

# Will Florida ditch property taxes as home prices surge?

By [Emily Davis](#) Published March 20, 2025

Soaring home costs are driving Florida legislators to propose radical solutions.

Median home prices in metros across the Sunshine State have surged in recent years alongside home-insurance premiums. In light of the crushing financial pressures on Floridians, lawmakers are now debating the reduction or total elimination of property taxes, [the Wall Street Journal reported](#).

There is no US state that has successfully eliminated property taxes, although [North Dakota tried and failed](#) to become the first with a ballot measure in November. Florida is among eight states without individual income taxes, however, making it especially attractive to retirees on fixed incomes. The incentive has also brought companies — and their billionaire owners — to the growing state.

But the state's housing market hasn't been so sunny lately, as skyrocketing property values, condo fees and insurance premiums are pinching some Floridians' wallets. Despite success in the state's high-end luxury market, the number of unsold homes in Florida [rose almost 23% year-over-year in January](#).

Increasingly property values [hits fixed-income households](#), like retirees, particularly hard. Redfin data cited by the Journal tracked median home prices in metros like Miami, Orlando and Tampa increasing several times over since 2012.

Now, some Florida lawmakers are angling to address the issue by taking aim at the state's property tax, from a full repeal to smaller adjustments. The actual likelihood of such radical measures coming to fruition is unclear, but the issue has been front and center this legislative session, the Journal reported.

These measures include Republican Gov. Ron DeSantis's plan to put a constitutional amendment abolishing or reducing property taxes on 2026 ballots, as well as State Sen. Jonathan Martin's bill requiring a study on eliminating property taxes by October. Two bills aimed at a reduction in property taxes were introduced by State Rep. Ryan Chamberlin.

Critics of the proposals say that eliminating property taxes would force cuts to essential services and significantly hike sales taxes. Property taxes are a dominant source used by local governments for public services like schools, fire departments and libraries. In Florida, property taxes make up a significant slice of county, municipal and school district revenues, the Journal reported.

Politicians like DeSantis and Chamberlin have suggested various remedies to avoid the loss of revenue, including reducing waste in local government and increasing sales taxes.

Although the elimination of property tax could help keep Floridians on fixed incomes in their home, it might also hurt their day-to-day spending. The Journal cited a study by the Florida Policy Institute that estimated the state's sales tax would need to be doubled to 12% in order to replace property tax revenues.

Other states are also considering reducing or eliminating property taxes, the Journal reported, including Wyoming, Kansas and Montana.

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Comment:

Florida's proposal to get rid of the property tax is a bad idea. Eliminating what Jane Youngman of the Lincoln Institute of Land Policy refers to as "[a good tax](#)" would lead to a more regressive tax system.

The property tax is not a perfect tax, but it is a reasonable means to provide needed revenue. The property tax provides a direct link between taxpayers and local services. It is visible and transparent and allows local government a degree of fiscal independence. It is the "price" for consuming local services roughly in proportion with demand.

Moreover it is a wealth tax on real property, a privately held asset – unlike consumption taxes such as sale tax which falls more heavily on lower-income households that must tap into their earnings to pay both the levy and the cost of basic needs. At the same time, asset taxes do have one disadvantage, the need for a large annual payment without any necessary realization of a significant return at the time the tax is due. However, deferral programs allow qualifying seniors or low-income citizens to postpone tax payments until the sale of their property when they realize the equity gain they've received.

So why are Florida lawmakers angling to address the issue of skyrocketing home prices by taking aim at the state's property tax? The governor and legislature should take a critical look at how they have structured the property tax system.

A recent exhaustive study By Thomas Brosy and Adam H. Langley for the Lincoln Institute looked at the correlation between [assessed values and property tax revenues](#) in all 50 states. They found that in Florida annual mill rates were slow to adjust downwards to offset the increases in assessed values. This low level of rate offsetting is a result of the state's tight assessment limit which restrains the growth of taxable values. Florida law requires local governments to set their tax rate first, and then adjust their spending to balance the budget—like a rate-driven system. Other states that adopted assessment growth limits (effectively forcing fiscal strategy towards a rate-based system) like California and Oregon are deeply regretting that decision. These actions were ill-conceived responses to property tax revolts in both states.

By way of contrast, studies in Virginia and Georgia find a higher a degree of mill rate offsetting than in Florida (in other words, a lower correlation between changes in assessed values and tax revenues). Virginia has a largely budget-driven property tax system, wherein a 1 percent change in assessed values leads to only a 0.06 percent change in property tax revenues. States that avoided the temptation to adopt assessment limits have a better record of quickly responding to home price inflation by lowering tax rates.

The Brosy & Langley study's recommendation: **Avoid tax limits.** Their policy study shows that different types of property tax limits have very different impacts on the extent to which local governments adjust tax rates in response to changes in their tax base. If the goal is to ensure that property tax rates are adjusted regularly—so spikes in values do not lead to spikes in tax bills—then eliminating rate limits is particularly important. Revenue limits are preferable to rate and assessment limits because they allow for timely mill rate adjustments and constrain property taxes with fewer unintended consequences.

Finally, back to the property tax as a “good tax.” The conventional single rate tax system is not there yet. The key is to separate the two components of real property: land and improvements. Land value enhancement is community derived; it is largely the result of the presence of local government infrastructure and amenities – ‘location value’. On the other hand, building or improvement value derives from private capital investment. As land increases in value from public growth and investment, an argument can be made for diverting a substantial part of that increase to serve the common good rather than retained as private gain. Improvement value should be retained by the owner.

Here then is the key to the solution: The split-rate **land value tax** is an alternative to the conventional property tax. Changing to this system will also change the rate-driven process to a budget-driven method of calculating tax levies. Land value taxation (LVT) is based on the benefit principle. A landowner receives a land value increment from the government infrastructure, security, schooling, transit, fire protection, and so on. Land rent, priced by the market, reflects the value of those neighborhood amenities.

LVT's higher rate on land assessments and low rate on improvements captures most of the annual increase in land value (land rent) and leaves the bulk of building value with the owner. LVT not only is fair and efficient (no drag on the local economy), but enlarges the tax base over time. It encourages building investments while discouraging speculative land holding.

Experience shows that it is the land portion of property value that is largely responsible for driving up housing prices. In effect the capture of annual land rent is capitalized into lower selling prices, making housing more affordable over time.

"Voters in other states have been smart to reject proposals to abolish property taxes, and [Floridians shouldn't fall for bad ideas](#) that will make their communities worse off."  
Don't abandon the property tax; simply change it into the 'best tax'.

Tom Gihring, research director  
Common Ground, OR/WA

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