



2025 State Property Tax Guide

The move to lower and flatter income tax rates has been one of the top state policy trends of the past decade, with more than half of the nation's state legislatures cutting personal income tax rates since 2021. As lawmakers have had success bringing down state income tax rates, however, property tax burdens have been heading in the opposite direction in many parts of the country. That dynamic has fueled growing interest among state lawmakers in reining in rising property tax burdens.

As states compete to eliminate their income taxes – making them flatter and lower by redirecting surplus revenue into permanent rate reduction – voters continue to struggle under rising property tax burdens. While states are proactively restraining growth in government, local governments are taking advantage of booming home valuations to collect and spend far more property tax revenue than they need, driving up burdens by as much as 50% since 2020.

Voters are starting to push back at the ballot box. Georgia voters passed a constitutional amendment capping the rise in home property assessments at the rate of inflation. Next door in Florida, voters approved Amendment 5, which will tie the homestead exemption – the amount of property valuation for owner-occupied homes that's exempt from taxation – to inflation. Amendment 5 was one of only two constitutional amendments approved by Florida voters in 2024. Even the notoriously left-leaning electorate in Austin, Texas rejected a ballot measure that would've raised property tax burdens.

There are property tax limitation laws already on the books in 46 states, but they differ in design and effectiveness. As state lawmakers debate proposals to limit and reduce property tax bills, it's important to collaborate and examine existing property tax limits around the country.

Types of Property Tax Limitations

Revenue Limit (Spending Cap) – ATR’s choice

Revenue limits restrict the total amount of property tax revenue a taxing jurisdiction can collect each year, typically allowing growth only by a set percentage, or at inflation with an allowance for population growth. Some revenue limits allow taxing jurisdictions to “bank” unused capacity or override the limit with voter approval. The most famous example is Colorado’s Taxpayer Bill of Rights, also known as TABOR.

Pros: The cleanest and most effective form of property tax limitation. Spending caps keep government small, while still accounting for inevitable inflation (federal money printing) and/or population growth (higher demand for roads and schools). Revenue limits function similarly to state income tax revenue triggers that have been enacted in at least ten states, and they recognize that any increase in local government collections constitutes a tax increase. **Under a revenue limit, it doesn't matter what happens to the value of your home: politicians cannot collect or spend more than X% more than the year before.**

Cons: Challenging to enact. Local governments and taxing jurisdictions at every level tend to oppose a spending cap on their finances. Especially in states with powerful unions, a successful revenue limit might ultimately include generous exemptions for certain sectors of local government, watering down the intent and efficacy of the legislation while privileging certain sectors and encouraging future efforts to repeal the law. Such loopholes ought to be curtailed.

Assessment Limit (Cap on Home Valuations)

Assessment limits cap how much the government may increase a property’s assessed value each year for tax purposes, regardless of changes in market value. These caps are typically set as a fixed percentage or tied to inflation, and in many states apply only to certain property types, such as homesteads. When a property is sold or undergoes major improvements, its assessed value is usually reset to full market value. Examples include California’s Proposition 13 and Florida’s Save Our Homes constitutional amendment.

Pros: Offers a buffer for individuals against wild swings in the American housing market. Rapid, massive increases in valuations have become common as housing is increasingly treated as an investment vehicle. The period from 2020-22 is an excellent example of this, with nationwide prices rising 40% on average. Local governments are naturally tempted to take advantage of these valuation increases, since raising **revenue** doesn’t require a single change in policy – rates might be the same or even lower, but tax collections can soar nevertheless thanks to higher home values. Assessment limits effectively disallow that bad practice.

Cons: Introduces extreme distortions and bad incentives into the housing market. Assessment limits create a strong incentive for people to stay in their homes, perhaps longer than they otherwise would, to avoid a big jump in their property tax bill upon buying a new home. A senior who has stayed in their home for forty years may no longer need all the space that she did when four kids were running around, but under an assessment limit like California's Prop 13, she would likely see a big jump in her property tax payment – maybe even her mortgage – upon moving into a smaller house and resetting the tax clock.

Instead, a home's valuation should be limited upon being built and “stay with the home”, rather than resetting at sale or transfer. One must also account for market downturns in which valuations drop significantly, and individual bills may need to be reduced, rather than merely limited. No state has yet enacted a version of this modified assessment cap.

Rate Limit (Cap on Millage)

Rate limits restrict the maximum property tax *rate* that local governments can impose, often expressed in mills or as a percentage. These limits are sometimes applied individually on a per-taxing district basis (city, county, school) or as a total combined limit statewide or countywide.

Pros: On its own, this is the weakest form of property tax limitation. Rate limits can provide taxpayers with predictability in their tax bills, so long as assessment values do not drastically increase. They similarly provide a brake on unchecked expansion of local spending, forcing cities, counties, and schools to prioritize and budget more carefully, knowing that they cannot simply hike rates to attain greater revenues.

Cons: Rate limits would be far more effective if paired with an assessment limit. Even when rates are capped, the base to which those rates are applied, the assessment value of the property, can still rise. This means if home values rise due to inflation, local developments, or greater housing demand, then the capped rate simply applies to a larger tax base. Thus, tax bills can increase significantly without an actual rate hike.

Example State Property Tax Reforms

Texas's Voter Approved Tax Rate – Revenue Limit

In 2019, [the Texas Legislature and Governor Greg Abbott \(R\)](#) strengthened a statutory limit on the [growth of local government spending](#) when they reformed a mechanism commonly referred to as the rollback rate, or the Voter Approved Tax Rate (VATR). The VATR, simply put, is the rate of annual growth in local government collections that cannot be exceeded unless approved by voters.

The VATR had been 8% until 2019, when Governor Abbott and Texas legislators lowered the VATR to 2.5% for school districts and 3.5% for most other local government entities. Since the enactment of that 2019 reform, local governments in Texas whose revenue growth exceeds 3.5% annually must return surplus funds to taxpayers unless voters agree to let local officials spend it.

The lower VATR, however, has not sufficiently tamed rising property tax bills in Texas for a couple of reasons. For starters, the VATR does not apply to tax collections derived from new development, nor does it apply to natural disaster areas. A September 2024 interim hearing in the Texas Senate Finance Committee made it clear that the VATR's exemption of water districts and other special taxing districts has mitigated the effectiveness of the 2019 VATR reduction when it comes to reining in property tax bills.

The VATR reduction of 2019 has saved Texas taxpayers billions of dollars, but property tax burdens in too many parts of Texas remain unacceptably high. A reduced, tightened up rollback rate could prove to be an effective longterm safeguard against unsustainable growth in property tax burdens.

In a [new report released in August 2025](#), Texas Public Policy Foundation's (TPPF) James Quintero urged lawmakers to lower the VATR and make it a stronger safeguard by “closing loopholes, striving for uniformity and simplicity, and abolishing outdated concepts, like the unused increment tax rate.” Senate Bill 10, which the Texas Senate passed during the second special session of 2025, would've heeded ATR and TPPF's advice, lowering the VATR from 3.5% to 2.5%.

The best way to get property taxes under control in the long term is through a state-imposed local spending cap like the one that [HB 73 would institute in Texas](#). Introduced by Texas Representative Cecil Bell (R) during the 2025 summer special sessions, HB 73 would limit growth in local government collections from all revenue sources at the rate of population plus inflation. Under HB 73, local officials can only spend revenue collected in excess of that limit if they get voter approval. Other states can emulate the principles of HB 73 to keep property taxes down long term.

California's Proposition 13 – Assessment Limit & Rate Limit

In 1978, Howard Jarvis and Paul Gann collected signatures to place Proposition 13 on the Golden State ballot and voters approved it by a 30-point margin, kicking off a nationwide property tax limitation movement.

[Prop 13's twin tax limitations](#) puts a limit on both assessments and rates:

1. The property tax rate is set at a uniform 1% throughout the state.
2. Property valuation increases are limited to 2% annually, until the property is sold.

Prop 13 also makes it more difficult to raise taxes generally:

3. All statewide tax increases require a 2/3 supermajority vote in both the House and Senate.
4. Most local tax increases require a 2/3 supermajority vote of the people.

Several court decisions have weakened Prop 13 over the years, particularly a California Supreme Court decision that created a carve-out for certain bonds and local taxes. Those taxes now require only 55% of voters to become law.

While Prop. 13 has saved taxpayers billions, it is not flawless. An assessment limit creates an obvious disincentive for property owners to sell their homes since the valuation subject to tax is reassessed at sale. Thus, two identical homes in the same neighborhood could have extreme discrepancies in their property tax bills. Still, Prop. 13 is without a doubt better than no limit at all.

While this form of tax limit is not optimal for those starting from scratch, lawmakers in other states can continue look to California for one of the first examples of a property tax limit that successfully reined in the growth of property tax burdens and placed supermajority requirements on any attempts to raise taxes at the state or local level.

Truth In Taxation

States around the country are witnessing the growing popularity and effectiveness of “Truth in Taxation” legislation typically requires municipalities to provide detailed information to residents about their property tax bills, as well as hold a public hearing on any proposed increase from the neutral mill rate (or “roll-back rate”) that would bring in the same amount of revenue as the previous year.

Designed to ensure taxpayers aren’t left in the dark about how much their bill increased from the previous year or why that increase was approved, Truth in Taxation legislation has proven instrumental in empowering taxpayers to fight back against unnecessary increases in their property tax bills.

Kansas and Utah, along with Florida and Nebraska, offer the most comprehensive Truth in Taxation requirements of any state. All four states require calculation of the roll-back rate, mailed notices with property-specific details about the proposed tax increase, and a vote of the governing body to exceed the roll-back rate.

Kansas – 2021

In 2021, Kansas lawmakers successfully championed a [model Truth in Taxation law known as SB 13](#). That law imposes three main requirements upon all local taxing jurisdictions:

1. Initial budgets must be set using the prior year’s revenue levels.
2. Any proposed revenue increase must have a public hearing.
3. Constituents must be informed about the tax increase and the date of its public hearing via physical mailers.

Although there is little preventing municipalities from passing a large property tax increase anyway, Kansas’ bill ensures residents are fully informed. It gives them a meaningful opportunity to push back at a public hearing. It forces elected officials to choose between a tax increase and maintaining the status quo; one can no longer insist that tax increase is the only path forward. Finally, it presents local leaders with the challenge of defending their tax increase to voters ahead of time, increasing the odds that unworthy proposals are quickly scrapped in the face of public opposition.

Kansas’s recent reform mirrors a 1985 effort by Utah lawmakers, who established their own version of Truth in Taxation nearly four decades ago.

Utah – 1985

Utah's landmark [HB 388, the Tax Increase Disclosure Act](#), offers a "Tax Rate Increase Checklist" for any local entity wishing to raise more tax revenue than the prior year, which includes the following stipulations to be reviewed by the County Auditor ahead of the election:

1. **Public hearings:** Must be held at least 14 days prior to the election to discuss the intent behind the proposed rate increase; its purpose; the dollar value of the tax increase; and the percentage increase.
2. **Advertisements:** Two physical advertisements and one digital advertisement must be posted prior to the public hearing.
3. **Physical mailers:** Must be sent to constituents at least 7 days prior to the election.

Much like Kansas, Utah's strict requirements to hold public hearings, calculate the value of the tax increase, and inform the public of the purpose of the tax increase gives voters significant power to hold their elected officials accountable for an unnecessary tax hike.

Importantly, Truth in Taxation in both Utah and Kansas is revenue-driven. Total tax revenue collected – not mill rates – are the deciding factor in whether a certain proposal is subject to the public hearing and advertising requirements. As a result, local leaders cannot use an unusually high valuation increase as an excuse to raise taxes without raising the mill rate. The need for such provisions has become particularly important in the wake of the housing market surge of the last several years.

In addition to the revenue cap in Texas and assessment & rate caps in California, property tax limits exist in dozens of other states. Below is further information on the most iconic or effective examples that may be helpful in crafting policy in your state.

Massachusetts Proposition 2 ½ – Revenue Limit & Rate Limit

- [1980 Proposition 2 ½](#) (59-41%, citizen led indirect initiative, state statute)
- Rate Limit:
 - Prohibits any locality from collecting more revenue than 2.5% of the full cash value of all taxable property within its jurisdiction.
- Revenue Limit:
 - Restricts yearly growth in property tax revenue to 2.5%.
- Exceptions:
 - New growth, such as construction and improvements.
 - Voters may approve overrides to increase the revenue limit.
 - Voters may approve one-time funding for temporary capital expenses – like schools, bridges, or infrastructure projects. Does not affect future levy limits.
 - Voters may also reduce a community’s taxing authority permanently.
- **States looking to emulate Massachusetts should impose much stricter restrictions on the ability of localities to override the revenue limit.**

Colorado’s Taxpayer Bill of Rights (TABOR) – Revenue Limit

- [1992 Taxpayers Bill of Rights](#) (54-46%, citizen-led, constitutional amendment)
- **Requires voter approval for any and all tax increases.**
- Limits annual government revenue growth to the rate of **inflation plus population growth**.
 - Applies to state and local levels.
- Exceptions:
 - Taxing jurisdictions may “de-Bruce” (a nod to Douglas Bruce, author of TABOR) by placing a measure on the ballot to keep excess revenues above the spending limit. A successful vote can exempt a locality from TABOR spending and tax restrictions in part or in full, temporarily or permanently, depending on the ballot measure language.
 - The majority of taxing jurisdictions and even school districts have de-Bruced in some form or fashion, weakening TABOR substantially since its inception.
- **States looking to emulate Colorado’s reform should impose much stricter restrictions on the ability of localities to opt out of spending caps.**

Washington's Initiative 747 – Rate Limit & Revenue Limit

- [2001 Initiative 747](#) (58–42%, citizen led, constitutional amendment)
 - Nov. 6, 2007 – Overturned by state Supreme Court on technical grounds
 - Nov. 29, 2007 – Reenacted by legislature in special session
- Rate Limit
 - Limits the combined regular (non-voted) property tax rate to 1% of a property's true and fair market value.
- Revenue Limit
 - Restricts maximum annual increase in regular property tax levies for state and local governments to 1% per year.
- Exceptions:
 - Voters may approve a higher increase in either the rate or revenue limits.
 - **If voters approve a higher revenue limit for one year, it can be used as the baseline for the 1% rate limit in future years, significantly undermining the effectiveness of the caps.**
 - In practice, most jurisdictions in Washington have exceeded the limit at some point. However, **there is no permanent opt-out ability** for voters as there is in Colorado. The maximum amount of time that a “[lid lift](#)” can be in effect is six years.
- FAQ from Washington State: <https://dor.wa.gov/forms-publications/publications-subject/tax-topics/property-tax-how-1-property-tax-levy-limit-works>

Florida “Save Our Homes” – Twin Assessment Limits

Part 1: Homestead

- [1992 Amendment 10](#) (54–46%, citizen-led, constitutional amendment)
- Capped annual increases in assessed value of homesteaded properties at the lesser of inflation or 3%.
 - Homesteaded properties are limited to primary residences (30% of Florida housing market).
 - Assessments reset at time of sale or transfer. (This loophole should be eliminated.)

Part 2: Non-Homestead

- [2008 Amendment 1](#) (64–36%, legislatively referred, constitutional amendment)
- Capped assessed valuation increases of NON-homesteaded properties at 10%
 - Businesses, rental properties, second homes, etc.

Michigan Proposal A – Assessment Limit

- [1994 Proposal A](#) (69-31%, legislatively referred, constitutional amendment)
- Capped annual increases in taxable value at the lesser of inflation or 5%.
 - Taxable value resets to 50% of market value at time of sale or transfer. This is a significant improvement upon Florida (above).
- Required a 3/4 supermajority vote of the Legislature to increase statutory school operating millage limits beyond the rates in place in 1994.
- Reasons this is NOT model legislation:
 - Implemented a new statewide property tax.
 - Increased the state sales tax by 50% (4 to 6%).
 - Several other tax increases.
 - Overly complex – intended to address a funding crisis.

Arizona's Proposition 117 – Assessment Limit

- [2012 Proposition 117](#) (57-43%, legislatively referred, constitutional amendment)
- Caps annual increases in a property's Limited Property Value (LPV), or the value of the property for assessment purposes, at 5%.
 - Despite assessment increase limits, LPV can still be recalculated when a property undergoes a “change in physical characteristics or use,” such as new construction, significant remodeling, or changes in property use. Local bureaucrats decide.
- **No reset at sale:**
 - When the property is sold or transferred, its LPV stays the same, and does not reset to its Full Cash Value for assessment purposes. (This is a major improvement on California, Florida, and Michigan.)

Indiana Public Question 1 – Rate Limit

- [2010 Public Question 1](#) (72-28%, legislatively referred, constitutional amendment)
- **Limits total, individual, annual property tax liability** to a set percentage of the property's gross assessed value:
 - 1% for an owner-occupied homestead.
 - 2% for other residential and agricultural property.
 - 3% for other real and personal property.
- The limit is calculated after rates are set and applies to the combined tax bill from all taxing units (city, county, school, etc.).
 - **Centralization of limits helps keep taxes low.** Setting limits of any kind on combined property tax value is more effective than allowing many local taxing jurisdictions to exercise various loopholes independently.

- Exemptions:
 - Excludes any taxes approved by local referendum from these limits.

Property Tax Reform Mistakes

Paying Off Local Governments

Instead of capping property tax rates, assessments, or local revenues, some states have looked to pay off local governments in the form of state-financed tax credits or direct transfers to municipal governments, both of which are deeply flawed strategies. These state-funded payments essentially function as a state-level subsidy for local taxation.

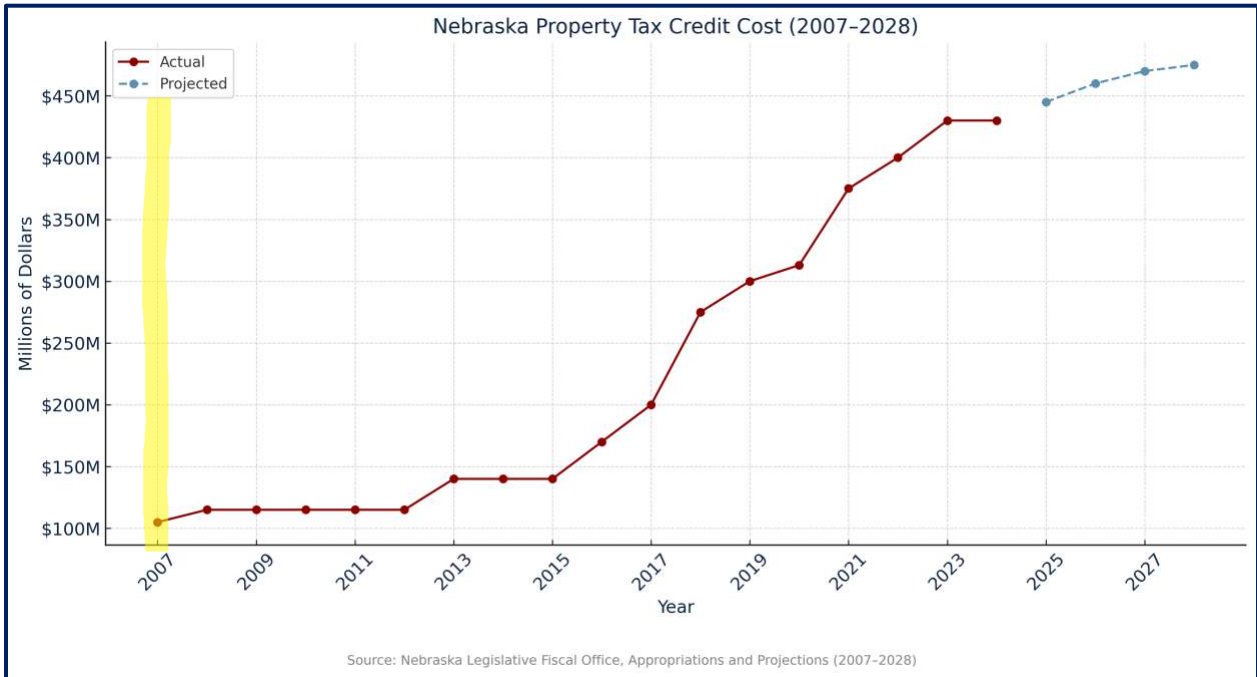
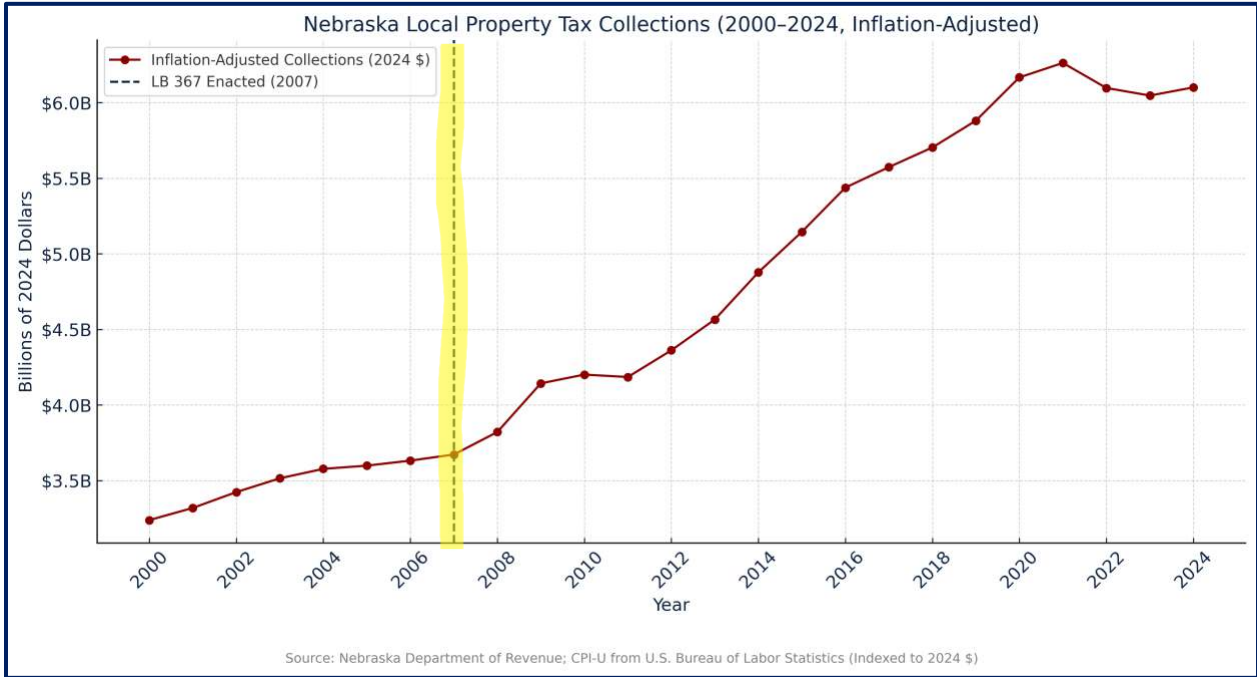
When the state provides property tax credits to offset high local taxes, it ends up subsidizing local government spending without holding local officials accountable for those decisions. In essence, the state assumes responsibility for the growth in local property taxes. Yet even worse, when the state sends money to local governments without strict oversight, overall taxes and spending continue to increase. **This creates a dynamic where local officials feel free to increase spending, knowing that the state will continually step in with growing credits or state funding to cover the cost.**

