassessment.
 - In New Castle County, one can go to “Parcelview” and type in one’s address to see the new proposed assessed value: <https://www3.newcastlede.gov/parcel/search/>
 - In Sussex County, you can go to the Property Records Search page and search by address or name: <https://property.sussexcountyde.gov/PT/forms/htmlframe.aspx?mode=content/home.htm>

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Appeal Deadline Reminder

- The deadline to file an appeal in New Castle County is March 14, 2025
- The deadline to file an appeal in Sussex County is somewhat fluid. The County has advised that they start accepting appeals beginning February 25, with a deadline of March 31, 2025.

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Is an Appeal Appropriate?

- Cost/benefit analysis
 - Cost of appeal vs. potential tax savings
 - Historically, in NCC, every \$1 million of assessed value resulted in a tax bill of approximately \$38,000 (this depends on school district)
 - Under the new assessment, the tax rates haven't been established; however, in NCC, assuming an overall increase of 375% in the tax base, this suggests that every \$1 million under the new assessment figures will result in approximately \$10,133 in annual savings
 - So, if the cost of an appeal including attorneys fees, is \$20,000, then a \$1 million reduction would take 2 years to pay off
 - In Sussex, tax rates are even lower.

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How Does the Appeal Process Work?

- One files an appeal form no later than the applicable deadline; the form does require specific information about the property and must be signed by the property owner.
- Both counties plan to use “referees” to meet with appellants and see if the matter can be resolved.
- If referees cannot resolve, an administrative hearing will be held before the Board of Assessment Review.
- From the Board, one can appeal to Superior Court.

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Appeals are Limited to Information Provided with the Appeal Form.

- Information a property owner may present to the County and Board is limited to the information (i.e., comparable sales and other information) contained in the appeal form itself.
- The failure to provide the right information with the appeal form may result in the appeal being rejected or denied.
- New Castle County will allow appellants to obtain and file an appraisal after the March 14 deadline, but requires that the appraisal be submitted no later than June 16, 2025. The Chairman can grant an extension but not beyond one (1) year.

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Commercial appeal forms available online:

New Castle County:

<https://www.newcastlede.gov/DocumentCenter/View/41951/Non-Residential-Appeal-Form-rev-02-22finalfillable?bidId=>

Sussex County:

https://sussexcountyde.gov/sites/default/files/forms/Commercial_IndustrialAssessment_AppealForm.pdf

Note that Sussex County also requires an income/expense form for every appeal:

<https://sussexcountyde.gov/sites/default/files/forms/IncomeandExpenseForm.pdf>

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How Does One Determine Assessed Value?

- The assessed value is the “fair market value” for the property as of the assessment valuation date (July 1, 2024 for NCC, July 1, 2023 for Sussex)
- Fair market value is the price a willing buyer would pay a willing seller, neither party being under any compulsion to sell
- In determining fair market value, one takes into account all factors affecting the property
- In a mass appraisal, the counties will apply “market” rates and will make general assumptions about a property based on their (limited) inspections and knowledge, and won’t necessarily know:
 - Actual rental rates or terms of leases
 - Actual vacancy rates
 - Condition of building systems
 - Environmental constraints (floodplain, wetlands, etc.)

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How Does One NOT Determine Assessed Value?

- The County is fairly ruthless about evidence of value, and will not consider:
 - Other assessments;
 - Listed prices for property currently on the market;
 - Condemnation sales and transactions made under threat of condemnation
 - Zillow
- The foregoing might suggest to you that your property is over-assessed, but you will need acceptable data/analysis to prove your case

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How Does One Determine Assessed Value?

- There are three generally-accepted methods for valuation:
 - Income approach;
 - Comparable sales approach; Listed prices for property currently on the market;
 - Cost/construction approach.
- Other methods generally accepted for valuation may also be considered.

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In Re: CCDE Senior Living, LLC

- In this case, decided earlier this month, the Superior Court upheld the dismissal of a property tax appeal for insufficient information and failure to follow Board of Assessment Review Rules, including:
 - Lack of any sales/comparables
 - Lack of any appraisal
 - Insufficient cost/income data
 - Inability to be represented by a non-attorney or other third party (a property owner may represent itself or be represented by an attorney)

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Questions?



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