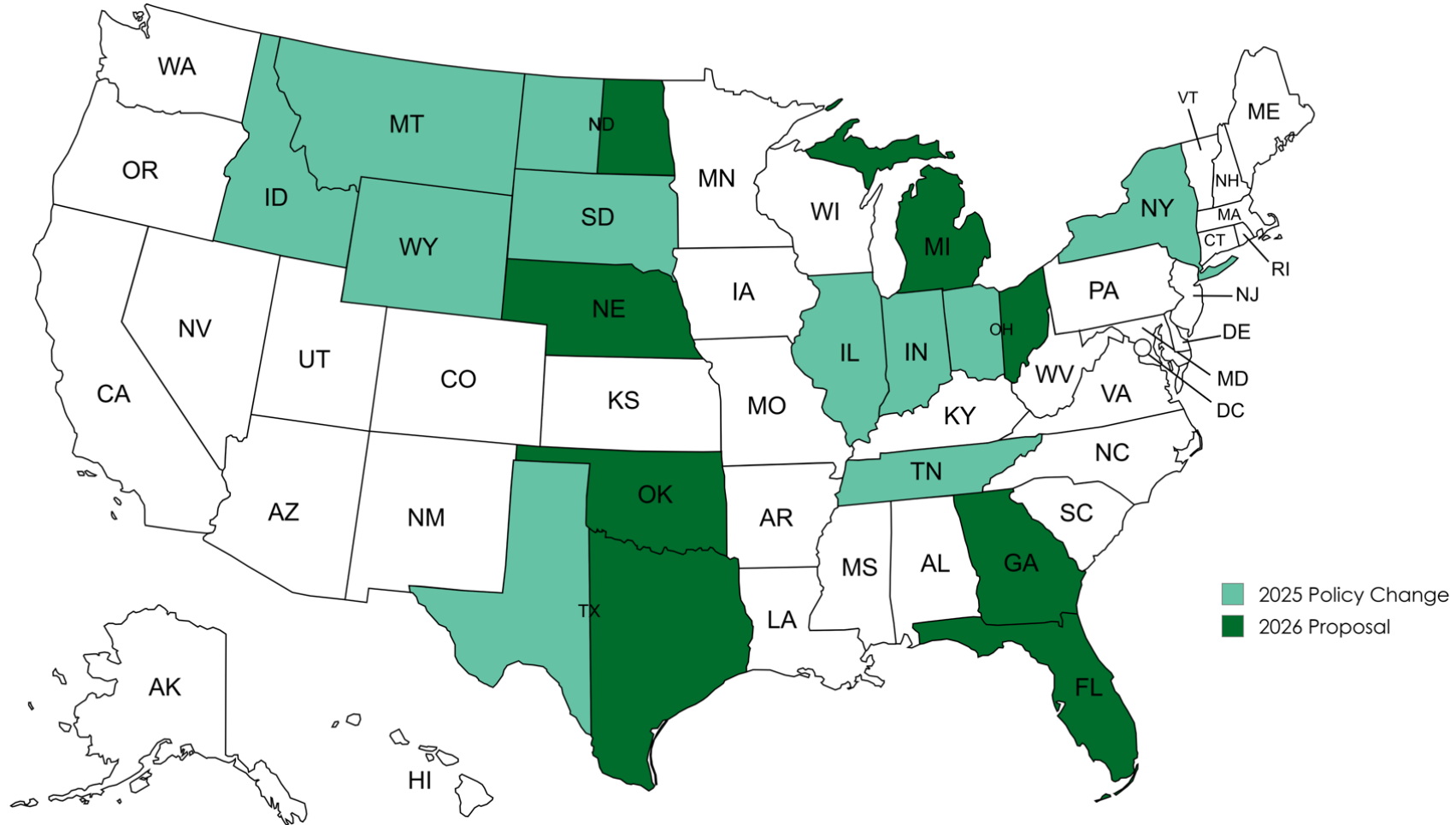




Understanding the Property Tax Repeal Movement and Paths to Greater Taxpayer Acceptance

Semida Munteanu, *Lincoln Institute of Land Policy*
Jared Walczak, *Walczak Policy Consulting*
Joan Youngman, *Lincoln Institute of Land Policy*

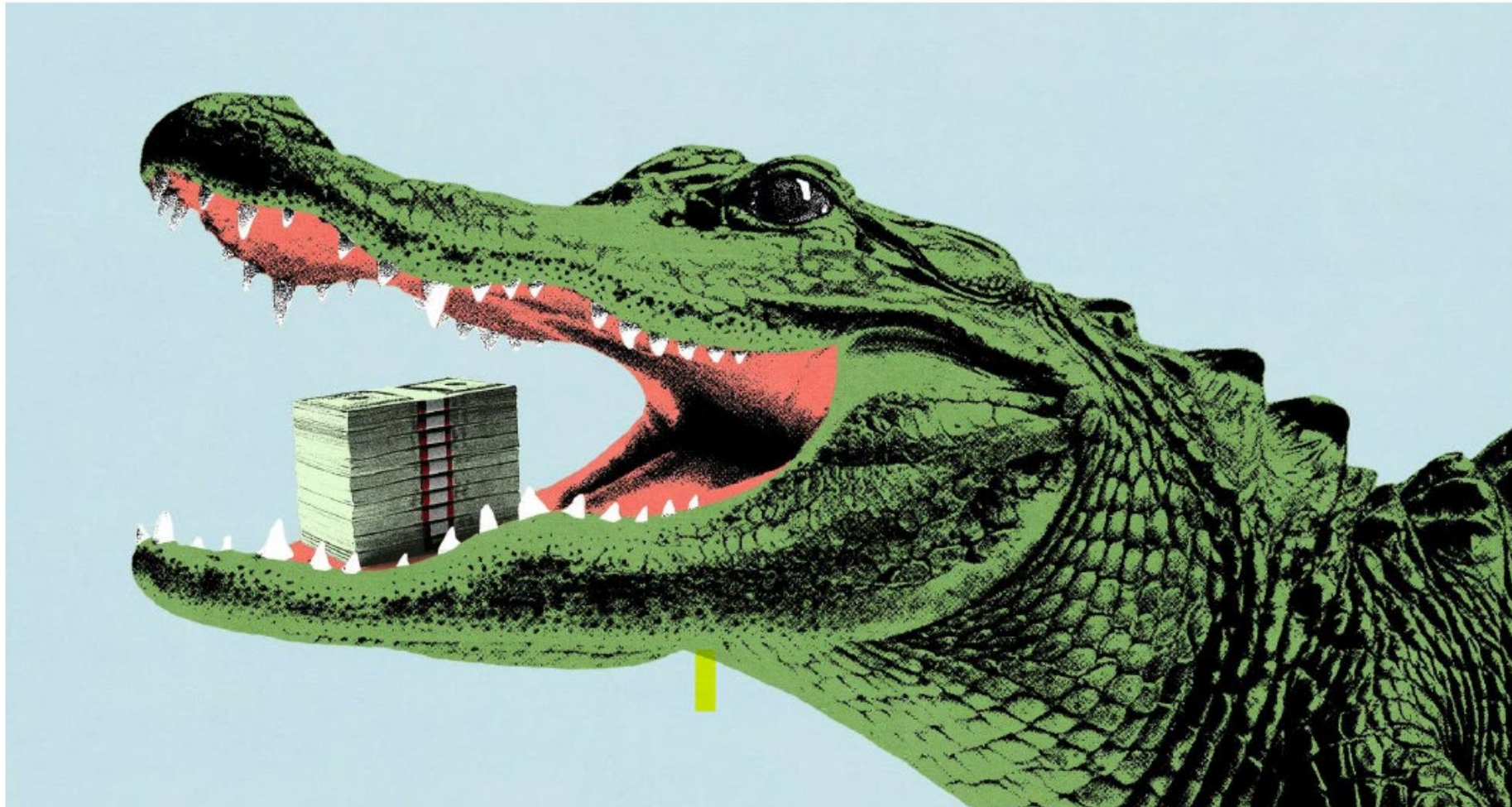




The Property-Tax Revolution

States can't afford these cuts.

By Annie Lowrey



Potential Causes

- **Cost of living inflation – affordability pressures**
- **Perception problems:**
 - Fears that rapid rise in housing prices post pandemic will lead to proportional increases in property tax bills
 - Pandemic federal stimulus package of historic proportions along with increased state tax collections have created a sense of fiscal surplus
- **Failure to reduce tax rates when assessments increase**

Potential Causes, continued

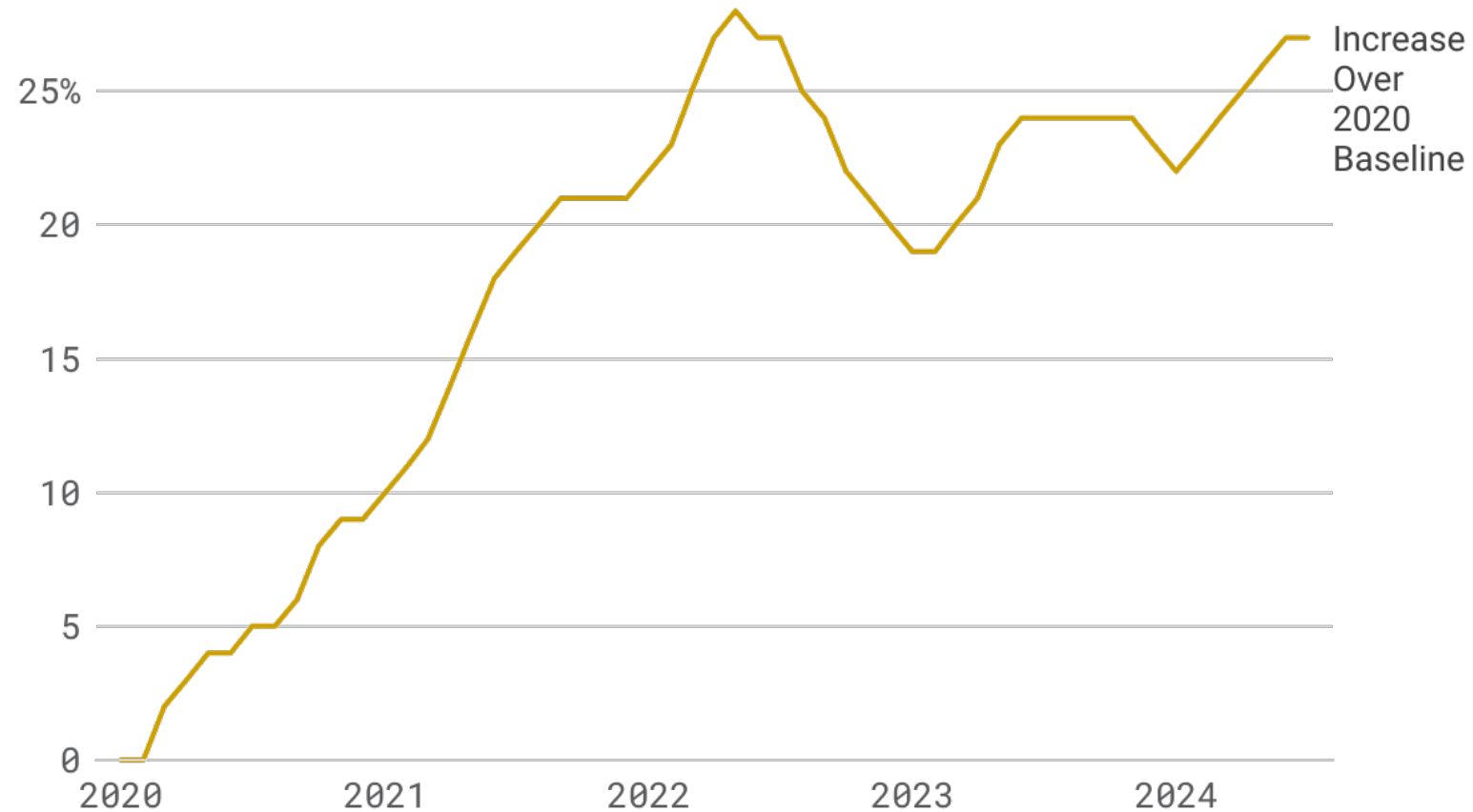
- **Shift to remote/hybrid work caused relative weakness in commercial property markets, shifting burden to homeowners**
- **Policy patches from the last property tax revolt – California Prop 13 style assessment caps.**
- **Media attention to assessment regressivity – social equity concerns**

Missing from the Public Debate

- **What are viable alternatives for replacing the local property tax?**
- **What are the economic and social implications of alternative revenue sources?**
- **What are the effects of repealing the property tax on property prices?**
- **What policies and practices can states adopt to promote greater taxpayer acceptance?**

Property Values Have Risen Far Faster than Inflation

Inflation-Adjusted Assessed Value Increases Since 2020

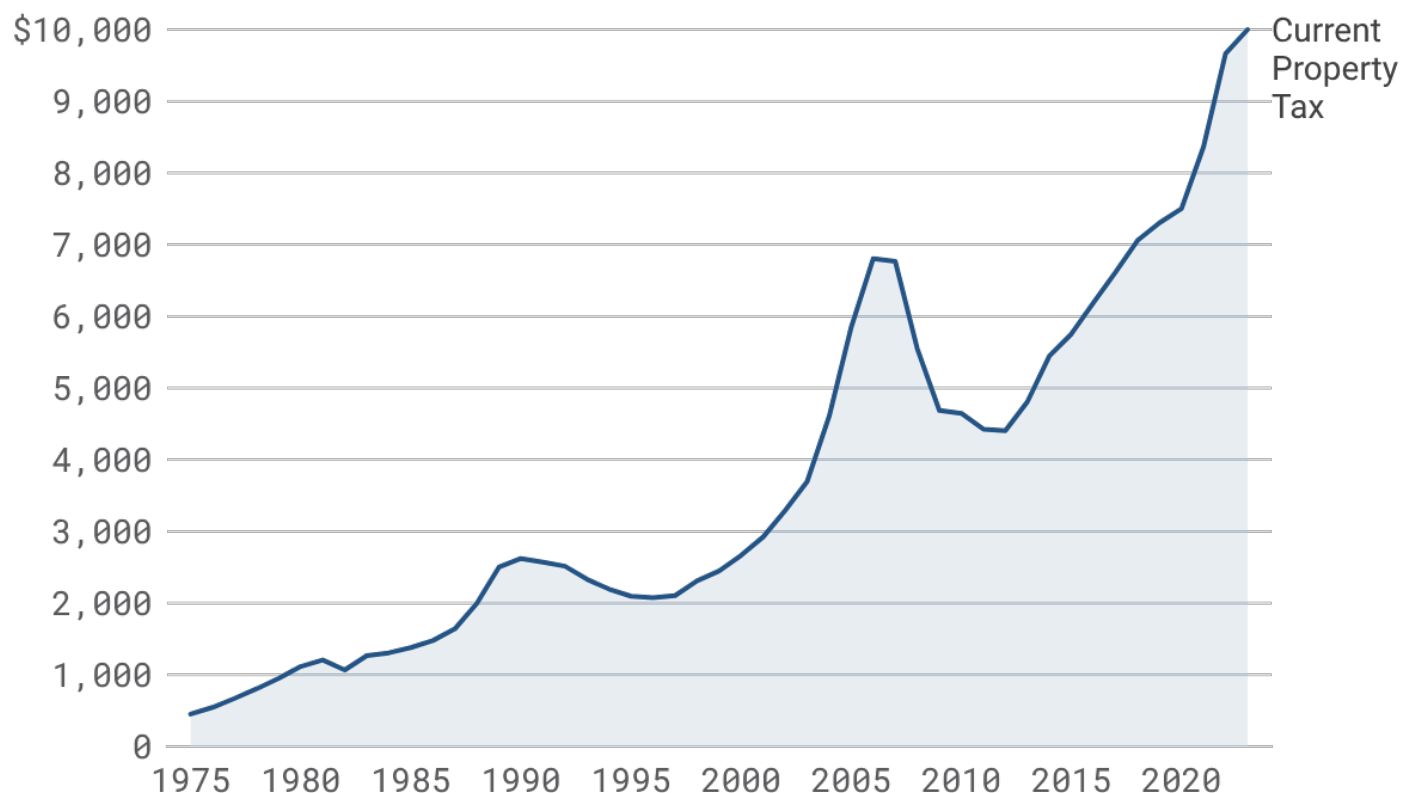


Source: S&P Dow Jones Indices LLC, "S&P CoreLogic Case-Shiller U.S. National Home Price Index"; US Bureau of Labor Statistics, "Consumer Price Index" (monthly).



Under Assessment Limits, When You Buy Dictates What You Pay

Property Tax at a 1% Rate on a Los Angeles Home Worth \$1 Million in 2023, by Acquisition Year



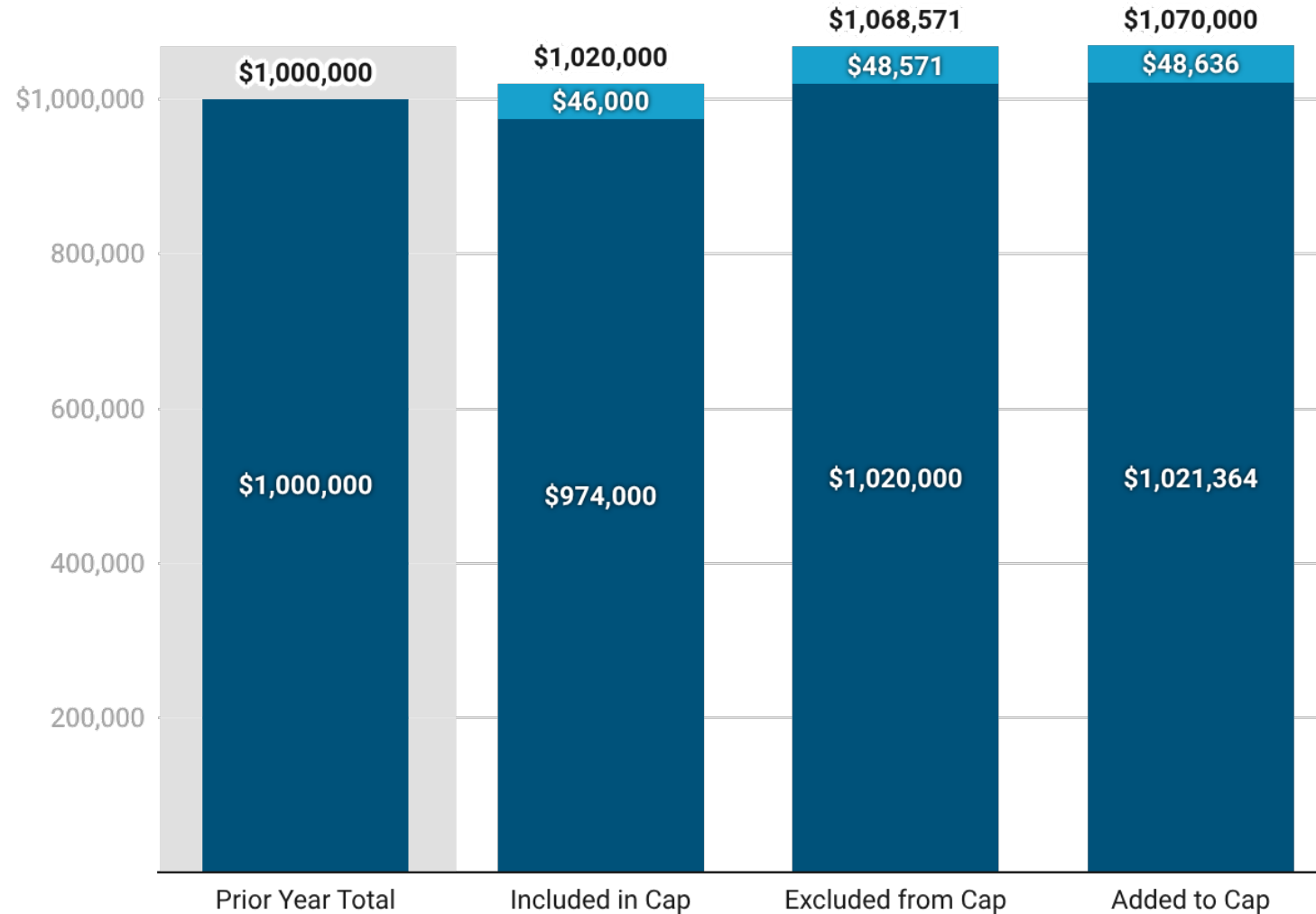
Uses All-Transactions House Price Index to set acquisition price by year and applies Proposition 13 limitations (the lesser of CA CPI-U or 2 percent) for each year.
Source: US Federal Housing Finance Agency; State of California Department of Finance; Tax Foundation calculations.



Levy Limits Vary in Their Treatment of New Construction

Tax on existing and new property under a 2% levy limit by approach to new construction

■ Tax on Existing Property ■ Tax on New Construction



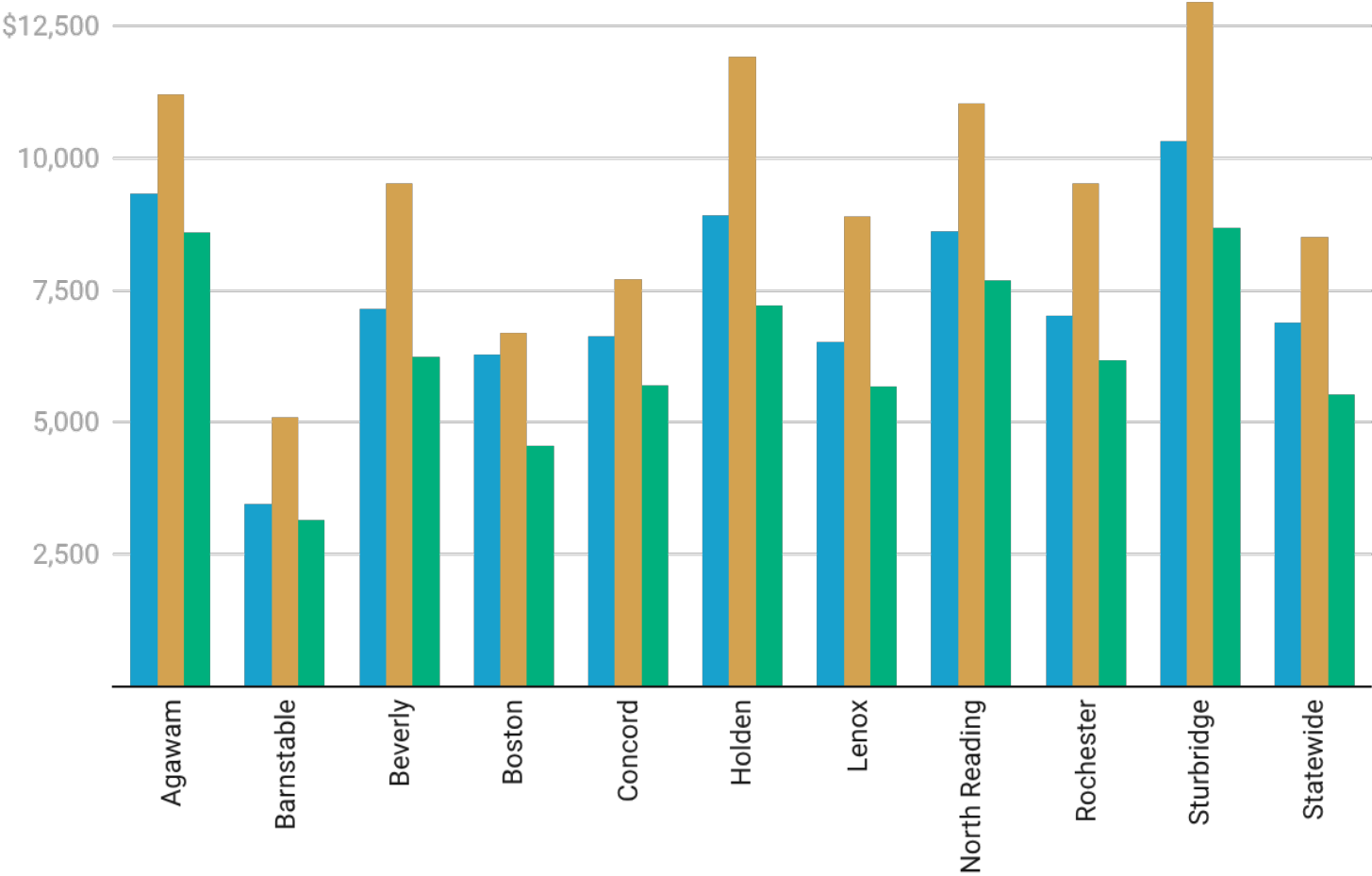
Note: Example assumes a 5% increase in the taxable value of existing properties and new growth worth an additional 5%. Whether that new growth is included in, excluded from, or added to the cap yields growth (or negative growth) for existing property that can diverge from the overall limit (here, 2%).



Property Tax Liability With and Without Proposition 2½

2026 levies on the median single-family home under current policy, if Proposition 2½ had been repealed in 2016, and under a hypothetical strict 2.5% levy limit adopted in 2016

Actual Tax Levy Without Proposition 2½ With a Strict Levy Limit

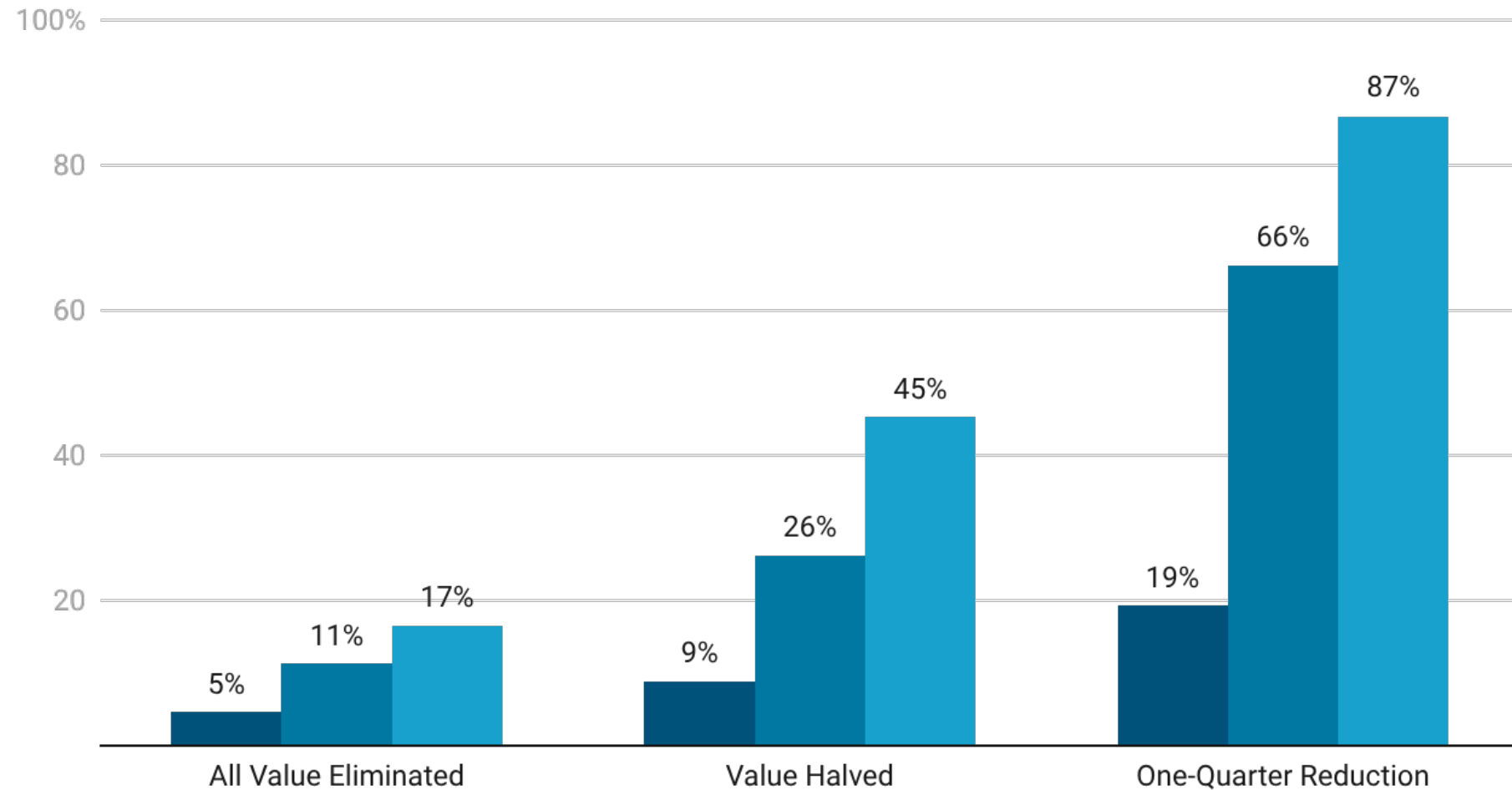


Note: The median single-family home is valued at \$661,590. The hypothetical strict levy limit is calculated based on the increased value of existing property, excluding new construction but not using it to further increase allowable collections from existing property. Hypotheticals involve repeal or reform of Proposition 2½ one decade ago.



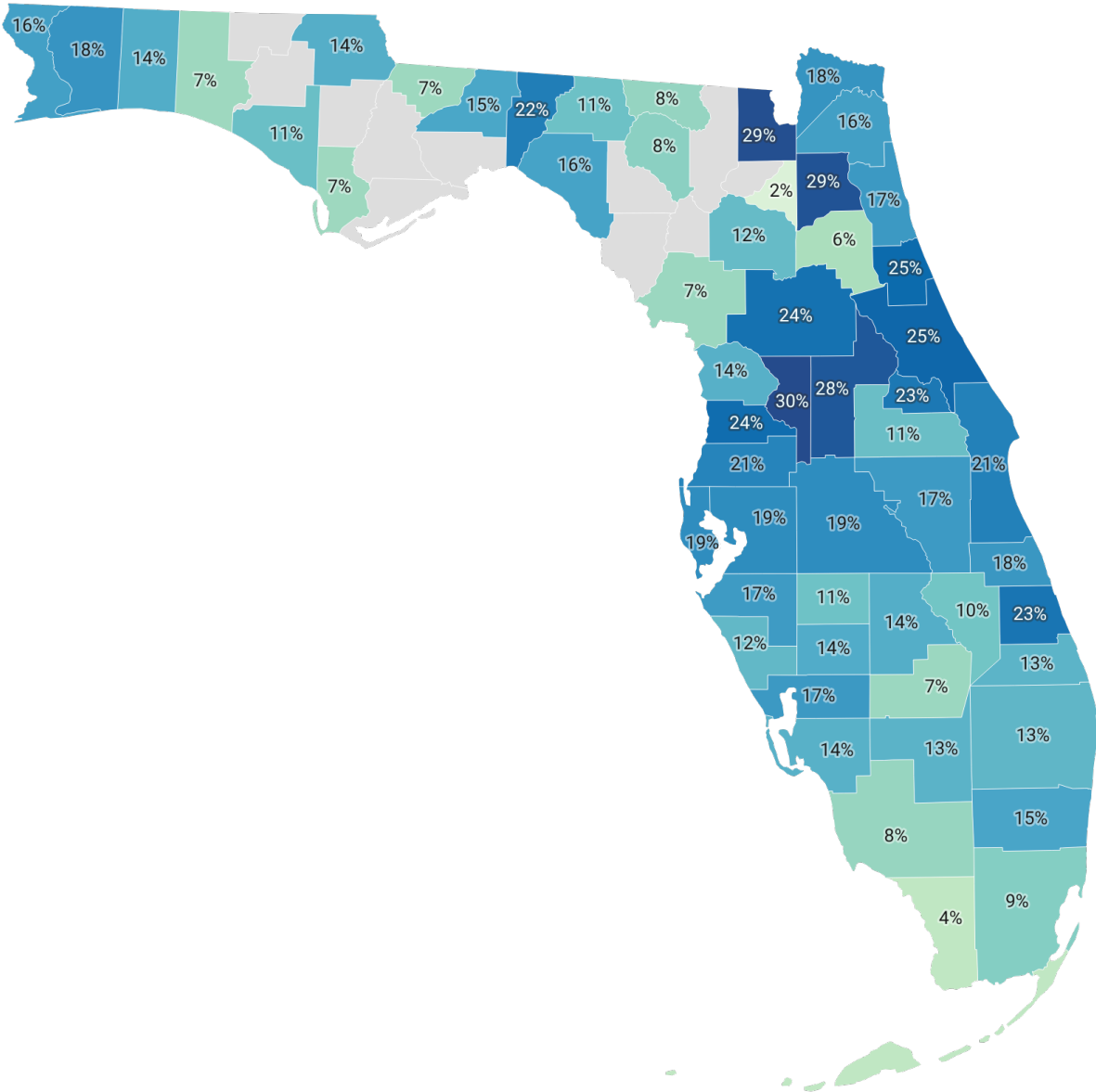
Texas's Homestead Exemption Halves Value for 45% of Homes

