

PROPERTY TAX PRESSURES & TRADEOFFS

Manish N. Bhatt, Senior Policy Analyst
April 18, 2024

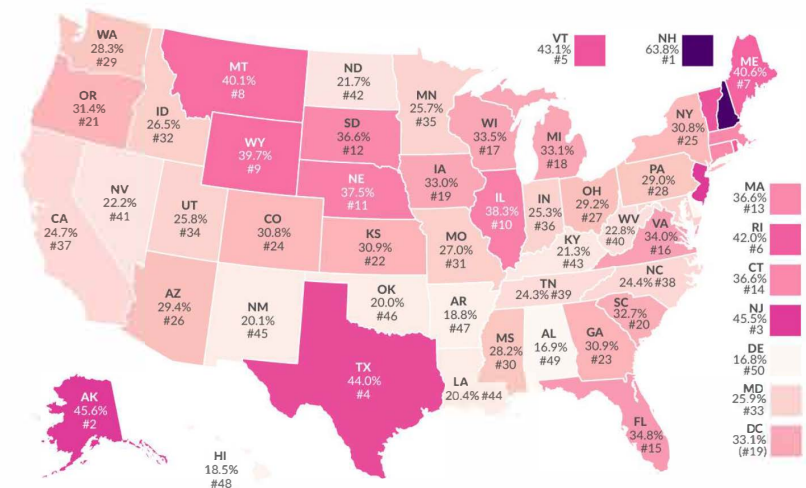
The Property Tax

Property Tax:

1. Transparent
2. Neutral
3. Comports with the Benefit Principle
4. Often is Self-Reinforcing

How Much Does Your State Rely on Property Taxes?

Property Tax Collections as a Percent of Total State and Local Tax Collections, FY 2018



Note: D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would have ranked if included.

Sources: U.S. Census Bureau, "Annual Survey of State and Local Government Finances"; Tax Foundation calculations.

Property Tax Collections as a Percent of Total State and Local Tax Collections

Lower Higher

TAX FOUNDATION

@TaxFoundation

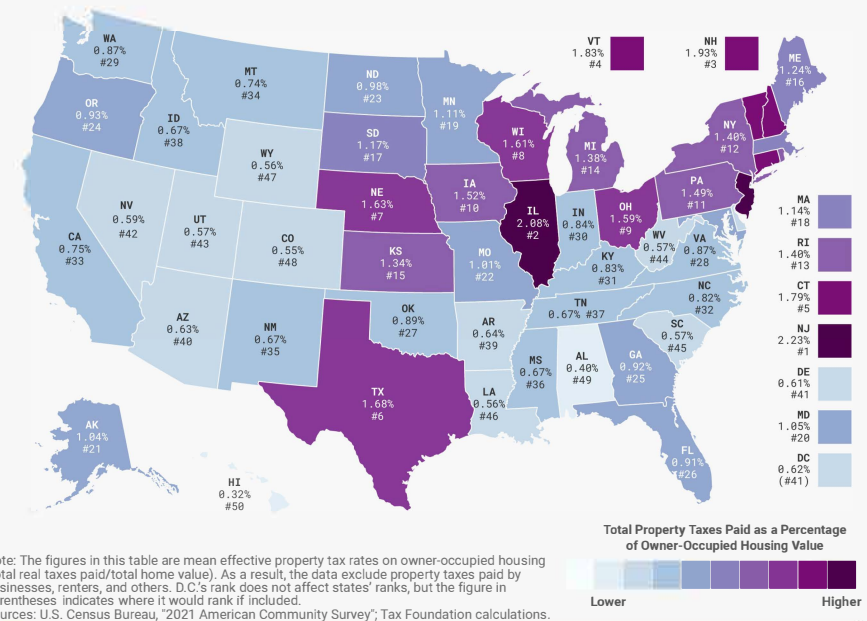
TAX FOUNDATION

Property Tax Trends

1. Property taxes make up 72% of local tax revenue.
2. Nationally, housing values **↑** 33.6% (in some places, much more).
3. People are paying more (median property tax bill **↑** 14.3%).
4. In 2022, in real terms, property tax collections **↓** 5.5% (compared to 2019).
5. People are paying more, and government is collecting less. Why? Inflation.

How High Are Property Taxes in Your State?

Property Taxes Paid as a Percentage of Owner-Occupied Housing Value, 2021



Common Property Tax Relief Options and Drawbacks

Homestead Exemptions

Tax Swaps

Assessment Limits

Rate Limits

Levy Limits

TAX FOUNDATION

Some Have Considered Eliminating the Property Tax

Florida (a proposal in the Florida legislature to study the matter)

Nebraska (EPIC ballot initiative)

North Dakota (citizen initiative)

Texas (using compression to eliminate property taxes over time)

Wyoming (considered raising the sales tax to eliminate the property tax on most residential homes)

THANK YOU

Manish N. Bhatt, Senior Policy Analyst
April 18, 2024