Programs like Nebraska's LB 367 (2007) and Idaho's HB 292 (2023) illustrate why this approach fails to deliver durable reform. LB 367 created the Property Tax Credit Fund, a state-funded credit paid to counties and distributed to property owners to reduce their final property tax bills. In the same vein, Idaho's HB 292 sent state dollars to pay down school levies and bonds while creating a homeowner credit account, but it left local taxing authority intact.

Despite its intended goals, LB 367 failed to slow the growth of local property taxes or government spending and has in fact become a barrier to meaningful property tax reform. Since its enactment in 2007, local property tax revenues in the state have increased every year, far outpacing both inflation and population growth. What began as a \$105 million annual credit has grown to \$430 million today, with costs projected to reach \$475 million by 2028, all while property tax burdens continue to rise.

Similarly, HB 292 is expected to do little to curb property tax growth over time. By channeling Idaho general fund dollars to school districts without restricting their ability to seek new bonds and levies, the law leaves local governments free to keep ratcheting up spending, and property taxes along with it. As local spending escalates, the burden falls increasingly on the state to bankroll these habits. Meanwhile, the state is less capable of restraining and reducing taxes elsewhere, such as cutting the income tax, since hundreds of millions of dollars are now diverted into local government coffers rather than permanent income tax rate reduction. **If the goal is limited government and lasting property tax restraint, subsidizing high-spending local governments with state cash**

is not the solution.



Tax Swaps

Another frequently discussed but problematic form of “property tax reform” is the idea of reducing property taxes by shifting the burden onto other revenue sources, such as the sales tax. Proposals that simply reallocate the tax burden, rather than reduce it, have proven politically divisive and carry a consistent record of failure.

When it comes to tax relief, voters are highly perceptive. Proposals that lower one tax while raising another rarely deliver the political benefits of tax relief, yet carry all the liabilities of a tax increase. In practice, voters tend to discount the promised “cut” while focusing squarely on the tax hike. Nor is voter skepticism the only hurdle, industry groups targeted for higher taxes are quick to mobilize in opposition, further eroding support and making such proposals even more politically untenable.

This dynamic was on full display during Nebraska’s 2024 special session, when the LB1 tax-swap proposal sought to “reduce” property taxes by expanding and raising the sales tax. The plan quickly drew sharp criticism across the political spectrum. Homeowners and taxpayers dismissed it as a shell game, while industries facing new or higher taxes mobilized aggressively in opposition. Under mounting pressure from both sides, LB1 collapsed in dramatic fashion.

Rather than being remembered as a landmark reform, the episode stands as a cautionary tale: tax-swaps rarely generate lasting relief, fracture coalitions, and inevitably bring political backlash that undermines both the policy and its supporters.

The experience underscored several tax reform realities: voters tend to ignore the promised tax cut while fixating on the visible tax hike; industries targeted for new revenue become highly organized opponents; and shifting burdens does nothing to rein in the underlying drivers of property tax growth.