Tax and Expenditure Limits (TELs) Subject Guide  

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Facts about Property Tax Limitations in the United States:

- 38 states have property tax rate limits
- 19 states have assessment limits
- 15 states have revenue rollbacks
- 8 states have expenditure limits
- 12 states have property tax freeze
- 4 states have no limits: Hawaii, Maine, New Hampshire, Vermont

Taken from A Guide to property taxes: Property tax relief by the National Conference of State Legislatures, Washington D.C., 2002.

Articles/Books in LibraryLink Catalog

(login to LibraryLink to download the fulltext or to request from the library)


A ten year empirical study of property tax inequity related to assessment capping, by J. Wayne Moore, presentation at the 73rd Annual International Conference on Assessment Administration, 2007.

Assessed value cap overview, by the IAAO Research Committee, Journal of Property Tax Assessment & Administration, 2010, 7 (1), 57-67. (Full text can be downloaded for free from Topics of Interest.)

Can the proposed cap on New York State school taxes succeed? by Noeleen Griffin. Fair & Equitable, July 2009, 7 (7), 12-17.


Fundamentals of tax policy, by the International Association of Assessing Officers, 2008. Below is an excerpt from p. 185. (Request from the librarian or purchase through the online marketplace.)
<table>
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<th>Characteristics of Property Tax Control Systems</th>
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<tr>
<td><strong>Budget Increase Limits</strong></td>
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<td>Limit taxing district budgets to specified annual percentage increase.</td>
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<td>Usually contain provisions for additional services needed by newly constructed or annexed property.</td>
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<td>Prevent reappraisal-driven windfalls.</td>
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<td>Place responsibility for magnitude of property tax increase on taxing district.</td>
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<td>Do not usually control tax shifting or prevent large increases to individuals in response to isolated assessed value increases.</td>
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<td>May not provide sufficient flexibility for taxing districts to fund special needs;</td>
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escape clauses are needed.

Ceilings on increases become floors unless provisions for recapturing unused portions of allowable increases are included.

Should be coupled with budget increase limits or truth in taxation to be effective.

decline.

Shift apparent responsibility for tax increases from taxing district to assessor.


Property tax policies and administrative practices in Canada and the United States, Section 4 “Property tax policy,” by the International Association of Assessing Officers, 2000. (Request from the librarian.)


**Online Reports and Articles**


**Four easy steps to a fiscal train wreck: The Florida how-to guide**, by Richard Hawkins. *Fiscal Research Center Report* No. 132. Atlanta: Andrew Young School of Policy Studies, Georgia State University, 2006.

**Lower cap on appraisal growth would benefit mainly wealthy homeowners, create dangerous imbalances**, by Dick Lavine. Center for Public Policy Priorities, February 2, 2005, no. 223.


**Response to Proposition K by the Kansas County Appraiser’s Association**, by Paul Welcome, February 25, 2009. Expresses opposition to House Bill 2150, explains the inherent problems and unconstitutionality of the proposal.

Below is a quote from section 5.4.3 (p.23) regarding the inequities that result from assessment limits.

Limits that constrain changes in assessed or appraised value of property may appear to provide control but actually distort the distribution of the property tax, destroying property tax equity and increasing public confusion and administrative complexity. Owners whose properties are increasing in value more rapidly than the permitted rate of increase (say, 5 percent) receive a windfall at the expense of those whose properties are decreasing in value or are increasing at lower rates. In effect, valuation increase limits result in lower effective property tax rates for owners of desirable property and higher effective property tax rates for owners of less desirable property. Similarly, when state funds are distributed to school districts or other taxing jurisdictions based on taxable property value (indirect equalization), funding will tend to shift from poorer areas to wealthier areas with rapid appreciation—an illogical and undesirable result. Legislators and the public should be made aware of the inequities resulting from valuation increase limits and be actively discouraged from pursuing such limitations. Any other control is preferable.


Web Sites

Significant Features of the Property Tax database, by the Lincoln Institute of Land Policy and the George Washington Institute for Public Policy. Users may search caps and limits by state or over all 50 states and download compilations of the data.