TOWN OF OCEAN VIEW
DELAWARE

April 2, 2026

TO: Mayor and Council

FROM: Carol S, Houck, Town Manager

SUBJECT: Updated Recommendation for Ordinance to Adopt a New Chapter 16 of the Town of Ocean View Code, to Establish a Tax Rate Stabilization Trust Fund

Updated Recommendation

Since the time of the introduction of the attached ordinance to adopt a new Chapter 16 of the Town of Ocean View Code to establish a Tax Rate Stabilization Trust Fund (TRSTF), we have determined it to be in the best interest of the Town and the TRSTF to use more conservative limits in association with the maximum used from the trust fund any given year. This in turn translates to a more conservative trust fund "pay-back" level required during all future full town reassessment years.

As such, the attached reflects the 1st recommended language for the establishment of the TRSTF including the change from limiting use up to 2 cents a year, to **limiting use up to 1 cent per year** of the then per cent value to provide a credit towards the initial year of an increase to our property owners. In addition, it therefore reduces the maximum required "pay-back" to the TRSTF during a full town reassessment to up to 5 cents of then value, if the max 1 cent per year were used. These changes are represented on the attached with all new language in bold, and strikeouts and new language highlighted for ease of acknowledging the changes.

In addition, we've added clarifying language as well, where it was deemed appropriate, including any future aligning with the Sussex County every 5 year reassessment to fulfill our code requirement. This is being evaluated at time of writing and including it herein will eliminate the need to modify this ordinance going forward.

All other considerations of the attached ordinance remain the same. I recommend that the Mayor and Council support this more conservative approach to the creation and implementation of the TRSTF. It has been deemed suitable to make such modifications at time of First Reading, and that all changes are in the best interest of the Town and its property owners.

ORDINANCE NO. 415

AN ORDINANCE TO ADOPT A NEW CHAPTER 16 OF THE TOWN OF OCEAN VIEW CODE TO ESTABLISH A TAX RATE STABILIZATION TRUST FUND

WHEREAS, the Council of the Town of Ocean View ("Town Council") possesses the authority to adopt, amend, modify, or repeal the Town of Ocean View Code ("Code"); and

WHEREAS, the Town Council seeks to ensure fiscal responsibility and to ensure the stabilization of tax rates whenever possible; and

WHEREAS, in furtherance of this goal, the Town Council desires to adopt a Tax Rate Stabilization Trust Fund ("TRSTF") and adopt a new Chapter 16 of the Code.

NOW, THEREFORE, be it ordained by the Town Council of the Town of Ocean View the establishment of a new Chapter 16 of the Code to enact the TRSTF as follows:

Section 1 – Establishment.

CHAPTER 16 - TAX RATE STABILIZATION TRUST FUND

§ 16-1 Fund established.

The Town hereby establishes a Tax Rate Stabilization Trust Fund ("TRSTF"). The TRSTF may be used, at the direction of Town Council, following a recommendation by the Town Manager, to offset any initial year tax increase to property owners by a maximum of 1 cent in any given budget year. The purpose of the TRSTF is to provide initial relief and smoothing of the tax rate to property owners when the tax rate is increased by Town Council.

§ 16-2 Appropriation in budget; expenditure.

The Town Council shall allocate $1,430,910 (the value of 10 cents in FY2026) in the Town's annual operating budget for the fiscal year 2027 to create (seed fund) the TRSTF. For each subsequent budget year, funds may be expended from the TRSTF annually up to 1 cent if deemed necessary in any year that Town Council institutes a tax rate increase to property owners. Any additional income that may be earned by the reasonable and prudent investment of the TRSTF funds shall be maintained in the TRSTF.

§ 16-3 Future Funding.

After the initial fiscal year 2027, after the next required full Town reassessment (2032 and all subsequent five year increments, or when Sussex County, De reassesses property if the Town vote to move to its assessment figures), the Town budget shall reimburse funds to the TRSTF to 5 cents at the then current value of the tax rate during that year to accommodate the expenditure of up to 1 cent annually for tax increase relief for the following five years, based on demonstrated need and funding availability.

§ 16-4. Funds to be considered encumbered.

A. Funds accumulated in the TRSTF will not be considered unexpended and unencumbered funds of the end of the budget year as per Section 3.108, Lapse of Unexpended Appropriations, of the Town Charter.

B. Funds accumulated in the TRSTF shall be considered encumbered funds.

Section 2. Severability.

The provisions of this Ordinance shall be severable. If any provisions of this Ordinance are found by any court of competent jurisdiction to be unconstitutional or void, the remaining provisions of this Ordinance shall remain valid, unless the court finds that the valid provisions of this Ordinance are so essentially and inseparably connected with, and so dependent upon, the unconstitutional or void provision that it cannot be presumed that Town Council would have enacted the remaining valid provisions without the unconstitutional or void provision; or unless the court finds that the remaining valid provisions, standing alone, are incomplete and incapable of being executed in accordance with Town Council's intent.

Section 3. Effective Date.

This Ordinance shall become effective immediately upon its adoption by the Town Council.

Section 4. Authorization.

The Town Manager, or his or her designee, is hereby authorized and directed to take all necessary actions to implement the provisions of this Ordinance.

TOWN OF OCEAN VIEW

By: _____
Mayor

Attest: _____
Town Clerk

Introduction: March 10, 2026

First Reading: April 14, 2026 (as amended at first reading)

Second Reading: