



# Delaware Supreme Court Affirms Lower Court Ruling Denying Commercial Property Owners' Split Tax Rate Challenge

Client Advisories

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Late last year, the Delaware Supreme Court affirmed the Delaware Court of Chancery's ruling in *Newark Property Association et. al. v. State of Delaware et. al.*, 2025 WL 3041907 (Del. Ch. Oct. 30, 2025), where the Chancery Court rejected commercial taxpayers' challenges to House Bill 242 ("HB 242"). HB 242, which passed following a special session of the state General Assembly in August, allowed school boards to reset their tax rates for the 2025-2026 fiscal year to permit commercial and residential taxpayers to be taxed at different tax rates.

Several associations filed an action challenging HB 242 on behalf of commercial property owners in an expedited appeal to the Chancery Court, which found the provision did not violate the State's Constitution. The Plaintiff associations appealed the Chancery Court's decision to the Delaware Supreme Court, arguing that the State's Uniformity Clause prohibits the imposition of split tax rates between commercial residential taxpayers, and that the County's reclassification of properties from residential to commercial violated the provisions of HB242 concerning revenue neutrality.

Both arguments were rejected, and the ruling paved the way for school boards to proceed with the implementation of the split tax rates, which will negatively affect commercial taxpayers. As a commercial taxpayer in Delaware, you may receive revised, increased tax bills issued by taxing authorities. With the 2026 appeal windows now open in the State, property owners should review the revised bills as the increased tax burden can have negative effects on the property's market value.

If you have any questions, please contact **Thomas Deenis** at [tdeenis@archerlaw.com](mailto:tdeenis@archerlaw.com) or 215-246-3183, or **Natasha Songonuga** at [nsongonuga@archerlaw.com](mailto:nsongonuga@archerlaw.com) or 302-777-4350.

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