■ \$40K Exemption ■ \$100K Exemption ■ \$140K Exemption



Property Tax Increases on Apartments Under Revenue-Neutral Rate Changes

Estimated increase in property tax on the average apartment unit in 2028 under a revenue-neutral millage increase in response to Florida Amendment 3 (\$250,000 homestead exemption), as a share of total property tax liability, by county



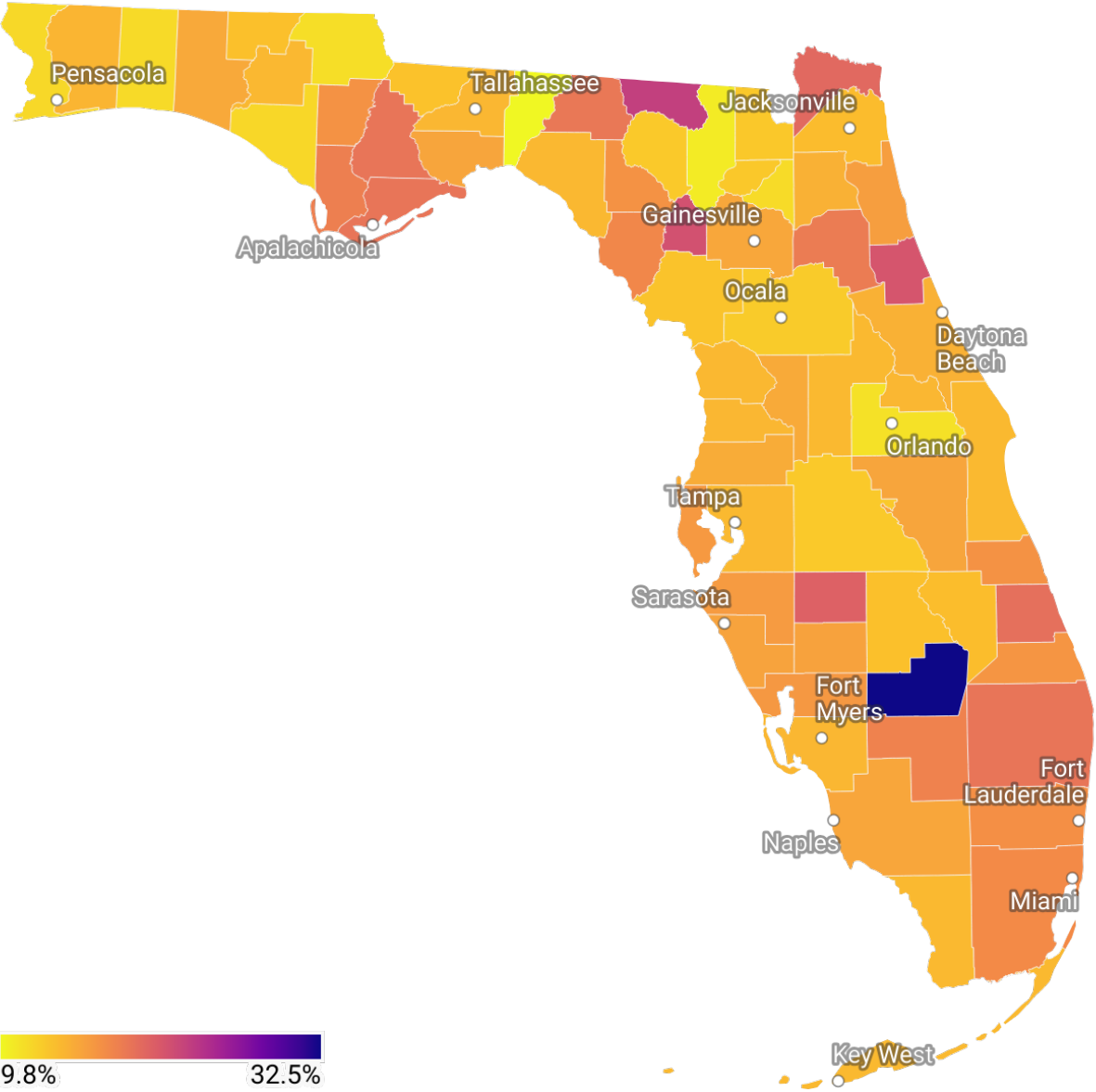
Note: Increases are expressed as a percentage of total property tax liability, including unchanged school property tax levies. Counties shown without a value lack sufficient non-suppressed apartment data to produce an estimate.

Source: Author's calculations based on Florida Department of Revenue 2025 final NAL assessment rolls and Florida Revenue Estimating Conference forecasts. • Created with Datawrapper



Replacement Sales Tax Rates Vary Widely

All-In Sales Tax Rate to Replace Florida's Local Property Taxes, by County

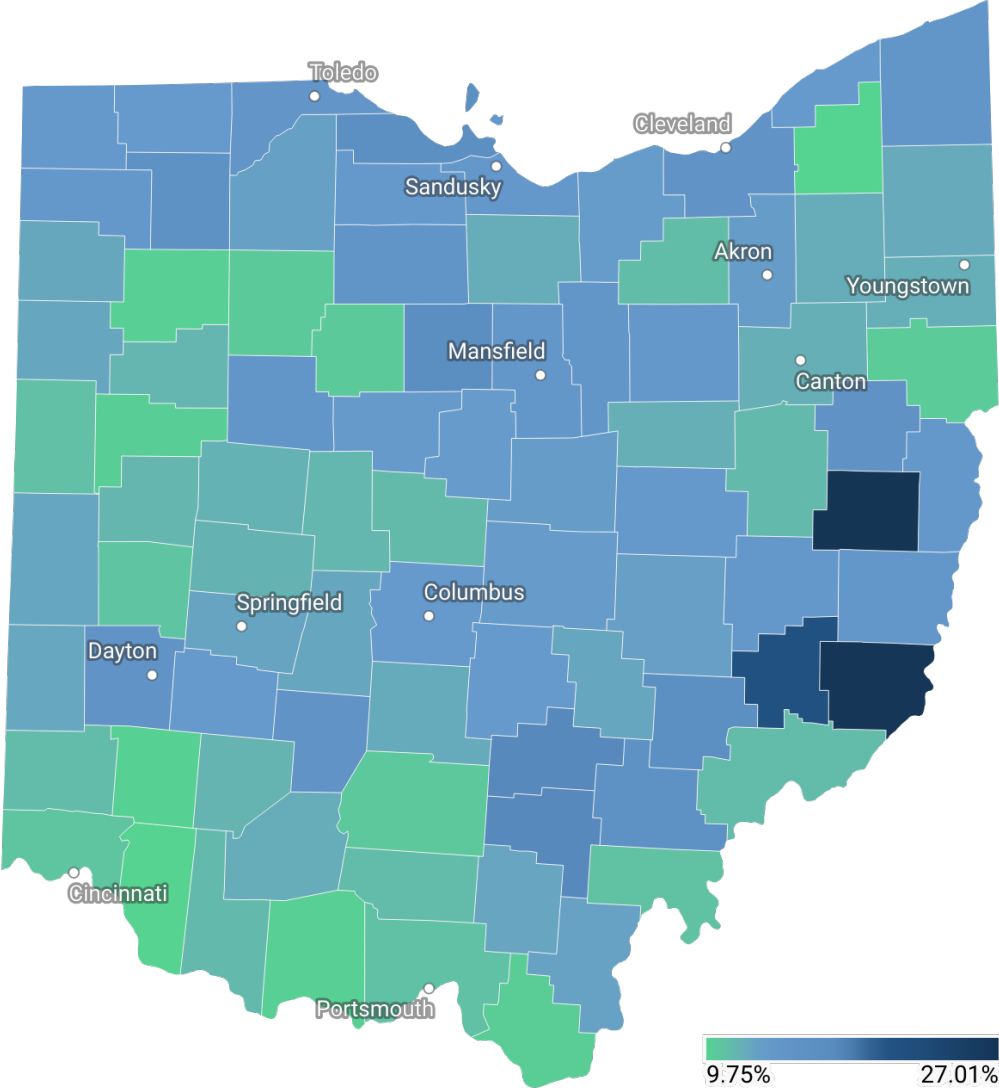


Source: Florida Department of Revenue; Tax Foundation calculations.



Replacement Income Tax Rates Vary Widely

All-In Income Tax Rates to Replace Ohio's Property Taxes, by County



Note: Figures represent countywide averages. Existing municipal and school district income taxes are included, with adjustments for jurisdictions that straddle county borders, and weighted by population share. These adjustments are imperfect, but sufficient to purpose for county-level allocation of local income taxes with an average rate of about 1.49% statewide.
Source: Ohio Department of Taxation; US Census Bureau; National Center for Education Statistics; Tax Foundation calculations.

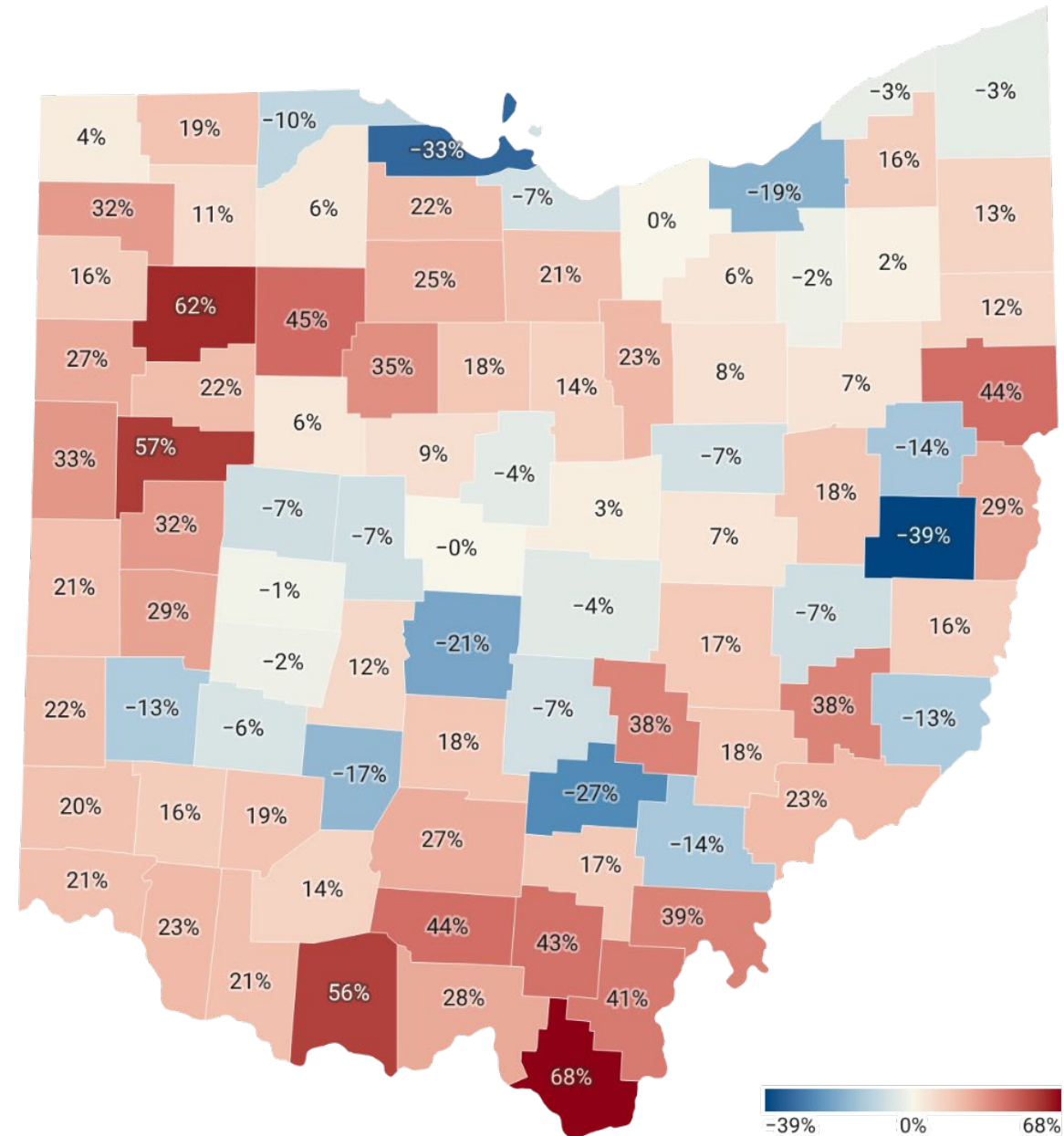


County-Level Aggregate Revenue Replacement Levels if Property Taxes Had Been Replaced with Final-Year Collections, Adjusted Annually for Population and Inflation, Beginning 20 Years Prior

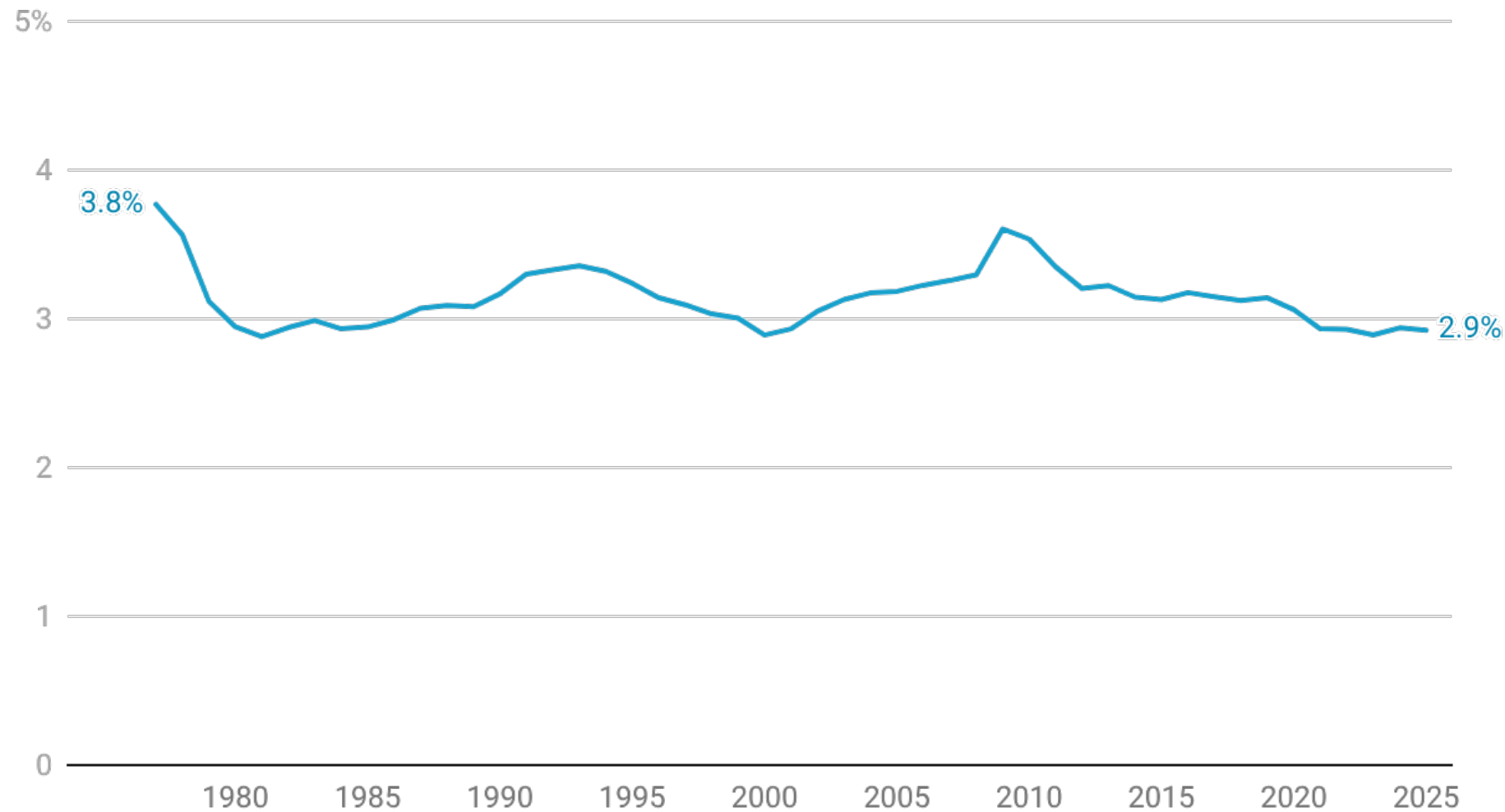


Net Change in Tax Liability with Income Tax Replacement

Net Change from Prior Property Tax Liability Under Replacement with a Graduated Rate Income Tax with a Top Rate of 12.05% (Graduated Rate Tax Model 1)



Property Taxes are Declining as a Share of Personal Income

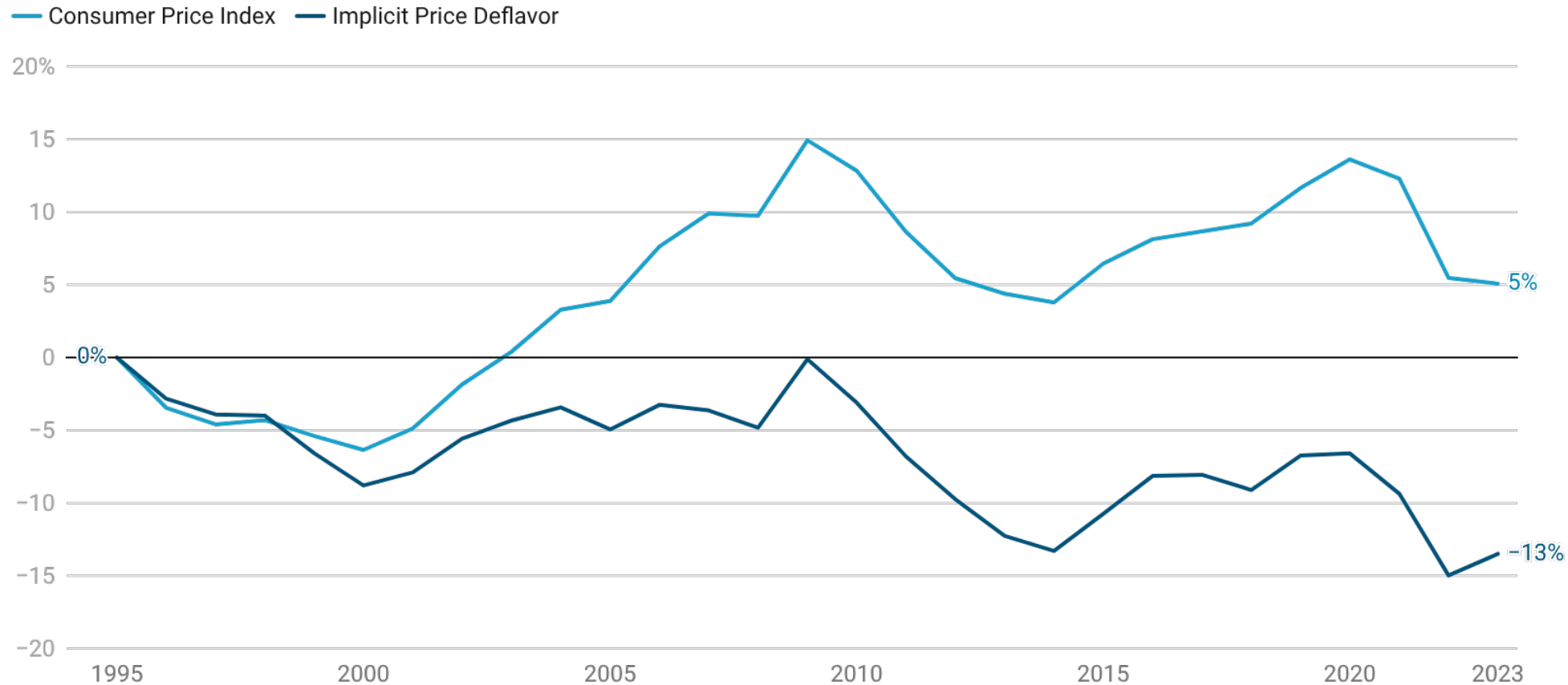


Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; author's calculations • Created with Datawrapper



U.S. Floor-Space Adjusted Property Tax Collections

Change in real property tax collections adjusted for increase in square footage



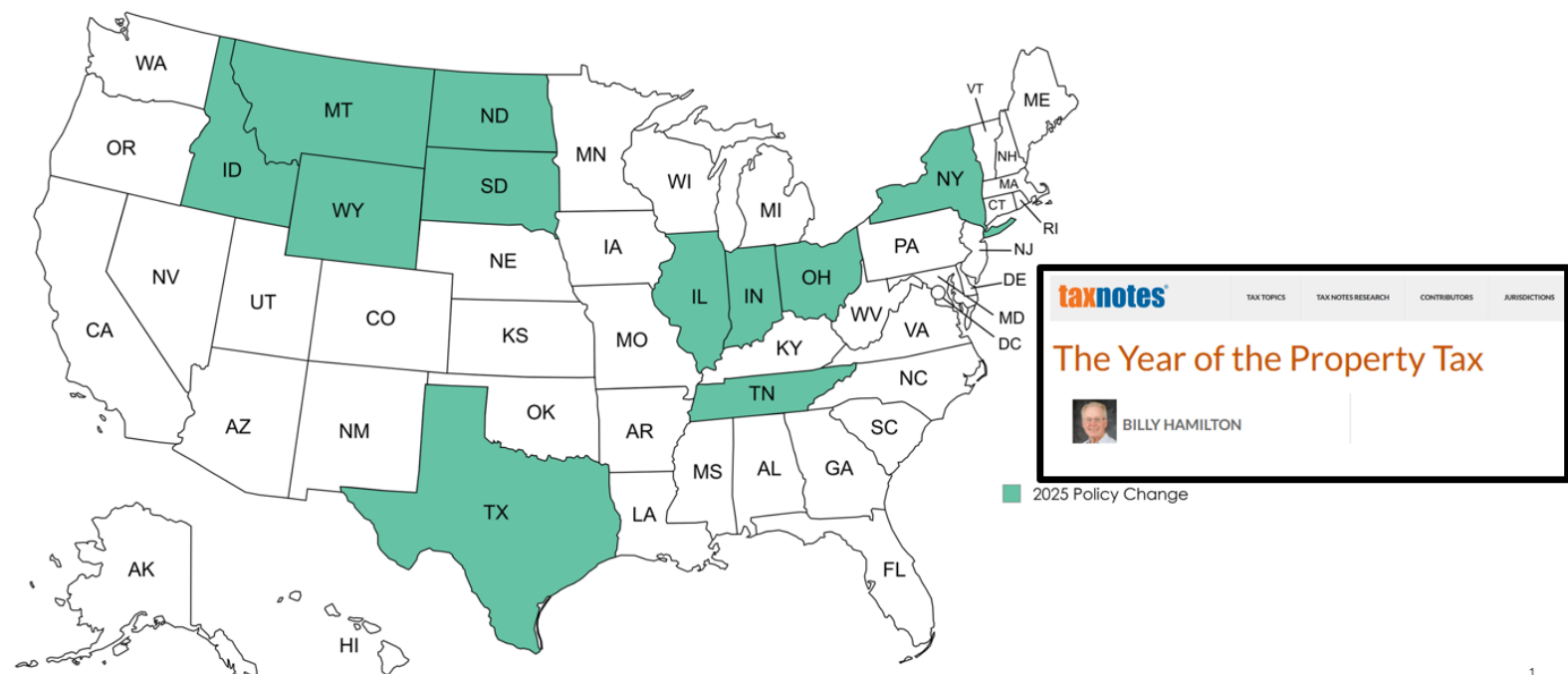
Note: Includes residential, commercial, and industrial square footage changes. The Consumer Price Index for All Urban Consumers (CPI-U) is the standard national measure of inflation. State and local governments often favor the Implicit Price Deflator for State and Local Government Purchases (IPDSL), which is intended to capture inflationary increases within state and local government sectors. Note that as a combined state and local measure, the Implicit Price Deflator includes health care and social welfare costs not as pertinent to local governments.

Source: U.S. Census Bureau; U.S. Bureau of Labor Statistics; U.S. Department of Energy; Moura et. al., "120 Years of U.S. Residential Housing Stock and Floor Space"; author's calculations. • Created with Datawrapper



Lessons from “The Year of the Property Tax”

Property Tax Revolt



In some states, a push to end all property taxes for homeowners

More than the Property Tax

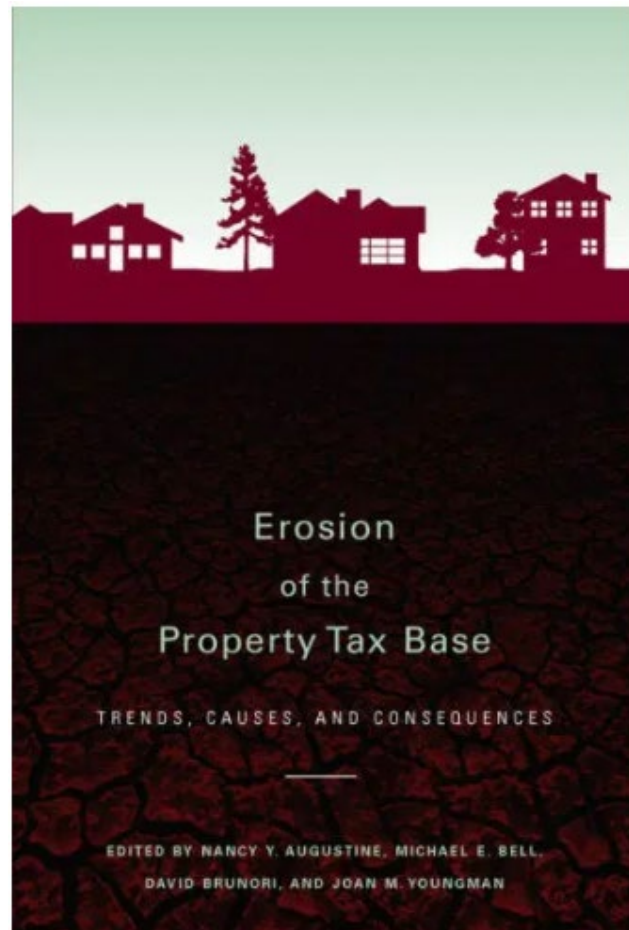
Kansas Tax Committee Examines 'Freedom From Taxes' Proposal



UChicago Harris/AP-NORC Poll: Majorities view taxes as too high, providing little value

Missouri Auditor Warns Spending Will Soon Extinguish Surplus

An Ongoing Issue



Foreword

GREGORY K. INGRAM AND HAL WOLMAN

- 1 The Property Tax Under Siege
NANCY Y. AUGUSTINE, MICHAEL E. BELL,
DAVID BRUNORI, AND JOAN M. YOUNGMAN
- 2 Overview of the Trends in Property Tax Base Erosion
JENNIFER GRAVELLE AND SALLY WALLACE
Commentary RICHARD M. BIRD
- 3 Property Tax Exemptions, Revenues, and Equity:
Some Lessons from Wisconsin
RICHARD K. GREEN AND ELAINE WEISS
Commentary ROBERT M. SCHWAB
- 4 Residential Property Tax Relief Measures:
A Review and Assessment
JOHN H. BOWMAN
Commentary JOHN E. ANDERSON
- 5 Assessment Limits as a Means of Limiting Homeowner
Property Taxes
TERRI A. SEXTON
Commentary JON SONSTELIE

New Extreme Proposals



THE TEXAS TRIBUNE

Texas Gov. Greg Abbott has a sweeping plan to abolish school property taxes. Would it work?

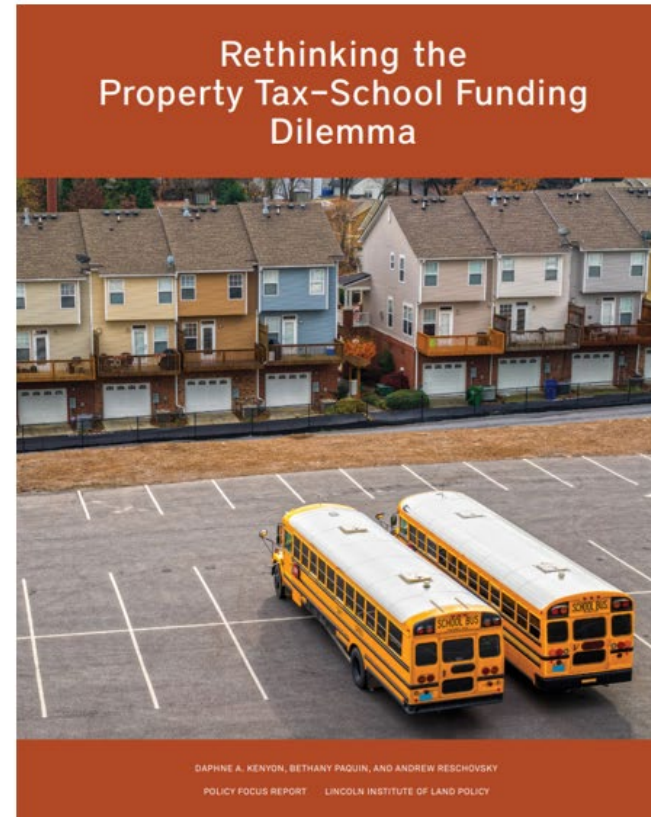
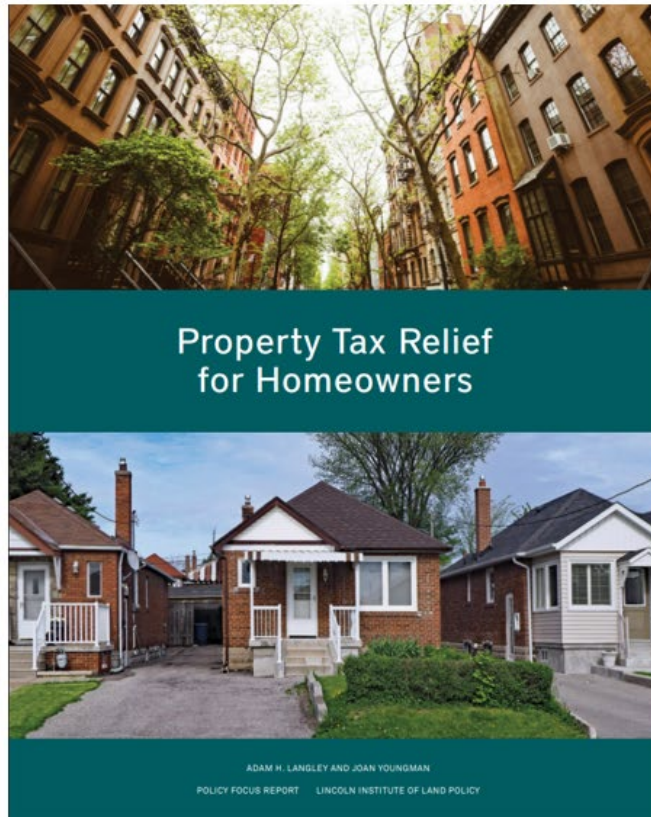
Miami Herald

