

REDUCING PROPERTY TAXES TO EMPOWER HARDWORKING AMERICANS

Aaron Hedlund, Ph.D. | July 2024

AMERICANS NEED PROPERTY TAX RELIEF

Americans are suffering from three years of increasing inflation, high taxes, and a homeownership affordability crisis, preventing millions of Americans from fully realizing the American Dream. Skyrocketing property taxes in many localities are exacerbating this problem.

- Total property taxes on single-family homes rose on average by 6.9% in 2023, on top of an average increase of **3.6% in 2022**.
- The average American family needs an **additional \$11,400 per year** to maintain the same standard of living in 2024 that they had in 2019.
- Housing affordability nationwide has **declined by almost 30%** since December 2021.

LOWER PROPERTY TAXES HELP ALLEVIATE THE COST-OF-LIVING CRISIS AND EMPOWER MORE AMERICANS TO PURCHASE A HOME

States can take steps now to reduce the property tax burden, make homeownership more achievable, and grow their economies. Property tax cuts benefit all Americans by:

- **Addressing the National Cost of Living Crisis.** Prices have increased by **more than 20%** overall since 2021. American families are desperate for any reduction in their cost of living, and a property tax cut can provide substantial relief.
- **Increasing Access to Homeownership.** Homeownership has long been considered a key part of the American Dream. Reducing property tax rates makes homeownership more achievable for the thousands of American families who are saving up to purchase their own homes.
- **Stimulating Economic Growth.** Lower taxes allow a state's residents to spend more on goods and services elsewhere in the economy instead of fueling local government expansion.

POLICYMAKERS SHOULD PURSUE PROPERTY TAX CUTS AND ACCOUNTABILITY IN LOCAL SPENDING

- Policymakers should first focus on **cutting and controlling local spending** to reduce dependency on property taxes. Instead of simply replacing current levels of local spending with state spending, policymakers should reduce spending and decrease reliance on property taxes.
- Policymakers should ensure that homeowners are not penalized when their home valuations increase. Property taxes should reflect a community's **actual needs** based on objective factors such as **inflation and population growth**. This can be accomplished by **implementing an automatic cap** on annual property tax increases.
- To ensure long-term success, policymakers at both the state and county levels should ensure **transparency and accountability** among local governments, including considering requiring a two-thirds majority vote to raise a property tax levy and mandating that local governments maintain an easily searchable database of all local spending.