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DELAWARE.GOV

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Dear Fellow Delawareans,

This week, House Bill 462 will become law without my signature.

I have reached this decision because the bill contains provisions that school districts need in order to set tax rates and prepare for the coming school year. Allowing the bill to take effect avoids unnecessary disruption for schools and taxpayers alike.

At the same time, I cannot endorse legislation that leaves some Delawareans with fundamentally unfair costs.

House Bill 462 permanently authorizes school districts to tax residential and non-residential property at different rates for school taxes. That authority can serve a legitimate purpose. Your home should not necessarily be taxed the same as warehouses, office parks, or industrial facilities.

The problem is that House Bill 462 continues to treat apartments and other residential rental communities as commercial property.

An apartment where a family lives is a home. Yet under this law, the building that houses teachers, nurses, seniors, first responders, and thousands of working families may be taxed at substantially higher rates than the single-family home next door simply because those families rent rather than own.

Those taxes do not simply disappear. They are reflected in higher rents, deferred maintenance, and fewer new housing opportunities for Delaware families.

We have already seen the consequences.

Following New Castle County's reassessment, when several school districts adopted split tax rates, apartment school-tax rates increased by an average of 55 percent across the county, with increases approaching 81 percent in Appoquinimink. Meanwhile, homeowner tax rates generally declined. In some districts, a 4000-square-foot single-family home carried a lower school tax burden than a 1500-square-foot apartment.

House Bill 462 moderates the most extreme disparities by limiting apartment tax rates to no more than 185 percent of the residential rate. That is an improvement over the status quo, but it also writes into permanent law a classification that is fundamentally flawed.

Earlier this summer, I urged the General Assembly to pass Senate Bill 350 because it offered a better solution. It would have permanently recognized multifamily housing as residential property, established a use-based classification system, and capped apartment school-tax rates at no more than 120 percent of the residential rate.

Importantly, it would have done so without reducing school district revenue. It would not have changed property tax treatment in Kent or Sussex Counties. Independent analysis showed it would have provided nearly $15 million in annual relief for apartment residents while leaving the median homeowner's school tax bill below pre-reassessment levels in every district. Unfortunately, the General Assembly did not act on that legislation before adjournment.

This issue extends beyond tax policy.

Since taking office, my administration has worked closely with the General Assembly to make historic progress on housing affordability. Delaware has recently shown the greatest improvement in housing affordability of any state in the nation.(https://www.realtor.com/research/state-report-cards-2026/) At the same time, we continue to face a shortage of roughly 40,000 homes, including approximately 20,000 affordable and workforce housing units.

Half of Delaware renters are already cost-burdened. For many families, inflation continues to outpace wages. Property taxes represent one of the largest operating costs for apartment communities, and substantial tax increases inevitably affect rents, investment, and the construction of new housing.

We cannot encourage compact, affordable housing while taxing that same housing as though it were commercial development.

There can be no truly equitable education system without equitable housing for the families our schools serve. When working families who rent bear a disproportionately larger share of the cost of public education than owners of far more valuable homes, our tax policy is not advancing fairness—it is moving away from it.

For these reasons, I cannot sign House Bill 462.

At the same time, I believe vetoing the bill would create greater harm. School districts need certainty before tax bills are issued, and the legislation contains technical provisions necessary for the orderly administration of school taxes. A veto at this late stage would create unnecessary uncertainty for schools and taxpayers without resolving the underlying problem.

Accordingly, House Bill 462 will become law without my signature.

But this cannot be the final chapter.

When the General Assembly returns, I urge it to complete this work by recognizing apartments and rental housing for what they are: homes. We should establish a permanent property classification system that treats residential rental housing as residential property, protects renters from disproportionate taxation, and does so without taking a single dollar away from Delaware's public schools.

A home is a home, whether you own it or rent it.

The families of Delaware deserve nothing less.

Sincerely,

Matthew Meyer
Governor