EDITORIALS

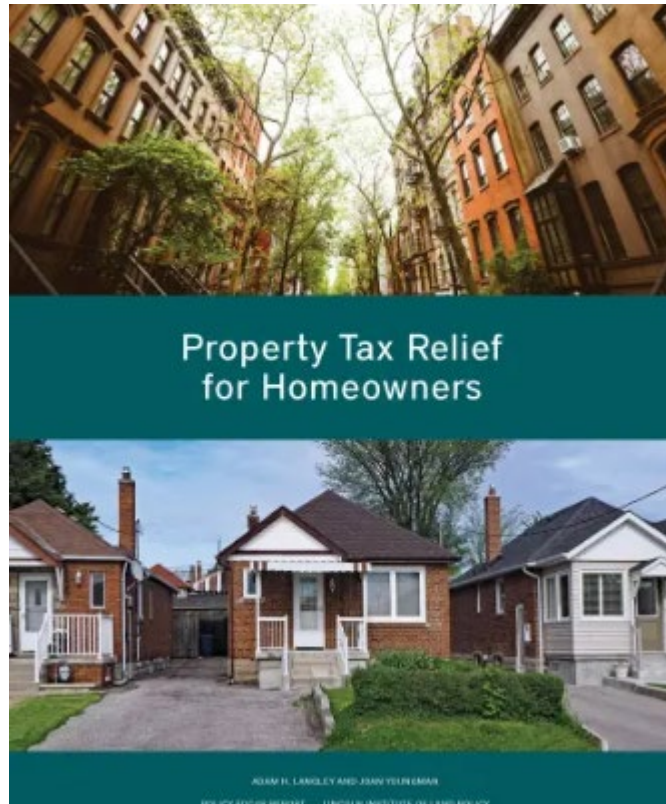
How property tax cuts could make your life in Miami-Dade harder | Opinion

By the Miami Herald Editorial Board

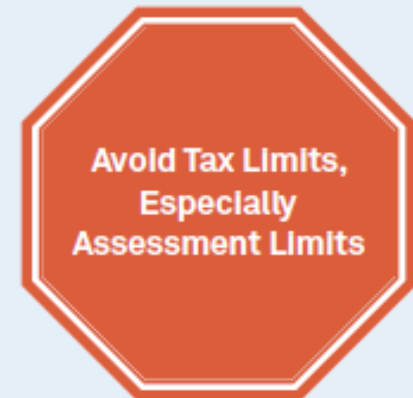
Two Central Issues



Florida and Assessment Limits



The Keys to an Equitable and Efficient Property Tax System



Proposed Ohio Ballot Measure



Replacing the Irreplaceable: Analyzing Revenue Alternatives for Ohio Property Taxes

Working Paper WP26JW1

Jared Walczak

Walczak Policy Consulting

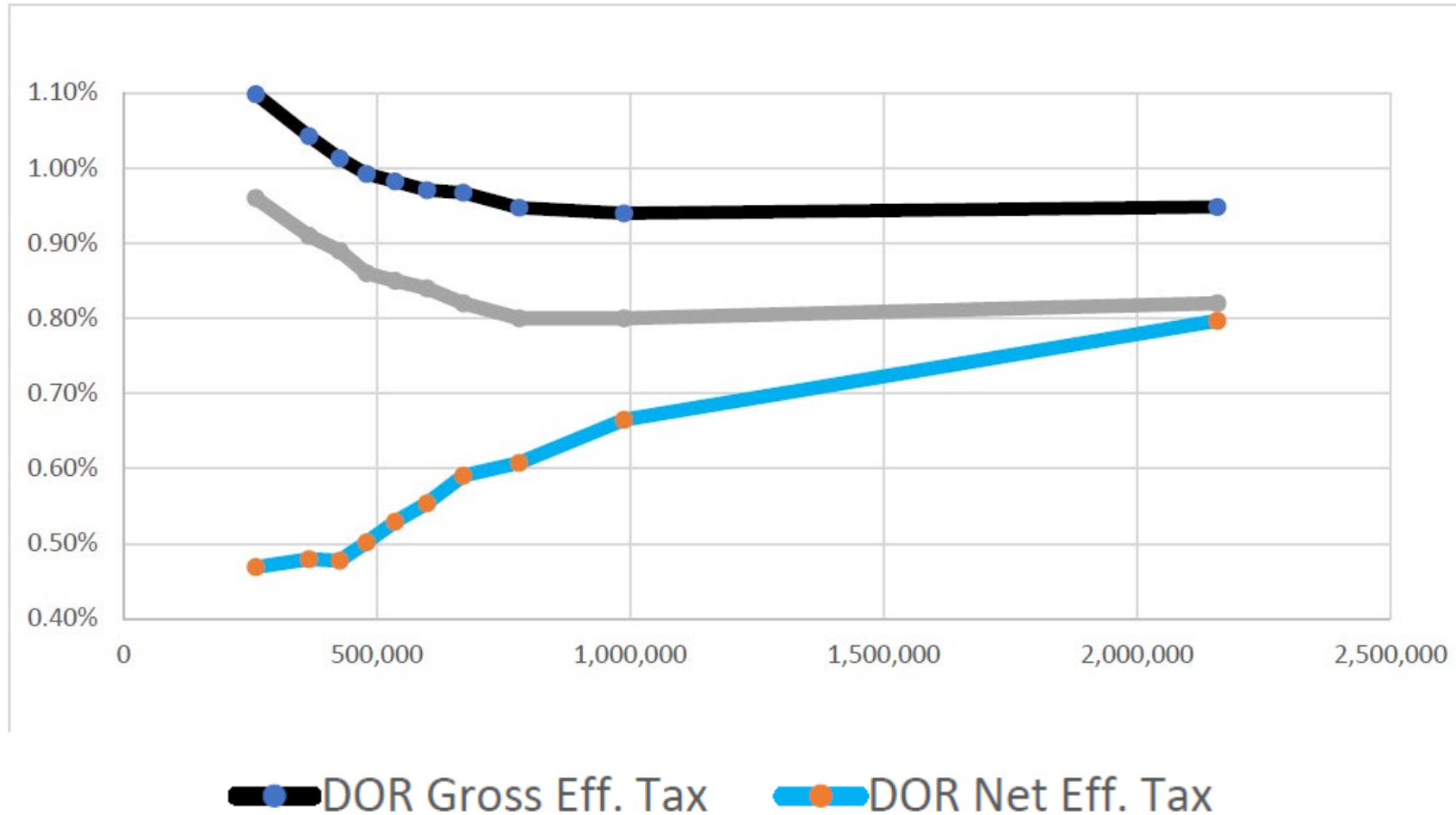
Lessons from South Carolina



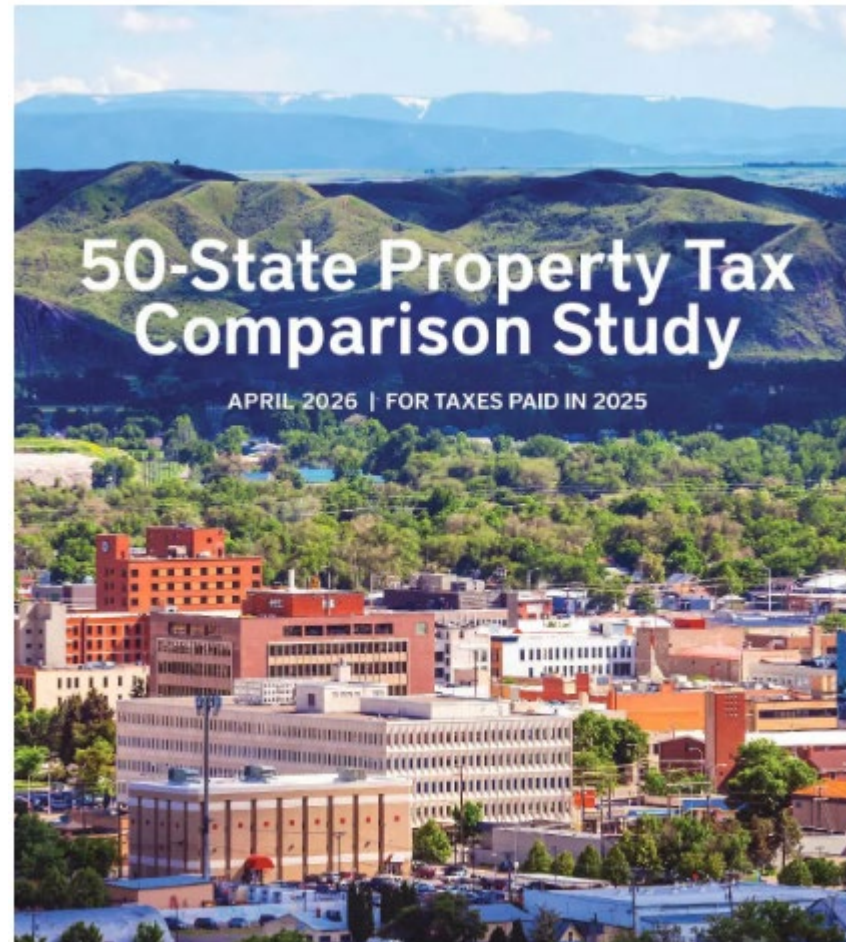
A DEEP DIVE ON SOUTH CAROLINA'S PROPERTY TAX SYSTEM

COMPLEX, INEQUITABLE AND UNCOMPETITIVE

Homestead Exemption and Progressivity



What about renters?



What about renters?

