

LEVY CAPS FOR PROPERTY TAX REFORM IN FLORIDA

INTRODUCTION

Florida's current property tax system places a growing financial burden on homeowners, renters, and employers across the state. Property tax collections now exceed **\$55 billion annually**, making them the largest single source of local revenue in Florida. These collections have risen significantly faster than both population growth and inflation over the last two decades—tripling in total assessed value since 2000 while population grew ~45 percent and inflation ~70 percent in the same period.

This trend raises Floridians' cost of living, undermines housing affordability, and jeopardizes economic competitiveness relative to peer states with lower tax burdens.

WHY LEVY CAPS ARE A SOUND, BALANCED REFORM TOOL

Levy caps (limits on how much total property tax revenue a local government can collect) provide predictable, equitable guardrails that align local government growth with taxpayers' ability to pay. They help ensure that government revenues and spending do not outpace underlying economic fundamentals like population growth and inflation.



KEY BENEFITS OF LEVY CAPS:

1. Protect Taxpayers by Controlling Unchecked Revenue Growth

Without caps, property tax collections can expand automatically through rising property values even when the services are static. Levy caps tie permissible tax growth to objective economic measures such as **inflation plus population growth**, creating discipline in budgeting and reducing year-to-year volatility in residents' tax bills.

2. Ensure Long-Term Relief Rather Than Temporary Cuts

Short-term rebates or exemptions (e.g., increased homestead exemptions) provide immediate relief, but they do not lock in permanent control over total tax burdens. Levy caps create a structural constraint that prevents future revenue surges from eroding any gains.

3. Support Housing Affordability Without Eliminating Local Services

Total elimination of property taxes—even limited to homestead properties—could create **multibillion-dollar funding gaps** for counties, cities, and schools, necessitating major tax increases elsewhere or service cuts. Levy caps, by contrast, **reduce pressure on taxpayers while preserving stable funding** for core local services.

4. Increase Public Confidence and Voter Support

Public opinion research by The James Madison Institute finds broad support for property tax reform: in one statewide survey, 65 percent of registered voters indicated they would back a constitutional amendment to significantly reduce or eliminate property taxes, suggesting a receptive climate for structural reforms like levy caps.

ADDRESSING COMMON MISCONCEPTIONS

Misconception: Property tax elimination or deep cuts are the only way to meaningfully reduce tax burdens.

Reality: Complete elimination can shift funding responsibilities rather than reducing total cost, can impose regressive tax increases (e.g., higher sales tax), and risks destabilizing local budgets. Levy caps offer meaningful restraint without threatening essential services.

Misconception: Capping levies will prevent communities from providing necessary services.

Reality: Levy caps do not freeze revenue at current levels; they constrain growth in line with economic capacity—enabling communities to fund services responsibly while avoiding unchecked tax increases.



CONCLUSION: LEVY CAPS ARE A RESPONSIBLE PATH TO TAX RELIEF

Property tax reform in Florida should prioritize tools that deliver lasting relief, fiscal discipline, and predictability for taxpayers and governments alike. Levy caps accomplish this by aligning local government revenue growth with population and inflation, preventing future escalation of tax bills independent of actual service needs, and building public confidence through greater transparency and fiscal responsibility.

In the current policy environment—with Floridians increasingly worried about housing affordability and property tax burdens—levy caps represent a principled, effective, and broadly appealing step toward fair and sustainable property tax reform.



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