

Sponsor: Rep. Chukwuocha
Revised HB 129 from 150th General Assembly
Edits for Redding Educational Equity Work Group

AN ACT TO AMEND TITLE 14 OF THE DELAWARE CODE RELATING TO LOCAL SCHOOL TAXES.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend § 1914, Title 14 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 1914 Levy of annual school tax without election.

(a) The school board of any district, which has for 1 year levied a local tax under this chapter, may continue annually, without a further election or referendum, to levy such local tax not exceeding in amount the tax originally authorized by an election if said original authorization was on the basis of an amount of tax, or not to exceed the rate of tax originally authorized by an election if said 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.

(b)(1) Beginning in fiscal year 2022, a school board may increase the rate or amount of tax originally authorized in an election by an amount that does not exceed the higher of either of the following:

- a. A rate equal to the percentage change in the CPI-W as determined by the Bureau of Labor Statistics in the Department of Labor.
- b. A rate of 2% annually without a further election or referendum.
- c. Or an election by an amount that does not exceed the lower of either of the following: a rate equal to the percentage change in the CPI-W or a rate of 2% annually.

(2) This subsection (b) of this section does not apply to tax levies for major capital improvements under Chapter 17 of this title or tuition programs under Chapter 6 of this title.

(3) School boards may request a tax increase higher than the provisions in subsection (b)(1) of this section but will require a referendum approved by the taxpayers. If the tax rate is increased under this subsection, state funding shall not be decreased in any subsequent tax year based on the levy of this tax. Any state funding reductions will be based on the State revenue growth and funding ability and not based on the levy of this tax.

(c) A school board may elect a one-time rate increase of the tax originally authorized in an election by an amount to ensure that a school district will have sufficient local funds ending balance. For purposes of the subsection (c), “sufficient local funds ending balance” means as ending the fiscal year on June 30th with a local funds balance of at least 3 months of projected local payroll expenditures.

(d) Local expenditure growth may not exceed 3.5% beyond Division I unit percentage growth for the year prior to the year in which the one-time rate increase is enacted, the year for which the one-time rate increase is enacted as well as the year immediately after the one-time rate increase is enacted in accordance with subsection (c).

(e) any other provisions of this title to the contrary, the school board of the district whose jurisdiction traverses county boundary lines and whose local school taxes are made different as a result of property reassessment shall levy real estate taxes in the following manner:

(1) In the county not reassessed, at a rate authorized by law or in accordance with subsection (b) of this section.

(2) In the county recently reassessed, at a newly calculated rate based on the newly established assessments which at its maximum would bring in revenue equal to the amount authorized by law and by referendum, based on the previous year's assessment, plus the quarterly updates and the 10% increase as authorized by subsection (b) of this section.

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