Apartment-Homestead Classification Ratios



		Classification Ratio		
State	City	Rank	Ratio	Change from '24
Alabama	Huntsville	9	1.949	-0.142
Alaska	Anchorage	23	1.247	-0.036
Arizona	Phoenix	28	1.123	-0.005
Arkansas	Little Rock	11	1.720	0.056
California	Los Angeles	37	1.007	0.000
Colorado	Denver	45	0.994	-0.066
Connecticut	Bridgeport	52	0.906	0.040
DC	Washington	48	0.981	0.101
Delaware	Wilmington	10	1.794	0.794
Florida	Jacksonville	4	2.522	-0.121
Georgia	Atlanta	12	1.719	-0.045
Hawaii	Honolulu	25	1.150	-0.006
Idaho	Boise	19	1.415	-0.061
Illinois	Aurora*	31	1.080	-0.006
Illinois	Chicago	49	0.975	-0.098
Nebraska	Omaha	36	1.022	0.011
Nevada	Las Vegas	50	0.971	0.000
New Hampshire	Manchester	39	1.000	0.000
New Jersey	Newark	39	1.000	0.000
New Mexico	Albuquerque	17	1.490	0.033
New York	Buffalo*	18	1.489	-0.052
New York	New York City	1	5.669	1.565

		Classification Ratio		
State	City	Rank	Ratio	Change from '24
North Carolina	Charlotte	39	1.000	0.000
North Dakota	Fargo	27	1.135	0.035
Ohio	Columbus	13	1.666	-0.570
Oklahoma	Oklahoma City	35	1.036	-0.002
Oregon	Portland	39	1.000	0.000
Pennsylvania	Philadelphia	16	1.535	0.001
Rhode Island	Providence	2	3.393	0.037
South Carolina	Charleston	3	3.158	-0.289
South Dakota	Sioux Falls	24	1.239	0.084
Tennessee	Nashville	14	1.600	0.000
Texas	Houston	15	1.599	0.112
Utah	Salt Lake City	51	0.938	-0.043
Vermont	Burlington	29	1.097	0.009
Virginia	Virginia Beach	53	0.841	-0.024
Washington	Seattle	39	1.000	0.000
West Virginia	Charleston	6	2.148	0.039
Wisconsin	Milwaukee	30	1.086	-0.011
Wyoming	Cheyenne	46	0.989	0.147
TOTAL/AVERAGE			1.459	0.035

Commercial-Homestead Classification Ratios



		Classification Ratio		
State	City	Rank	Ratio	Change from '24
Alabama	Huntsville	18	1.943	-0.834
Alaska	Anchorage	33	1.247	-0.036
Arizona	Phoenix	21	1.852	-0.155
Massachusetts	Boston	1	5.049	-0.112
Michigan	Detroit	32	1.341	-0.004
Minnesota	Minneapolis	12	2.178	0.353
Mississippi	Jackson	14	1.989	-0.150
Missouri	Kansas City	15	1.973	-0.053
Montana	Billings	20	1.917	0.622
Nebraska	Omaha	42	1.022	0.011
Nevada	Las Vegas	52	0.991	0.000
New Hampshire	Manchester	44	1.000	0.000
New Jersey	Newark	44	1.000	0.000
New Mexico	Albuquerque	27	1.648	-0.016
New York	Buffalo*	30	1.489	-0.052
New York	New York City	2	4.416	0.849

		Classification Ratio		
State	City	Rank	Ratio	Change from '24
North Carolina	Charlotte	44	1.000	0.000
North Dakota	Fargo	36	1.135	0.035
Ohio	Columbus	26	1.669	-0.566
Oklahoma	Oklahoma City	41	1.036	-0.002
Oregon	Portland	44	1.000	0.000
Pennsylvania	Philadelphia	7	2.955	0.162
Rhode Island	Providence	4	3.476	0.121
South Carolina	Charleston	6	3.158	-0.289
South Dakota	Sioux Falls	34	1.239	0.084
Tennessee	Nashville	28	1.600	0.000
Texas	Houston	29	1.570	0.110
Utah	Salt Lake City	25	1.705	-0.078
Vermont	Burlington	37	1.115	0.030
Virginia	Virginia Beach	51	0.999	0.028
Washington	Seattle	44	1.000	0.000
West Virginia	Charleston	13	2.148	0.003
Wisconsin	Milwaukee	38	1.089	-0.010
Wyoming	Cheyenne	45	1.000	0.084
TOTAL/AVERAGE			1.816	-0.003

Affordability and Homeownership



Land Lines

**Assessment Limits Create Tax Disparities
That Obstruct Homeownership**



**Florida Home Prices Could Spike Up to 9%
Under Ron DeSantis' Plan To Eliminate
Property Taxes**

Delaware Revaluation



Delaware's Property Tax Relief and Modernization Working Group will meet between now and January to come up with recommendations on property tax breaks, including income-based relief.



Double-Digit Tax Increases



THE WALL STREET JOURNAL.

U.S.

Jersey City Is Growing Fast. So Why Is It in Such a Financial Mess?

The Big Apple's cheaper sibling is raising property taxes 15% on unhappy homeowners

Mayor James Solomon (D) had initially proposed a 20 percent increase in municipal taxes but was able to reduce that hike to 15 percent after bargaining for an additional \$120 million in state aid.

Rising Values and Rate Adjustments

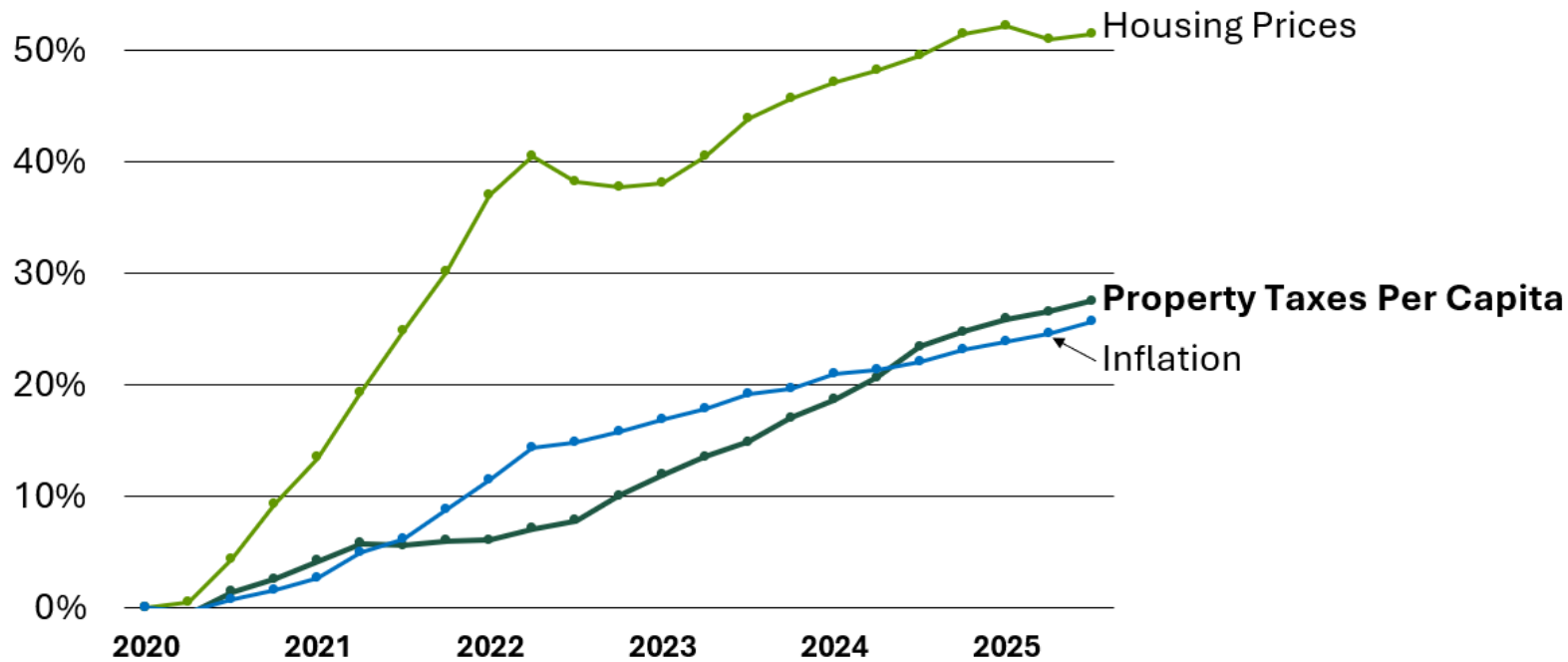


When Property Values Rise, Do Property Taxes Rise Too?

By Thomas Brosy and Adam H. Langley

Property Values and Property Taxes

When Property Values Rise, Do Property Taxes Rise Too?



Truth in Taxation - Nebraska



NOTICE OF PROPOSED TAX INCREASE



PUBLIC HEARINGS

Hearing: 1

Date: xx/xx/xx

Location:

Time: xx:xx

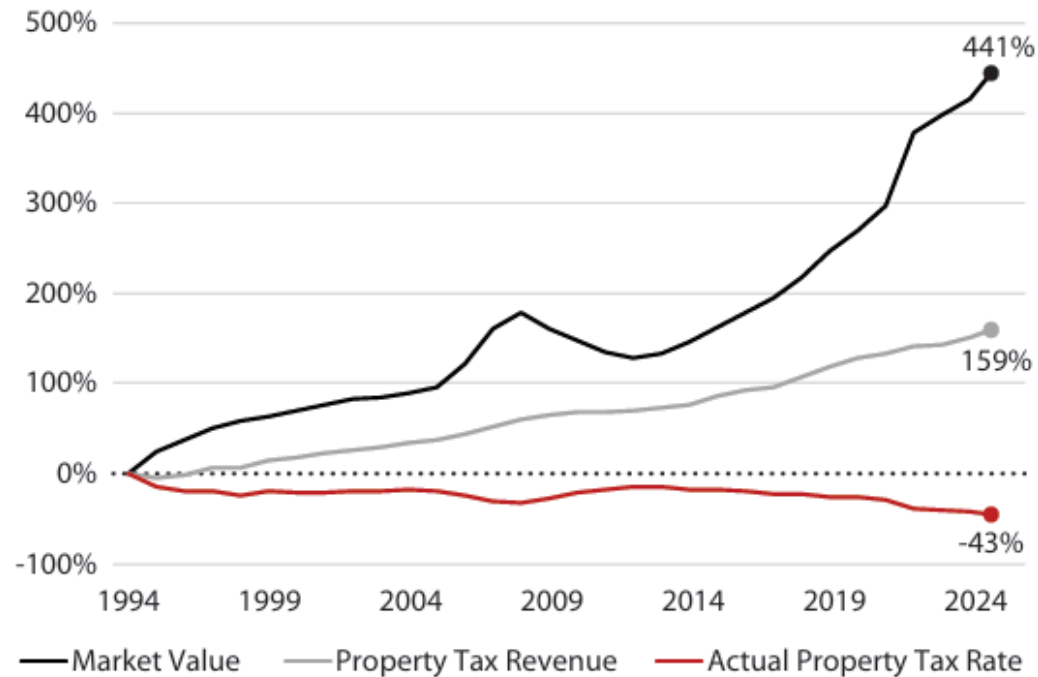
Hearing: 2

Date: xx/xx/xx

Location:

Time: xx:xx

Truth in Taxation - Utah



Commercial-Residential Balance



The Boston Globe

Property taxes on Boston single-family homes set to spike 13 percent in second consecutive double-digit increase

Mayor Michelle Wu wants to shift more of Boston's tax burden onto commercial property owners. Her plan stalled twice in the State House last year.

Scan QR code for more resources

