Home

Research Areas

Publications

About Us

Contact Us

Press Room

Commentary

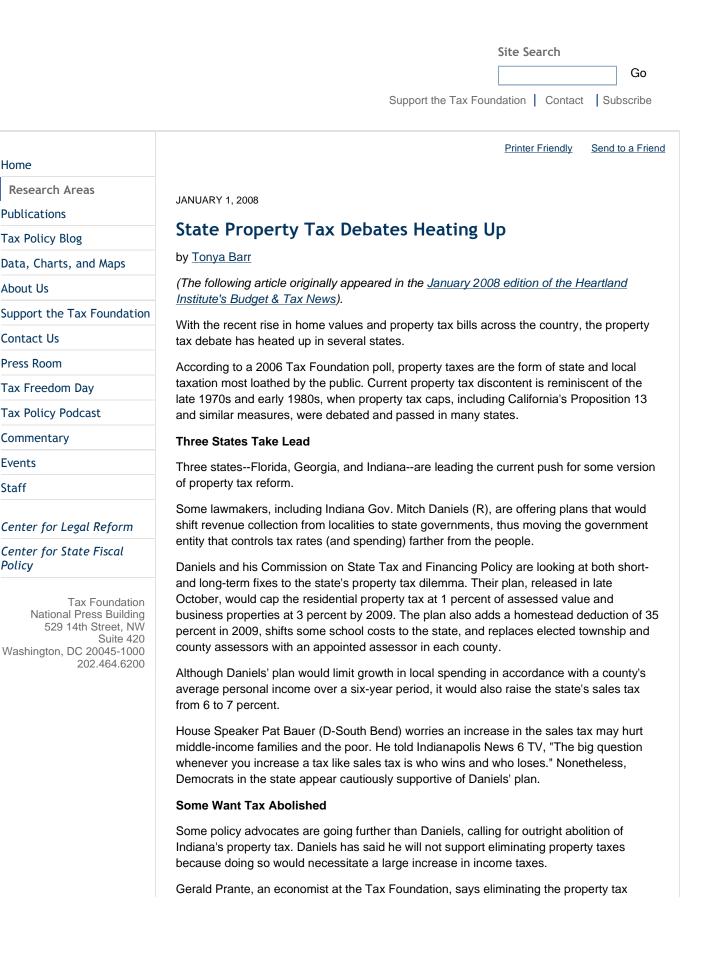
Events

Staff

Policy

Tax Freedom Day

Tax Policy Blog



would endanger the state's fiscal health. "While abolishing the property tax may sound good, if you want to reduce taxes you have to reduce spending," Prante said. "Unless spending is cut, eliminating the property tax will merely shift the tax burden onto some other tax, which may be worse than the property tax."

Prante added, "Furthermore, eliminating the property tax, which is relied upon by local governments, will transfer power to the state government on the issue of taxation, thereby reducing or even eliminating tax competition within the state, as well as reducing the chances that one's voice will be effective in changing tax policy."

Georgia May Dismantle Tax

Georgia, too, is considering legislation to dismantle the property tax system in the state.

Glenn Richardson (R-Hiram), speaker of the House, has proposed the GREAT (Georgia's Repeal of Every Ad Valorem Tax) Plan, a constitutional amendment under which property taxes would be replaced by extending the current 4 percent sales tax to services and by eliminating all sales tax exemptions.

The plan is projected to generate the same amount of revenue as the property tax, but the revenue would be remitted to the state and not directly to local governments. Richardson notes on the GREAT Plan's Web site, "It is not our intent to cut taxes, but rather, to reform the system of taxation in Georgia."

Because the plan is proposed as a constitutional amendment, it requires a two-thirds vote of the General Assembly and approval by the state's voters in a ballot measure.

Local officials have opposed the plan. "Decisions should be made at home, not at the Dome," Dr. Steve Smith, Lowndes County Schools superintendent, told the Valdosta Daily Times. "The state will be the financial winner and the local government will be the loser because the power will be given to Atlanta," he warned.

Florida Voters Have Say

In late October, Florida lawmakers passed a reform plan that will be on the January ballot for voters to approve.

The measure would double the \$25,000 homestead exemption to \$50,000, allow more portability of tax cap savings under the Save Our Homes initiative, and impose a 10 percent cap on assessments for non-homestead property. The plan is expected to save the average homeowner about \$240 a year.

A proposal that would have eliminated property tax payments for lower-income senior citizens was dropped from the final plan by the Senate. Because Florida does not have an income tax, revenue at the state level may be made up by a sales tax increase, unless there is a decrease in spending.

Florida Tax Watch, a nonpartisan research group, said the plan does not cut taxes and therefore is not "true tax reform." In a statement on its Web site, the group notes, "heaping savings on homesteaders may naturally disincentive them from participating to try to keep local government spending under control."

Policy analysts largely agree that when control of taxation and spending is shifted from localities to the state, localities have less influence. To cut property taxes effectively, spending must be curbed as well, they say. Otherwise, the revenue is likely to be recouped through another form of taxation, and likely one that is not as visible to voters.

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