

# Tax and Expenditure Limits (TEs) Subject Guide

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Facts about Property Tax Limitations in the United States:

- 35 states have property tax rate limits
- 30 states have levy limits
- 20 states have disclosure requirements
- 15 states have assessment limits
- 14 states have revenue rollbacks
- 6 states have property tax freezes
- 1 state has no limits: New Hampshire

Taken from Doing More with Less: State Revenue Limitations & Mandates on County Finances, NACo Policy Research Paper Series, November 2016.

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## Articles/Books in LibraryLink Catalog

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

**After the tax revolt: California's proposition 13 turns 30**, by Jack Citrin & Isaac William Martin. Berkeley, CA: Berkeley Public Policy Press, 2009.

**Analysis of tax shifting effects of market value increase limits**, by Alan S. Dornfest, Steve Van Sant, & Ronald Brown. Presentation at the 74th Annual International Conference on Assessment Administration, 2008.

**Assessed value cap overview**, by the IAAO Research Committee, *Journal of Property Tax Assessment & Administration*, 2010, 7 (1), 57-67.

**Assessment growth limits and mobility: evidence from home sale data in Detroit, Michigan**, by Timothy R. Hodge, Gary Sands, & Mark Skidmore. *National Tax Journal*, September 2015, 68 (3), 574-599.

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**Budgeting inside the lines: for the past 25 years, Colorado' Taxpayer Bill of Rights has defined spending in the state**, by Liz Farmer. *Governing*, September 2017, 31 (1), 44-48.

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

**Conference panel examines the legacy and impact of property tax reform**, by David K. Ginsborg. *Fair & Equitable*, December 2014, 12 (12), 15-18.

**Do tax and expenditure limits provide a free lunch? Evidence on the link between limits and public-sector service quality**, by Thomas A. Downes & David N. Figlio. *National Tax Journal*, March 1999, 52 (1), 112-28.

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**Effects of taxable value increase limits: Fables and fallacies**, by Alan S. Dornfest. *Journal of Property Tax Assessment & Administration*, 2005, 2 (4), 5-15.

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**Full disclosure: unanticipated improvements in property tax uniformity**, by Gary C. Cornia and Lawrence C. Walters. *Journal of Property Tax Assessment & Administration*, 2006, 3 (3), 5-19.

**Fundamentals of tax policy**, by the International Association of Assessing Officers, 2008. Below is an excerpt from p. 185.

<b>Characteristics of Property Tax Control Systems</b>		
<b>Budget Increase Limits</b>	<b>Levy Rate Limits</b>	<b>Valuation Increase Limits</b>
Limit taxing district budgets to specified annual percentage increase.	Limit maximum levy rate, regardless of how much property tax is raised.	Constrain assessed value increases.
Usually contain provisions for additional services needed by newly constructed or annexed property.	Are effective when assessments are stable over time.	Provide protection to parcels most affected by value appreciation.
Prevent reappraisal-driven windfalls.	Provide early warning of	Shift property tax burden to property with less appreciation or

	reappraisal-driven tax increases.	economically depressed areas.
Place responsibility for magnitude of property tax increase on taxing district.	Depending on number of overlapping taxing districts, may provide overall maximum rate.	Increase complexity and lessen understandability of property tax system.
Do not usually control tax shifting or prevent large increases to individuals in response to isolated assessed value increases.	Fail to control reappraisal-related windfalls when assessed values rise rapidly.	Reduce uniformity and equity, moving the property tax away from the ad valorem system it was originally conceived to be.
May not provide sufficient flexibility for taxing districts to fund special needs; escape clauses are needed.	Force taxing district to reduce spending when assessed values decline.	
Ceilings on increases become floors unless provisions for recapturing unused portions of allowable increases are included.	Shift apparent responsibility for tax increases from taxing district to assessor.	
Should be coupled with budget increase limits or truth in taxation to be effective.		

**A guide to property taxes: Property tax relief**, by the National Conference of State Legislatures. Denver, CO: NCSL, 2002.

**Horizontal and vertical inequity in real property taxation**, by G. Stacy Sirmans, Dean H. Gatzlaff, and David A. Macpherson. *Journal of Real Estate Literature*, 2008, 16 (2), 167-180.

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**Property tax equity implications of assessment capping and homestead exemptions for owner-occupied single-family housing**, by J. Wayne Moore. *Journal of Property Tax Assessment & Administration*, 2008, 5 (3), 37-72.

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**Property tax limitations**, by John V. Winters. *Fiscal Research Center Report*, June 2008.

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**Property taxes and tax revolts: The legacy of Proposition 13**, by Arthur O'Sullivan, Terri A. Sexton, & Steven M. Sheffrin. New York: Cambridge University Press, 1995.

**Proposition 13 and its offspring: For good or evil?** by Therese J. McGuire. *National Tax Journal*, March 1999, 52 (1), 129-138.

**Prop. 13 turns 40**, by Alan Greenblatt. *Governing*, March 2018, 31 (6), 10.

**Proposition K: a better property tax system for Kansas**, by Art Hall. Wichita, Kansas: Flint Hills Center for Public Policy, 2009.

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**State programs and practices for reducing residential property taxes**, by David Baer. *Fair & Equitable*, November 2003,1 (11), 6-11.

**Strengthening the local property tax: the need for a property tax expenditure budget**, by Katrina D. Connolly & Michael E. Bell. *Lincoln Institute of Land Policy Working Paper*, 2011.

**The surprising effects of Indiana's property tax caps**, Justin M. Ross. Presentation at the 81st Annual International Conference on Assessment Administration, 2015.

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**Tax limit repeal and school spending**, by Phuong Nguyen-Hoang. *National Tax Journal*, March 2013, 66 (1), 117-148.

**Tax limits and housing markets: some evidence at the state level**, by William H. Hoyt, Paul A. Coomes & Amelia M. Biehl. *Real Estate Economics*, Spring 2011, 39 (1), 97-132.

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**Use of the property tax to fund government and the effect of assessed value caps**, by Gary J. McCabe, Kenneth Uhrich, and August Dettbarn. Presentation at the 76th Annual International Conference on Assessment Administration, 2010.

**What accounts for the stability and resilience of property tax systems?** by John E. Anderson. *National Tax Association 109th Annual Conference Proceedings*, 2016.

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## **Online Reports and Articles**

[\*\*The algebra of tax burden shifts from assessment limitations\*\*](#), by Richard F. Dye & Daniel P. McMillen. *Lincoln Institute of Land Policy Working Paper*, 2007.

[\*\*Analysis of assessment and tax inequities in the outer boroughs\*\*](#), by City of New York, Independent Budget Office, 2016.

[\*\*Capping assessed valuation growth: a primer\*\*](#), by Institute on Taxation and Economic Policy. *Taking Taxes Policy Brief*, 2005.

[\*\*Chronicle of the 161-year history of state-imposed property tax limitations\*\*](#), by Bethany P. Paquin. *Lincoln Institute of Land Policy Working Paper*, April 2015.

[\*\*Common claims about Proposition 13\*\*](#), by Carolyn Chu & Brian Uhler. Sacramento, CA: Legislative Analyst's Office, 2016.

[\*\*Doing more with less: state revenue limitations & mandates on county finances\*\*](#), by Joel Griffith, Jonathan Harris, & Emilia Istrate. *NACo Policy Research Paper Series*, 2016.

[\*\*Essays on property tax limitation mechanisms\*\*](#), by Bryan Shone. PhD dissertation, University of Tennessee, 2009.

[\*\*The fiscal impact of a 15 percent reassessment cap in Beaufort County, South Carolina: a report to the Council of Beaufort County\*\*](#), by Ellen W. Saltzman. Jim Self Center on the Future, 2004.

[\*\*Four easy steps to a fiscal train wreck: The Florida how-to guide\*\*](#), by Richard R. Hawkins. *Fiscal Research Center Report*, August 2006, No. 132.

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[\*\*A good tax: legal and policy issues for the property tax in the United States\*\*](#), by Joan Youngman. Cambridge, MA: Lincoln Institute of Land Policy, 2016.

[\*\*Hidden consequences: lessons from Massachusetts for states considering a property tax cap\*\*](#), by Phil Oliff and Iris J. Lav. Center for Public Policy Priorities, May 25, 2010.

[\*\*Lower cap on appraisal growth would benefit mainly wealthy homeowners, create dangerous imbalances\*\*](#), by Dick Lavine. Center for Public Policy Priorities, February 2, 2005, 223.

[\*\*Municipally imposed tax and expenditure limits\*\*](#), by Justin Phillips and Leah Brooks. *Land Lines*, April 2009, 21 (2), 8-13.

[\*\*Policy basics: taxpayer bill of rights \(TABOR\)\*\*](#), by The Center on Budget and Policy Priorities. Washington, D.C.: The Center on Budget and Policy Priorities, 2013.

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[\*\*Proposition 13 revisited: a look at California's property tax 35 years after passage of Proposition 13\*\*](#), by Robert Gutierrez, David R. Doerr, David Kline & Peter Blocker. A study by the California Taxpayers Association, 2013.

[\*\*Reforming Proposition 13 to tax land more and buildings less\*\*](#), by Kirk J. Stark. Law-Econ Research Paper No. 16-01, UCLA School of Law, February 1, 2016.

[\*\*The residential property tax credit: an analysis of the District of Columbia's assessment limitation\*\*](#), by David L. Sjoquist. Report prepared for the District of Columbia Tax Revision Commission, May 20, 2013.

[\*\*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.

[\*\*Stabilizing property taxes in volatile real estate markets\*\*](#), by Joan Youngman and Jane Malme. *Land Lines*, July 2005, 17 (3), 5-7.

[\*\*Standard on property tax policy\*\*](#), by the International Association of Assessing Officers, 2010. Below is a quote from section 5.4.3 (p. 21) 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.

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[Tax and expenditure limits on local governments](#), by the Advisory Commission on Intergovernmental Relations, March 1995. Historical view of caps and limits up to 1995.

[Tax-expenditure limitations and special-district finance in metropolitan areas](#), by Agustin Leon-Moreta. *National Tax Association 107th Annual Conference Proceedings*, 2014.

[TIF at a turning point: defining debt down](#), by Joan Youngman. *Lincoln Institute of Land Policy Working Paper*, 2011.

[The variety of property tax limits: goals, consequences, and alternatives](#), by Joan Youngman. *Tax Analysts*, September 2007, 541-557.

[What property tax limitations do to local finances: a meta-analysis](#), by Isaac William Martin. *Institute for Research on Labor and Employment*, April 2015.

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## 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.