Tax and Expenditure Limits (TELs) 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.

Articles/Books in LibraryLink Catalog

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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.


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.

Updated May 2018


<table>
<thead>
<tr>
<th>Characteristics of Property Tax Control Systems</th>
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<tbody>
<tr>
<td><strong>Budget Increase Limits</strong></td>
<td><strong>Levy Rate Limits</strong></td>
<td><strong>Valuation Increase Limits</strong></td>
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<tr>
<td>Limit taxing district budgets to specified annual percentage increase.</td>
<td>Limit maximum levy rate, regardless of how much property tax is raised.</td>
<td>Constrain assessed value increases.</td>
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<td>Usually contain provisions for additional services needed by newly constructed or annexed property.</td>
<td>Are effective when assessments are stable over time.</td>
<td>Provide protection to parcels most affected by value appreciation.</td>
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<td>Prevent reappraisal-driven windfalls.</td>
<td>Provide early warning of</td>
<td>Shift property tax burden to property with less appreciation or</td>
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<td>reappraisal-driven tax increases.</td>
<td>economically depressed areas.</td>
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<tr>
<td>Place responsibility for magnitude of property tax increase on taxing district.</td>
<td>Depending on number of overlapping taxing districts, may provide overall maximum rate.</td>
<td>Increase complexity and lessen understandability of property tax system.</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>
<td>Fail to control reappraisal-related windfalls when assessed values rise rapidly.</td>
<td>Reduce uniformity and equity, moving the property tax away from the ad valorem system it was originally conceived to be.</td>
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<td>May not provide sufficient flexibility for taxing districts to fund special needs; escape clauses are needed.</td>
<td>Force taxing district to reduce spending when assessed values decline.</td>
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<td>Ceilings on increases become floors unless provisions for recapturing unused portions of allowable increases are included.</td>
<td>Shift apparent responsibility for tax increases from taxing district to assessor.</td>
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<td>Should be coupled with budget increase limits or truth in taxation to be effective.</td>
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**Public support for the property tax: exploring tax limitation overrides**, by Garry Young, Margaret Salas, Kelly Brown, and Jessica Menter. The Property Tax Roundtable, 2007.


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

**Tax expenditure limitations and their effects on local public finances**, by Bing Yuan, Joseph Cordes, David Brunori, and Michael Bell. The Property Tax Roundtable, 2007.


**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.


**Online Reports and Articles**


*Updated May 2018*


The general equilibrium of tax and expenditure limits, by Ellen Concetta Moule. A dissertation submitted in partial satisfaction of the requirements for the degree Doctor of Philosophy in Political Science; University of California, San Diego; 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.


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.