



## Property Tax Reform Playbook

Many Americans' property taxes are high and rising due to local governments' wasteful spending and revenue diversions. State legislators can address these problems.

### Truth in Taxation

- Discipline property taxes with sunlight.
- Local governments alert property owners of proposed property tax increases due to valuation or rate changes. Mailed notifications include the current and proposed millage rate and tax amount, the revenue-neutral millage rate and tax amount, and precise, detailed information on how the proposed increased revenue would be used by the local authority. Notices include information about public hearings and officials' votes on the proposals. States should also maintain public property tax websites highlighting historical tax rates and property values, current rates and assessed values, proposed tax rates, and avenues to submit online comments regarding tax changes and assessment challenges.
- Model policies: [Kansas](#), [Utah](#).
- Go Deeper: AFP's [Truth in Taxation](#) one pager.

### Voter approval of tax increases

- Require voter approval for local government tax increases above a threshold.
- Levy caps limit the overall amount of property taxes that can be collected, and a vote could be required if proposed collections would exceed inflation and natural growth (major improvements to existing properties and new construction).
- For property, income, sales, and other taxes, votes could be required for rate increase proposals.
- States that require citizen approval for state and local revenue increases use simple majorities of applicable voters.
- Complements Truth in Taxation; not a substitute: Property owners would receive the same information on proposed property tax policies but would decide directly. The ballot question should summarize information on property tax increases, revenue amount foregone due to tax preferences (see below), and estimated spending increases.
- Go Deeper: ["Property Tax Relief & Reform,"](#) Tax Foundation, 2025.

### Disclose local exemptions/exclusions from property and other taxes

- Tax exemptions, exclusions, deductions, and special rates for individuals or businesses shift burdens to others through higher rates or lower services. Such preferences are not neutral or impartial.
- Local governments should report on tax exclusions, exemptions, credits, deductions, and other preferences like tax increment financing with estimates of foregone revenue. Other options may include stricter standards for "blight" and sunsets for special treatment.
- Go deeper: AFP's [Principles for State \(and Local\) Tax Policy](#).



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## Reduce special treatment with anti-aid provisions

- Prohibit diversions of revenue from public purposes & level the playing field.
- Constitutional/statutory prohibitions on state/local governments owning stock, providing credit, or giving subsidies (allows expenditures for public purposes).
- Model: Arizona Constitution Art. 9, § 7
- Go deeper: [“Outlawing Favoritism,”](#) Mercatus Center, 2020.

## Consolidate local government taxing authorities toward a single entity

- Multiple layers of tax-collecting local governments increase the difficulty of holding public officials accountable. Undermining citizen oversight is anti-democratic and protects against excessive taxation and wasteful spending.
- Ideally, elected officials of a single local government would collect local taxes and disburse them for local services like schools, roads, utilities, law enforcement, and first responders.

## Disclosure for local government borrowing

- Local governments use bonds to borrow for public projects. Many require voter approval, but voters rarely have enough information to make informed choices.
- Ballot questions for local bonds should include overall and per-household amounts for the amount proposed to be borrowed and the annual overall and per-household costs to pay the resulting debts.
- Potential Model: [Texas S.B. 1025 \(2025\)](#), which requires local governments to state that ballot measures will increase taxes and to state the increase percentage or amount.

## Require budget-related ballot questions to occur with general elections.

- General election turnout is higher and more representative than for other elections. Results are more likely to reflect the public’s preferences.
- Hold ballot measures to increase revenue or debt at general elections in November.
- Model: [South Dakota’s H.B. 1093 \(2025\)](#).

## Sunset immediate relief that could cause long-term problems

- Public pressure for immediate relief from rapid tax burden increases can take many forms. Those likely to create long-term problems should sunset or phase out.
- Long-term challenges may come from rate or assessment growth limits, large homestead exemptions, and other preferential treatment.
- Go deeper: [“Confronting the New Property Tax Revolt,”](#) Tax Foundation, 2024.

To learn more:

