FISCAL STRUCTURE & REVENUE RESILIENCE OF FLORIDA MUNICIPALITIES

A Microsimulation Assessment of
Homestead Property Tax Reform Scenarios

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Florida's debate over homestead property tax reform comes at a pivotal moment for municipal governments. Because Florida does not levy a personal income tax, municipalities depend heavily on the property tax to fund essential services.

This report presents the most comprehensive assessment to date of how alternative homestead reforms—including full elimination, large fixed-dollar exemptions, and percentage-based discounts—would reshape local fiscal stability, service capacity, and revenue equity. Using parcel-level microsimulations and interviews with municipal leaders, the analysis provides a multidimensional, evidence-based understanding of both fiscal impacts and practical governance implications.

Key Findings of Fiscal Structure

Florida's municipal finance system relies primarily on property taxes and sales-tax-based intergovernmental revenues. Key findings indicate that property tax remains the fiscal backbone of municipal finance, accounting for approximately 43% of general funds. Because the state lacks an income tax, the property tax functions as the stabilizing base that offsets volatility in consumption-based revenues. Any reform that significantly weakens this base directly compromises municipal fiscal resilience.

Municipal expenditure patterns reveal why the property tax is indispensable. Across Florida municipalities, public safety accounts for over 56% of general fund spending. Police, fire, and EMS operations are labor-intensive and cannot be easily reduced without compromising community safety.

A critical finding from the statewide analysis is that no population group of municipalities can fund essential services solely from property tax revenues.

Public safety exceeds property tax collections in nearly all municipalities:

- Small cities (<5,000 residents): public-safety spending is ~90% of property tax revenue
- Mid-size cities (25k-100k): 150-175% of property tax revenue
- Large cities (>100k): ~140% of property tax revenue

This means all municipalities rely heavily on other revenues (sales tax, state-shared revenues, utility funds, charges) simply to maintain baseline levels of policing and fire protection.

Other service areas also strain property tax capacity:

- General government (legislative and executive activities, financial management, legal counsel, comprehensive planning, and general administrative services) consumes 45-60% of property tax revenue.
- Quality-of-life and public works frequently exceed property tax collections in coastal, urban, and infrastructure-heavy municipalities.

Municipalities already fund essential services with non-property tax revenues; any further erosion of the homestead tax base would intensify structural imbalance and force difficult service reductions.

Key Microsimulation Findings

The microsimulation quantifies how each reform scenario shifts municipal revenue capacity:

- Homestead elimination produces the steepest fiscal shock:
  - → An average of 37.6% reduction of property tax revenue
  - → An average of 14% reduction of general fund revenue
  - → Millage increases required for revenue neutrality: from 4.67 to ~8.93 mills
- Large amount exemptions significantly erode revenue:
  - → $250k-$500k exemptions reduce property tax revenues by 25-32%
  - → Require 20-70% millage increases to break even
- Clean-slate (just value) reforms that remove existing Save Our Homes (SOH) caps and exemptions before applying relief behave differently:
  - → 32% discount increases municipal property tax revenue by 21% on average
  - → $100k just value (JV) exemption also yields net gains
- Impacts are uneven across Florida:
  - → Largest proportional losses: Coastal, high-value, fast-growing metro areas
  - → Moderate losses but limited resilience: Small and inland cities
  - → Highest exposure: Municipalities with strong SOH compression
- Parcel-level analysis reveals strong equity implications:
  - → A 32% discount distributes impacts most proportionally
  - → Large amount exemptions shift benefits to higher-value homes
  - → Middle-value markets bear substantial taxable-value erosion under $250k-$500k exemptions

Local Government Perspectives

Interviews with city managers, budget officers, and finance directors highlight that property taxes act as the fiscal anchor for municipalities.

- Local leaders consistently stressed that property tax stability is essential for:
  - → Public safety staffing
  - → Infrastructure maintenance
  - → Credit ratings
  - → Long-term capital planning
- Officials acknowledged inequities under SOH but warned that large amount exemptions:
  - → Disproportionately benefit high-value homeowners
  - → Shift costs to renters and commercial tenants
  - → Increase housing affordability burdens through rent pass-throughs
- Municipal leaders see state-driven tax policy changes without revenue replacement as:
  - → Weakening local autonomy
  - → Forcing service reductions for which cities unfairly bear the blame
  - → Undermining resident trust in local governance, as they do not understand why the decisions are not entrusted by the State to be made locally

Policy Recommendations

The report recommends:

- A permanent compensatory mechanism if the State moves forward with its suggested property tax reforms
  - → A state revenue-replacement or state-local cost-sharing model to offset municipal losses under major reforms will be required to maintain current service levels.
- Targeted relief rather than universal exemptions
  - → Means-tested, income-based, and/or senior-citizen-oriented designs preserve equity and fiscal stability.
- Strengthen local fiscal discretion
  - → Municipal autonomy over millage, diversified local-option revenues, and flexible fiscal tools are essential to addressing differing service level demands by residents.
- Transparent, jurisdiction-level fiscal impact disclosures
  - → Residents and policymakers should see the precise trade-offs associated with each policy option to understand their impact to the services being provided today.
- Reinforce the state government and local government fiscal partnership
  - → Sustainable reform must balance homeowner relief with municipal capacity to deliver essential services expected by their residents.

Conclusion

Homestead reform is not only a tax-policy question but a structural decision with long-term implications for:

- Fiscal sustainability
- Municipal service equity
- Economic competitiveness
- Local democratic governance

Florida can modernize its property tax system without compromising local service quality—if reforms are paired with thoughtful design, equitable targeting, and a commitment to maintaining the fiscal foundations that support strong communities.

INTRODUCTION

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Purposes

Florida's ongoing debate over property tax reform arrives at a critical juncture for the state's municipal governments. The purpose of this report is to assess the fiscal structure and sustainability of Florida's municipalities and to evaluate how proposed changes to the homestead property tax system could reshape local revenue capacity and essential service delivery.

The analysis begins by examining the composition and trends of municipal revenues and expenditures from 2018 to 2024, focusing on property tax reliance, general fund composition, and the allocation of expenditures across key service categories, including public safety, general government, community enrichment, and public works. This assessment establishes a comprehensive baseline for understanding the fiscal conditions under which municipalities operate. It also highlights their varying degrees of dependence on the property tax as a core revenue source.

Building upon this foundation, the report employs a microsimulation model to estimate the fiscal impacts of several homestead property tax reform scenarios. These include total elimination of the homestead property tax, exemption proposals at $100,000, $250,000, and $500,000 thresholds, and a uniform 32% homestead discount. Each fixed amount exemption scenario is simulated under three alternative bases—just value, assessed value, and taxable value—to reflect differing policy mechanisms and degrees of disruption to existing property tax structures. Moreover, the scenario of elimination of the homestead property tax for homestead owners over age 65 is based on the assumption of homestead ratio and homeownership ratios. The resulting impacts are expressed in absolute dollar terms, per capita amount, as percentages of current property tax and general fund revenues, and as the millage rate adjustments required to maintain revenue neutrality.

The analysis further disaggregates fiscal effects by region, municipal population size, median housing value, household income, and unemployment rate to reveal distributional and equity dimensions of the proposed reforms. Complementing these empirical results, the report situates Florida's municipal fiscal context within the broader public finance literature—highlighting the foundational role of the property tax in the "three-legged stool" paradigm of local revenue, the fiscal stress literature on cutback management, and ongoing concerns about the erosion of local home rule authority through state-imposed revenue constraints.

Through this dual focus on baseline fiscal structure and simulated reform impacts, the report aims to provide policymakers, local government officials, and researchers with a data-driven understanding of municipal fiscal health and the potential consequences of major homestead property tax changes for Florida's diverse communities.

Background and Legislative Context

Florida's property tax system has long served as the cornerstone of municipal and county finances, funding a wide range of essential services, including law enforcement, fire protection, parks, infrastructure, and community programs. Yet as the state approaches the 2026 Legislative Session, property tax reform has emerged as one of the most consequential fiscal policy debates in decades. State leaders are debating whether structural reform, including possible constitutional changes, is warranted.

Governor Ron DeSantis has argued that property taxes can resemble "rent to the government" and should be reduced to relieve pressure on homeowners (DeSantis 2025), so they may indeed own their homes without fear of the government taking them away. To address this issue, Florida House of Representatives (House) Speaker Daniel Perez created the House Select Committee on Property Taxes to examine both the fiscal impacts and policy trade-offs of reform (Florida House 2025).

House Select Committee on Property Taxes

The House Select Committee on Property Taxes, chaired by Representative Toby Overdorf, has emerged as one of the central legislative forums for this issue. Chair Overdorf has highlighted that some municipalities manage their budgets responsibly while others struggle with overspending (Overdorf 2025). Speaker Daniel Perez has emphasized that the House is developing multiple proposals for consideration during the 2026 Legislative Session. The House Select Committee on Property Taxes has reviewed eight different proposals, with the goal of presenting a set of options for debate during the 2026 Legislative Session, rather than a single predetermined solution (Perez 2025). Senate President Ben Albritton, by contrast, has urged patience. He has asked stakeholders to "breathe" and carefully consider the long-term fiscal impacts before enacting significant reform (Albritton 2025).

Affordability and Spending Concerns

Chief Financial Officer (CFO) Blaise Ingoglia has framed the debate surrounding property tax reform as an affordability issue. He has criticized what he calls "excessive, wasteful spending" by some local governments, suggesting that efficiencies at the local level could allow for meaningful property tax relief (Ingoglia 2025). CFO Ingoglia's comments reflect a broader theme in Florida politics: the tension between tax relief and maintaining revenue for essential local services, including law enforcement and fire protection.

Policy Questions

The legislative debate should be centered on three key questions:

1. **Revenue Replacement:** How much state funding would be required to replace municipal and county property tax revenues, and from what sources could it be raised (Legislative Budget Office 2025)?
2. **Service Impacts:** How would reforms affect critical public services, particularly law enforcement, fire protection, and public infrastructure (Florida Association of Counties 2025)?
3. **Equity and Targeting:** Which reforms would most effectively provide relief to groups such as senior citizens and first-time homeowners while maintaining a stable and equitable fiscal base for local governments (House Select Committee on Property Taxes 2025)?

Looking Ahead

Florida now stands at a crossroads regarding property tax reform. On one side, there is strong political momentum to reduce the property tax burden on homeowners, possibly through a constitutional ballot amendment in 2026. On the other side, key stakeholders are urging careful study to ensure that local governments can continue to provide essential services.

The 2026 Florida Legislative Session begins on January 13, 2026. As the policy debate unfolds, legislators will confront the central challenge of designing reforms that provide meaningful relief to taxpayers while preserving the fiscal capacity of local governments. This analysis builds on that policy context to assess the potential economic, fiscal, and distributional effects of the alternative reform approaches under consideration in Florida.

PART I.

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FLORIDA MUNICIPAL FISCAL STRUCTURE (2018-2024)

1. Conceptual Framework: The Traditional Three-Legged Stool of Public Finance

Public finance scholars have long characterized a stable and equitable tax system as a three-legged stool supported by three primary sources:

- The income tax, offering progressivity and capacity-based equity;
- The sales tax, providing elasticity and responsiveness to economic growth; and
- The property tax, delivering predictability and local control (Fisher 2022).

A balanced system relies on all three legs for fiscal stability—income taxes buffer cyclical swings, sales taxes grow with consumption, and property taxes offer consistent, locally generated revenue. When any leg is removed or weakened, the system becomes more unstable and less resilient to shocks (Oats 1999).

Florida's revenue structure, both at the state and local levels, already rests on only two legs: the sales tax and the property tax. The state constitution prohibits a personal income tax, and this structural decision—while attractive for economic competitiveness—has long forced Florida governments to depend on volatile consumption-based revenues and immovable property-based revenues. During economic expansion, sales-tax receipts surge; during recessions, they fall sharply. The property tax thus serves as the remaining stabilizing leg.

This dependence on a two-legged stool creates fundamental tension. The sales-tax leg is volatile and sensitive to downturns, while the property tax leg—though stable—is increasingly constrained by political and constitutional limits such as the *Save Our Homes* assessment cap, *Truth in Millage (TRIM)* requirements, and expanding homestead exemptions (Florida Department of Revenue 2024a 2024b; Florida TaxWatch 2023). In this context, further attempts to shorten or remove the property tax leg—through expanded exemptions or the elimination of homestead taxation—risk destabilizing the entire fiscal stool on which both state and municipal finance rest (Florida Legislature 2024; Florida Constitution, Art. VII, Sec. 5[a]).

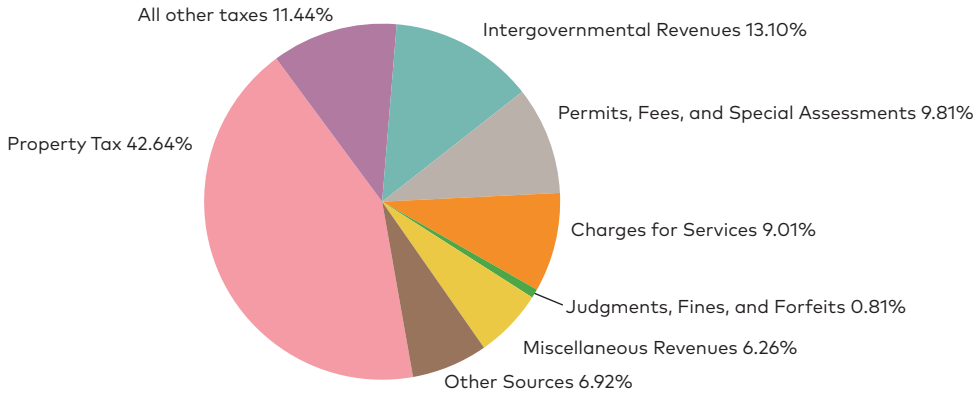
2. Overview of Municipal Fiscal Structure (2018–2024)

2.1 Revenue Composition and Ad Valorem Taxes Reliance

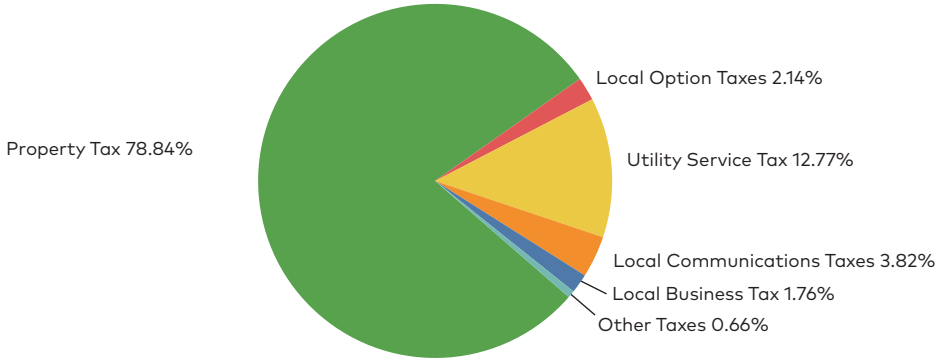
Property taxes remain the backbone of municipal finance in Florida, forming the single most important and locally controlled source of general fund revenue. In 2024, ad valorem property taxes accounted for approximately 43% of total general fund revenues statewide, underscoring their central role in supporting day-to-day municipal operations, such as public safety, general government, and public works. When narrowed to tax revenues only, the dominance of the property tax becomes even clearer: nearly 79% of all general fund tax revenues derive from ad valorem sources.

Overall, combined taxes from all forms or sources constitute about 54% of municipal general fund revenues, highlighting the heavy reliance on locally generated tax capacity relative to other sources. This level of dependence reinforces the property tax as the fiscal anchor of municipal governance in Florida—stable, predictable, and immediately responsive to local policy choices—particularly in the absence of a state income tax.

General Fund Revenues



Tax Revenues



Intergovernmental Revenues

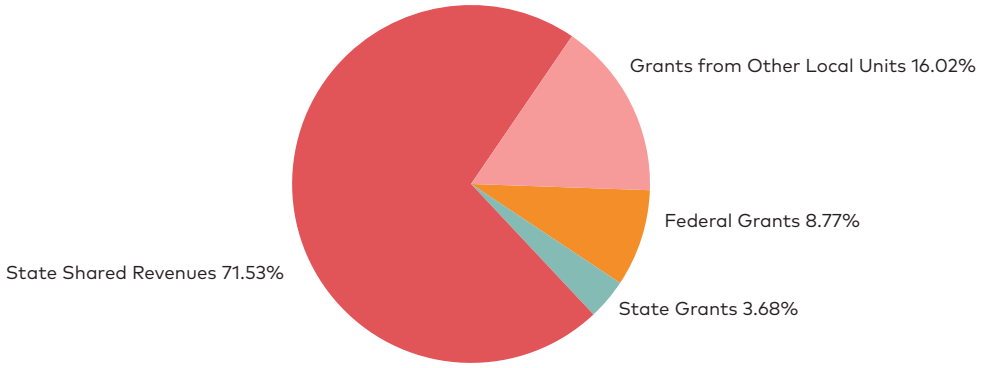


Figure 1: General Fund Revenue By Categories and Sub-Categories 2024*
Note: If the data in FY2024 is not available, it is replaced with FY2023 data.

Among non-tax revenues, intergovernmental revenues represent the second-largest funding source for municipal governments. Within this category, the state-shared revenue program provides roughly 72% of total intergovernmental receipts, reflecting the importance of state-collected revenues redistributed to cities through formulas tied to population and consumption. State grants account for an additional 4%, typically tied to infrastructure or specialized programs, while federal grants contribute only about 9% of intergovernmental revenues. These shares demonstrate that Florida municipalities depend primarily on state-level transfers rather than federal aid, which tends to fluctuate based on one-time appropriations or emergency programs.

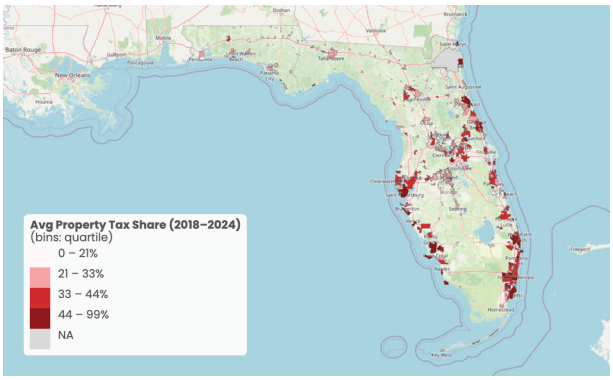
The remaining 33% of general-fund revenues consists of charges for services, licenses and permits, fines, and miscellaneous income, but these categories are relatively limited in scope and growth potential. Fees and service charges can offset costs in utility or enterprise operations, yet they rarely serve as stable substitutes for core tax revenues.

Taken together, these figures portray a municipal revenue system that is structurally concentrated and highly reliant on property taxation. The ad valorem tax not only anchors general fund operations but also provides the fiscal predictability that compensates for the volatility of Florida's sales-tax-based intergovernmental system. However, this heavy dependence also exposes cities to policy risks: each new exemption, cap, or rollback of the property tax base threatens the principal leg of the municipal revenue stool. As Florida continues to debate homestead exemption expansions and potential property tax reductions, this reliance underscores why any major reform could profoundly reshape local fiscal stability and service delivery capacity.

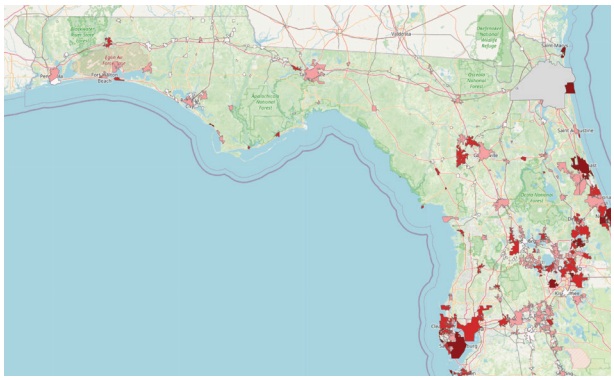
2.2 Regional and Demographic Variation

The regional pattern of property tax reliance among Florida municipalities shows notable variations. Figure 2 presents choropleth maps for the statewide view and three sub-regions. The statewide map shows pronounced geographic variation in the share of general fund revenue derived from property taxes, specifically, generally higher in major urbanized and coastal counties, and lower across many interior and Panhandle jurisdictions. Notable concentrations of higher reliance appear in the Jacksonville area, along the Tampa-Orlando corridor and its fast-growing suburbs, and throughout South Florida.

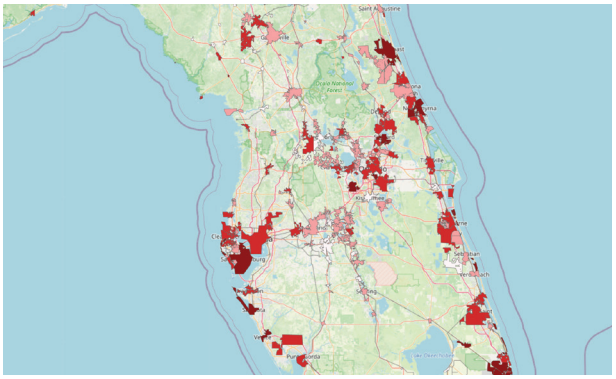
Statewide, entire Florida



North & Panhandle Florida



Central Florida



South Florida

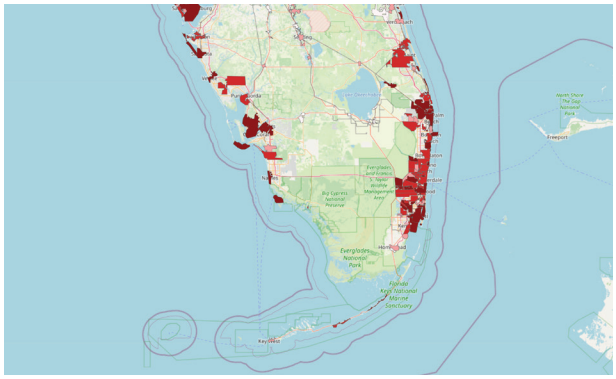


Figure 2: Spatial Distribution of Property Tax Share in General Fund

These regional disparities illustrate how Florida's local revenue system mirrors underlying economic geography: property-rich coastal and metropolitan jurisdictions fund operations primarily through ad valorem taxes, whereas smaller inland and Panhandle cities depend more on shared state revenues and user fees. Consequently, any reform that reduces the property tax base will have uneven fiscal effects, with the greatest exposure concentrated in high-growth coastal regions already carrying the heaviest property tax burden.

Building on the regional variations, property tax reliance also differs systematically by municipal population size (Figure 3). Smaller municipalities, particularly those with fewer than 2,000 residents, show the lowest dependence on property taxes, averaging just under 30% of general fund revenues. These small jurisdictions often rely more heavily on intergovernmental transfers, utility revenues, and service charges to finance core operations, since limited taxable property bases constrain ad valorem capacity.

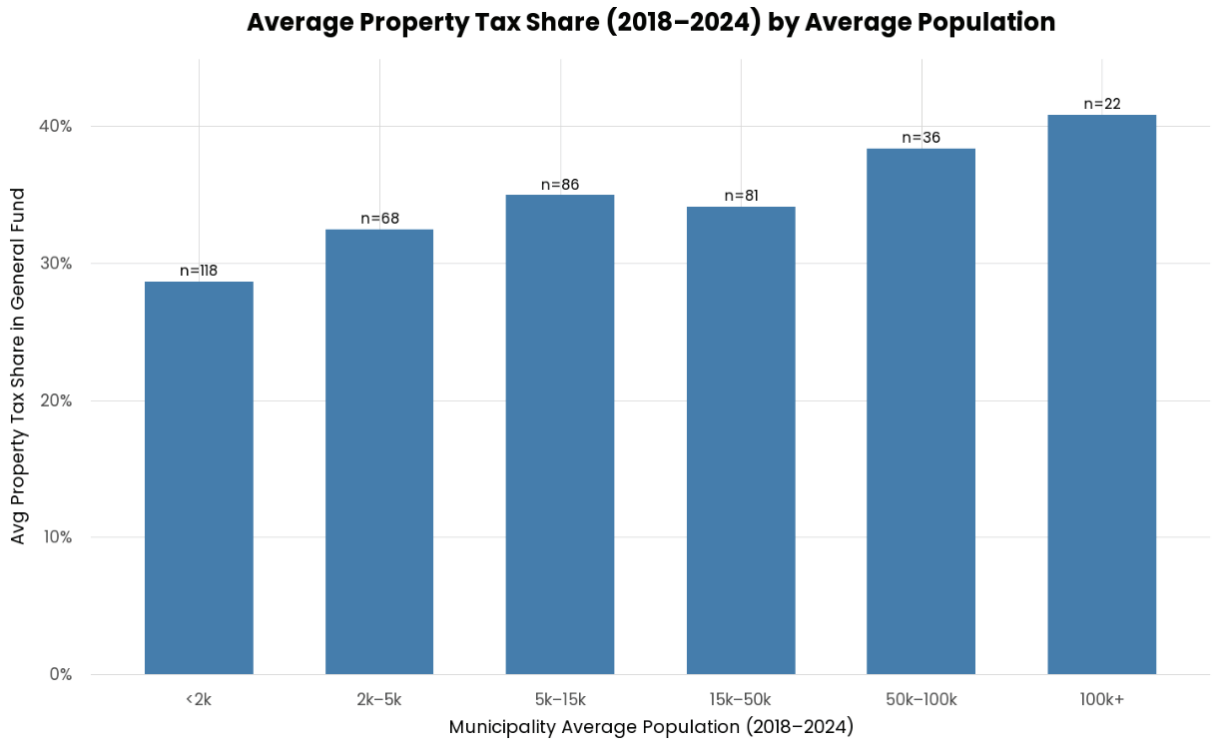


Figure 3: Property Tax Share in General Fund by Municipal Population

As population size increases, property tax reliance rises steadily. Municipalities in the 2,000-50,000 range average roughly 33-36%, while those between 50,000 and 100,000 reach nearly 40%. The largest cities (over 100,000 residents) exhibit the highest property tax share—about 41%—reflecting both broader tax bases and greater fiscal autonomy. Larger cities tend to maintain more professionalized fiscal systems and are less dependent on state-shared revenues, relying instead on ad valorem taxes to fund diversified service portfolios such as public safety, infrastructure, and community development.

This population-based pattern underscores how fiscal capacity scales with city size: as municipalities grow, they depend increasingly on the property tax to sustain higher service expectations and capital investments. Consequently, property tax reforms that reduce ad valorem revenues would disproportionately impact medium and large cities.

Figure 3 presents the simple average share of general fund revenue derived from property taxes across Florida municipalities, grouped by their average population in 2018-2024. Each bar represents a population cohort, with "n=" indicating the number of municipalities in the group. The results may exhibit a positive relationship between population size and reliance on property taxes, i.e., the smallest municipalities (fewer than 2,000 residents) obtain approximately 29% of general fund revenues from property taxes, while the largest municipalities (100,000 or more residents) average about 41%.

When the variation in property tax reliance is examined across all individual municipalities and by population quartiles (Figure 4), the dispersion of fiscal dependence becomes even clearer. Figure 4 shows that while average reliance generally increases with population size, there is substantial heterogeneity within every size group—some small towns depend almost entirely on ad valorem revenue, while others rely little on it, depending instead on utility funds, franchise fees, or intergovernmental aid.

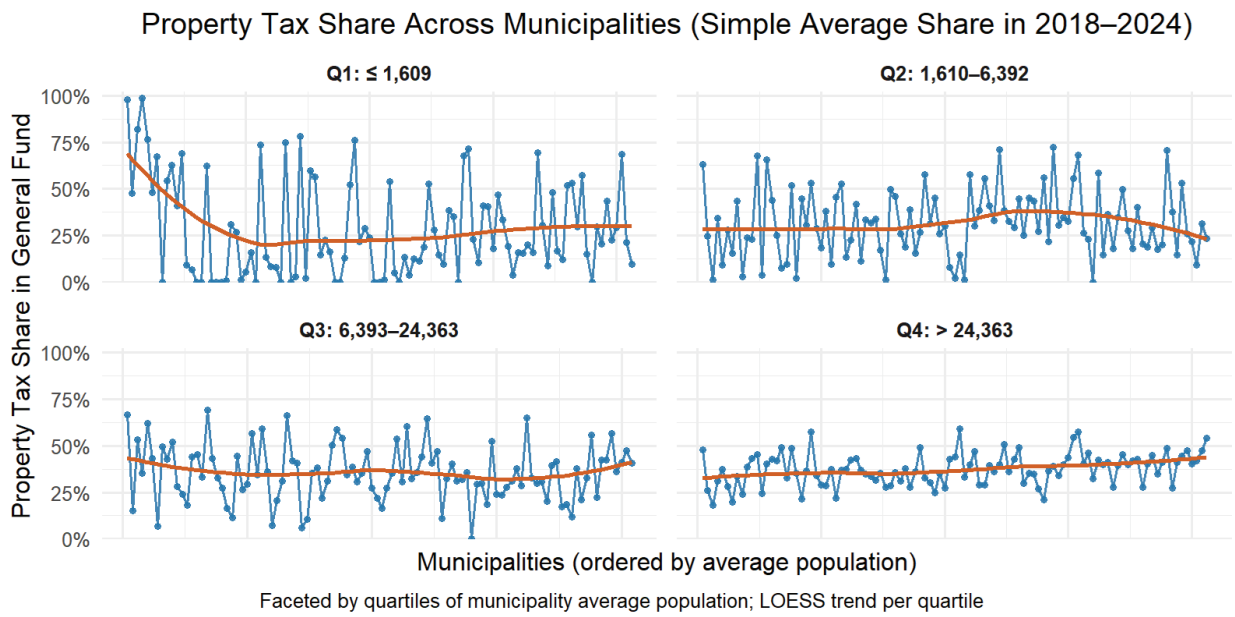


Figure 4: Property Tax Share in General Fund by Individual Municipalities

In the smallest quartile (Q1, ≤1,600 population), property tax shares vary widely—from near zero to almost 100% of general fund revenues. Many of these small municipalities operate with minimal tax bases and instead depend on utility operations or state revenue sharing, resulting in erratic patterns of property tax reliance. The second quartile (Q2, 1,600-6,400) shows somewhat lower volatility, but still no clear upward or downward trend, indicating diverse fiscal strategies among mid-sized small towns.

By contrast, the larger municipalities (Q3 and Q4) exhibit both greater consistency and a gradual upward slope in property tax reliance. In Q3 (roughly 6,000-24,000 population), the local regression line (LOESS) flattens near 35-40%, suggesting a more stable mix of revenues. The largest cities (Q4, over 24,000 residents) show a distinct positive trend—property tax shares rise steadily with population, and the variance narrows at higher population levels. This pattern indicates that larger cities converge toward a stronger and more uniform dependence on property taxation to fund broad service portfolios and capital needs.

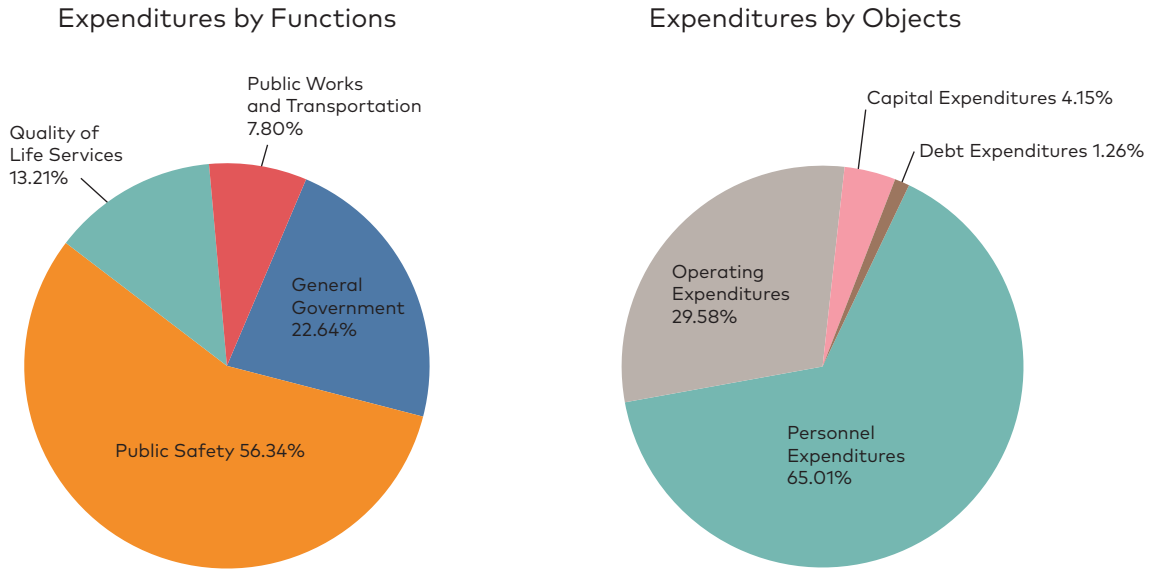
Taken together, these results demonstrate that Florida's property tax reliance is not only regionally differentiated but also size-dependent, with small municipalities exhibiting the widest fiscal variability and larger ones displaying both higher and more predictable reliance on the ad valorem base. Such variation underscores the challenge of designing uniform property tax reforms: policy changes to homestead exemptions or assessment caps would not affect all municipalities equally but would instead produce highly uneven fiscal consequences across community types.

3. Expenditure Patterns and Functional Allocation

3.1 Expenditure Composition

Understanding how Florida's municipalities spend their general fund resources is critical to interpreting the consequences of potential property tax reforms. Revenue reliance reveals one side of fiscal capacity, but expenditure structure exposes the rigidity and vulnerability of municipal service portfolios when revenues decline.

Figure 5 provides a detailed snapshot of municipal expenditure patterns across Florida's cities in 2024, organized by both functional purpose and object classification. Together, these charts underscore the structural rigidity of local budgets in Florida's municipal finance system.



General Government Services
Administrative and governance functions that support municipal operations, including legislative and executive activities, financial management, legal counsel, comprehensive planning, and general administrative services.

Public Safety
Services that protect life and property, including police and law enforcement, fire protection, corrections, courts, emergency medical response, and emergency management. These functions often represent the most essential and least flexible portion of municipal budgets.

Public Works and Transportation
Infrastructure and mobility-related services such as road and street maintenance, general fund utility services, mass transit, water transportation, parking facilities, and other public works functions that support the built environment and community functioning.

Quality of Life Services
Programs that enhance community well-being and local livability, including industry and economic development, veteran and employment services, hospitals and health programs, mental health and human services, parks and recreation, libraries, cultural and arts activities, and broader community enrichment.

Figure 5: Expenditures by Functions and Objects

On the functional side, municipal spending is overwhelmingly concentrated in public safety, which accounts for 56.34% of total general fund expenditures. This reflects the essential, labor-intensive nature of police, fire, EMS, and related emergency services that anchor local government responsibilities. The next-largest category, general government (22.64%), encompasses core administrative, financial, legislative, and planning functions necessary for day-to-day operations and regulatory compliance. Quality of Life services, which support community well-being through parks, recreation, culture, public health, and human services programs, represent 13.21% of expenditures. Finally, public works[1] and transportation, including road and street maintenance as well as other mobility and utility-related functions funded within the general fund, account for the remaining 7.8%. Together, these patterns highlight the relatively smaller—but still essential—share of resources devoted to livability and infrastructure compared with the dominant fiscal demands of public safety.

From the object perspective, municipal budgets are heavily driven by personnel costs, which comprise 64.5% of total expenditures, followed by operating expenditures (29.8%) and capital outlays (4.5%). The dominance of personnel expenses mirrors the service-intensive nature of local government operations, where most functions—particularly public safety and general administration—depend on human labor rather than capital assets.

The combination of these patterns highlights a critical dimension of fiscal rigidity. With nearly two-thirds of spending locked into salaries and benefits and over half devoted to public safety, Florida's municipalities possess limited flexibility to absorb significant property tax reductions without cutting essential services. This composition means that even moderate contractions in the property tax base—such as those simulated under homestead reform scenarios—would likely result in visible service reductions, deferred maintenance, or pressure to raise millage rates and user fees to preserve fiscal stability.

Ultimately, this expenditure structure contextualizes the equity and capacity issues discussed earlier: fiscal disparities across municipalities are magnified not only by differences in tax base strength but also by how dependent local budgets are on personnel-heavy, non-discretionary service functions.

[1] Public works refers to spending categorized under Physical Environment, which includes utility-related services that appear in the general fund, although the majority of these spendings are typically recorded in enterprise funds.

3.2 Expenditures in Relation to Property Tax by Municipal Size

Having established the overall composition of municipal expenditures across Florida, the next step is to explore how these spending patterns vary systematically by city size. Population scale shapes service demands, cost structures, labor intensity, and the degree to which property taxes can realistically support core operations. The following figures illustrate how municipalities of different population tiers allocate spending relative to their property tax base, offering a clearer view of structural pressures faced by small, mid-sized, and large jurisdictions.

Figure 6 illustrates how municipalities of different population sizes rely on property tax revenue to support major expenditure categories between 2018 and 2024. A consistent pattern emerges: Public safety expenditures substantially exceed property tax collections across all population groups, underscoring the extent to which municipalities depend on alternative revenues—such as sales taxes, service charges, intergovernmental aid, or enterprise funds—to finance essential services.

For the smallest cities (<5,000 residents), public safety spending averages nearly 90% of property tax revenue, highlighting that even modest police and fire operations create a structural cost burden relative to their limited tax base. As population increases, public-safety expenditures grow even faster, reaching 150-175% of property tax revenue for mid-size municipalities (25k-100k). Even the largest cities (100k+) exhibit public-safety spending at approximately 140% of property tax revenue, indicating that scale does not eliminate the imbalance between local service obligations and the capacity of the property tax base.

General government expenditures—covering legislative, executive, administrative, financial services, and comprehensive planning—remain relatively stable as a share of property tax revenue across all population categories, ranging roughly from 45 to 60%. This suggests that foundational administrative capacity imposes a relatively fixed cost structure regardless of municipal size.

Quality of Life services—including parks, libraries, cultural programming, and social services—generally fall between 25% and 35% of property tax revenue for most population groups. Meanwhile, transportation and public works account for 10% to 30%, with smaller municipalities showing a higher proportional burden due to less diversified revenue sources and smaller economies of scale.

Overall, the graph demonstrates that property tax alone is insufficient to fund core local services, especially public safety. Larger municipalities appear better able to diversify revenues, but no group approaches a point where property tax covers the full cost of major expenditure categories. As cities grow, expenditures grow faster than property tax capacity, particularly for labor-intensive and unavoidable services like public safety. For smaller municipalities, the challenge is reversed: limited diversification

and scale lead to disproportionate reliance on property taxes to fund even basic services. These patterns reinforce earlier findings in the report: Florida's municipal fiscal stability depends on maintaining a strong local property tax base, supported by balanced revenue diversification and careful consideration of how homestead reforms might weaken the only stable leg of the local revenue system.

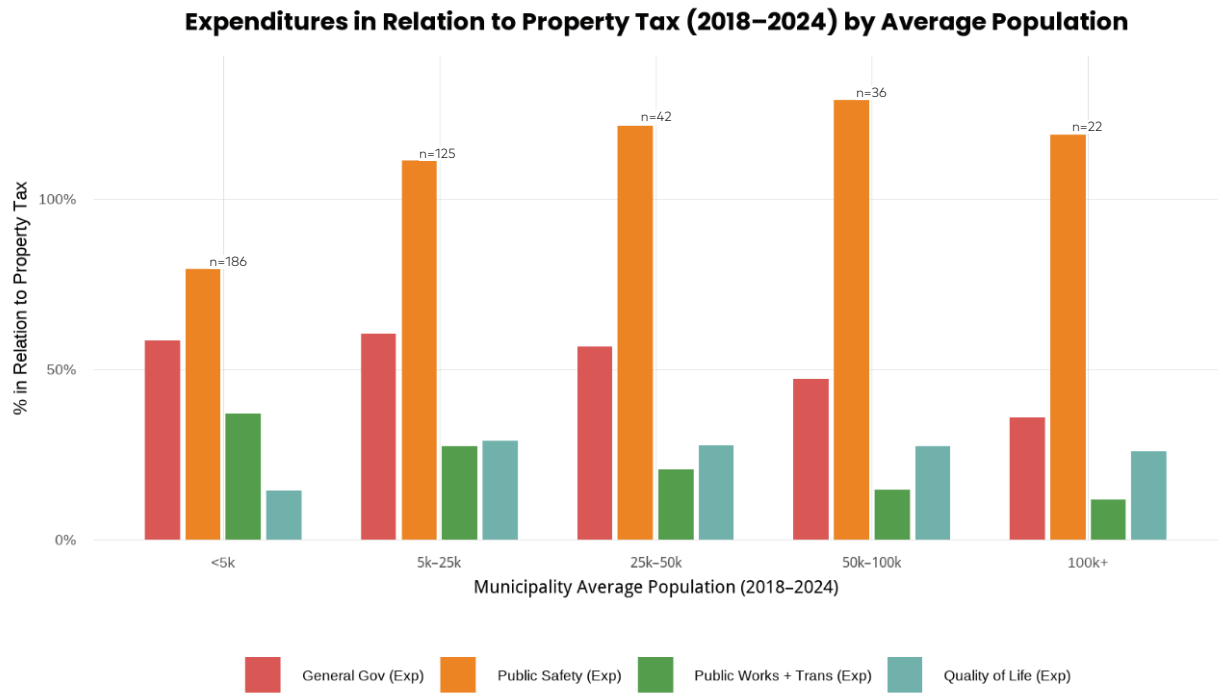


Figure 6: Expenditures in Relation to Property Tax

While the bar chart illustrates how the fiscal burden of public safety varies systematically across municipalities of different sizes and expenditure profiles, these patterns become even clearer when viewed through a spatial lens. The statewide and regional maps that follow translate the quantitative relationships into geographic form, showing where public safety spending consumes the largest share of property tax revenues and how these pressures cluster across Florida's diverse communities. By moving from aggregated statistical comparisons to place-based visualization, the maps reveal the geographic concentration of fiscal stress—highlighting not only which types of municipalities are most exposed, but *where* these vulnerabilities are distributed across the state. This spatial perspective deepens the earlier findings and underscores the widespread structural reliance on property taxes for funding essential public safety services.

Figure 7, consisting of four maps, provides a geographic visualization of how heavily Florida's municipalities rely on property tax revenues to fund public safety services. Each map shades municipalities according to the share of their property tax revenues allocated to public safety, with darker tones indicating higher relative dependence. Viewed together, these maps reveal a clear and consistent pattern across the state: Public safety is a dominant and often overwhelming claim on the municipal property tax base, especially in small and mid-sized jurisdictions.

Across the statewide map, municipalities in every region—from the Panhandle to South Florida—show large clusters of dark-shaded areas, signaling that a significant portion of property tax dollars is absorbed by police, fire, emergency medical services, and related public safety functions. This dependence persists regardless of regional differences in tax base composition or population density.

The Panhandle map highlights the acute vulnerability of smaller rural jurisdictions. With narrow tax bases and limited alternative revenue sources, many municipalities devote well over 100% of their property tax revenues to public safety, meaning that they must rely heavily on other general fund sources (such as sales taxes or state-shared revenues) just to cover baseline operations. These areas exhibit some of the darkest shading in the state, underscoring the structural imbalance between public safety costs and available local revenue.

In the Central Florida map, particularly around the Orlando-Tampa corridor, the shading reveals extensive clusters of municipalities where public safety spending exceeds the entire property tax revenue take. Even in growing metropolitan regions, rapid development and increasing demand for police and fire services exert significant pressure on local budgets, especially for cities with lower taxable values relative to population size.

The South Florida map shows an even more pronounced pattern. Dense concentrations of dark red municipalities along the southeast coast—from Miami-Dade through Broward and Palm Beach—indicate that many urban jurisdictions spend far more on public safety than they collect in property taxes. High service demands, large police and fire departments, and complex emergency response needs intensify fiscal pressures despite the presence of high-value real estate.

Taken together, the maps illustrate the central structural finding of this report: Public safety is a fixed and non-discretionary cost driver that consumes a disproportionate share of municipal property tax capacity statewide. The geographic breadth of this pattern—across rural, suburban, and urban areas—demonstrates why major reductions in homestead-based property tax revenues would create severe service challenges.

Most municipalities already subsidize public safety using non-property tax revenues; any additional erosion of the property tax base risks pushing cities beyond sustainable operating thresholds.

This spatial evidence reinforces a key policy implication: Property tax reforms that significantly weaken the municipal tax base must be paired with durable mechanisms to support or replace public safety funding, as the demand for these services is both universal and unavoidably high.

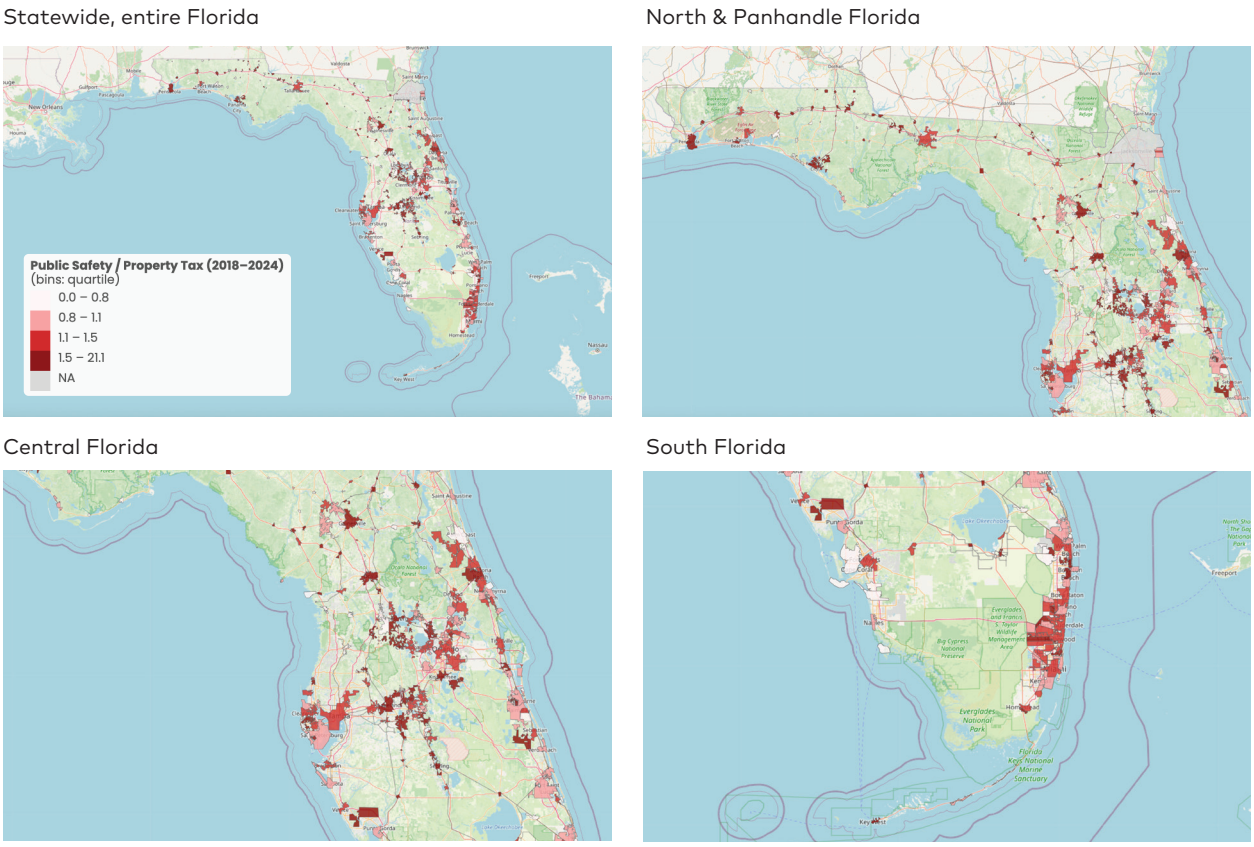


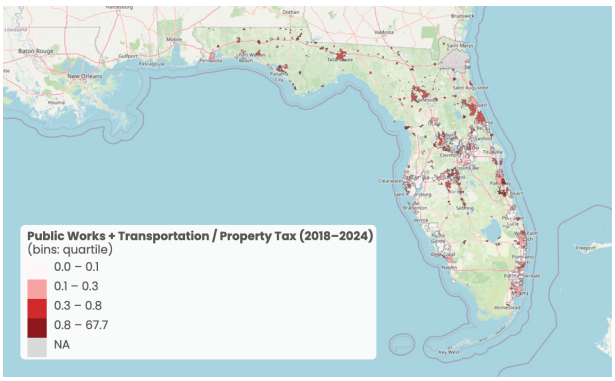
Figure 7: Spatial Distribution of Public Safety Spending Relative to Property Tax in General Fund

The spatial patterns for Public Works and Transportation expenditures relative to property tax revenue reveal a geographic structure distinct from the distribution observed in public-safety spending. Whereas public-safety intensity tends to cluster around dense population centers and major suburban corridors, Public Works/ Transportation spending as a share of property tax revenue is driven more by land area, infrastructure obligations, and network maintenance needs rather than population density alone.

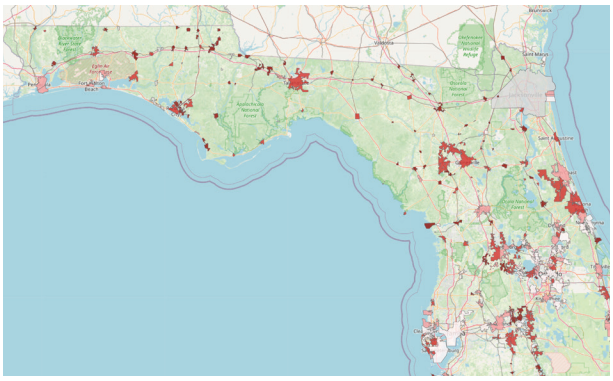
Municipalities where Public Works and Transportation spending in the general fund exceeds property tax collections by wide margins are concentrated in large-area or infrastructure-intensive jurisdictions, especially rural and coastal communities. These ratios do not include spending supported through special revenue funds or enterprise funds; the maps reflect only the general fund portion of these functions, which often must cover roadway maintenance, stormwater operations, and other core infrastructure services.

Taken together, these maps highlight an important structural dimension of municipal finance: Public Works and Transportation burdens are deeply tied to geography and infrastructure footprint, not simply to fiscal choices. In many rural and coastal jurisdictions, the sheer scale and environmental complexity of required infrastructure make Public Works/Transportation costs inherently mismatched with their taxable value base. As policymakers consider reforms to the homestead exemption or property tax system, these geographic disparities underscore the need to account for infrastructure-driven fiscal stress, which cannot be easily reduced through efficiency gains or service cuts.

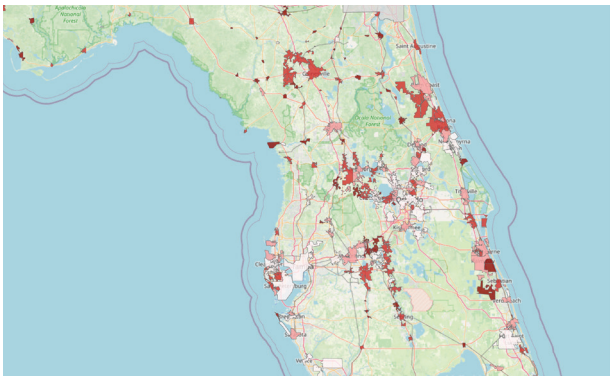
Statewide, entire Florida



North & Panhandle Florida



Central Florida



South Florida

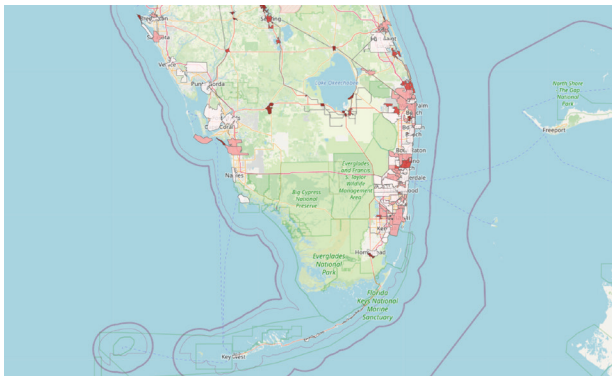


Figure 8: Spatial Distribution of Public Works and Transportation Spending Relative to Property Tax in General Fund

The spatial distribution of Quality of Life spending relative to property tax capacity reveals a pattern that closely aligns with Florida's urbanization, regional economic profiles, and service mandates. Quality of Life services—such as parks, recreation, libraries, cultural programs, community health, housing, and social-support services—tend to be more resource-intensive and often correlate with population density, higher service expectations, and broader community infrastructure.

Across the state map, darker red clusters—indicating municipalities where Quality of Life expenditures exceed property tax collections—appear most prominently along Florida's high-growth Atlantic and Gulf coasts. These areas are typically characterized by larger populations, more complex service arrays, and higher community expectations for amenities and public services. The widespread presence of red in these regions underscores how dependent many cities are on diversified revenue sources to maintain these services.

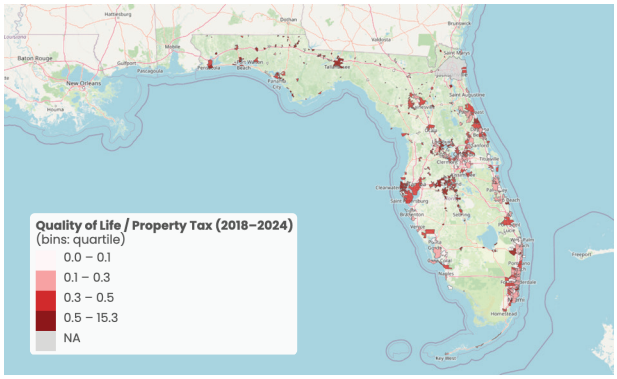
In South Florida, particularly along the Miami-Dade, Broward, and Palm Beach coasts, many municipalities devote large shares of their general fund resources to Quality of Life functions. Dense populations, extensive recreational programming, cultural institutions, and higher service expectations drive spending that often surpasses local property tax bases.

A similar pattern appears throughout Central Florida, especially in the Orlando metropolitan area, the Tampa Bay region, and the Space Coast. These mid-sized and larger cities operate broad park systems, community centers, public libraries, and recreation programs, and many serve regional populations beyond their municipal boundaries, creating spending levels that may outstrip locally generated property tax revenue.

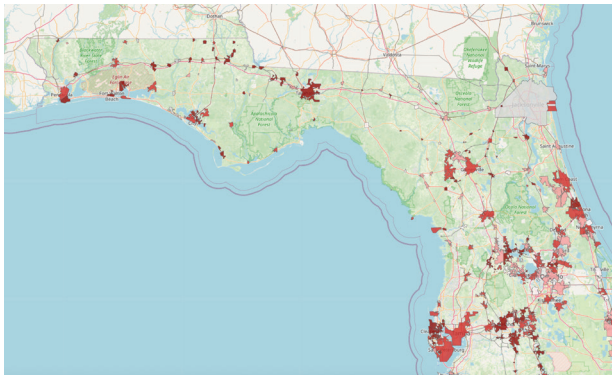
In contrast, most North Florida and Panhandle municipalities exhibit more moderate ratios, with only scattered pockets of higher Quality of Life intensity. These areas tend to have smaller populations, fewer cultural and recreational facilities, and narrower scopes of general fund service responsibility, resulting in spending levels more proportionate to their local tax bases.

Taken together, the spatial pattern shows that Quality of Life spending is fundamentally tied to population density, urban service demand, and the presence of community amenities. Cities with high service expectations, large regional footprints, or significant tourism exposure tend to invest more heavily in these functions—often beyond what property taxes alone can support—while smaller or rural municipalities maintain leaner service portfolios aligned with more limited fiscal capacity.

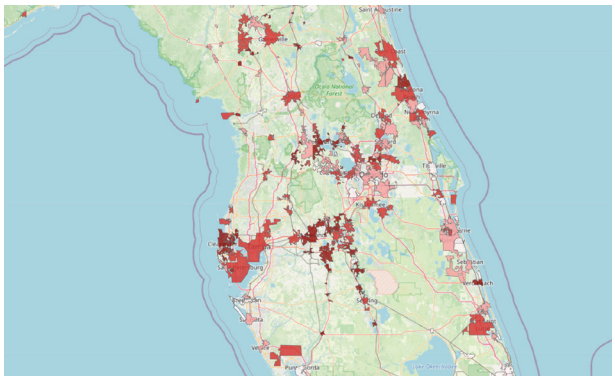
Statewide, entire Florida



North & Panhandle Florida



Central Florida



South Florida

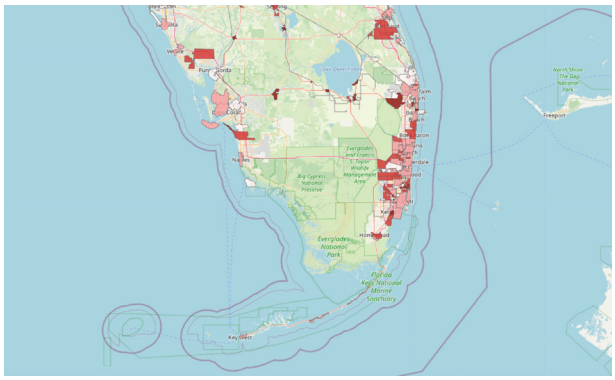


Figure 9: Spatial Distribution of Quality of Life Services Relative to Property Tax in General Fund

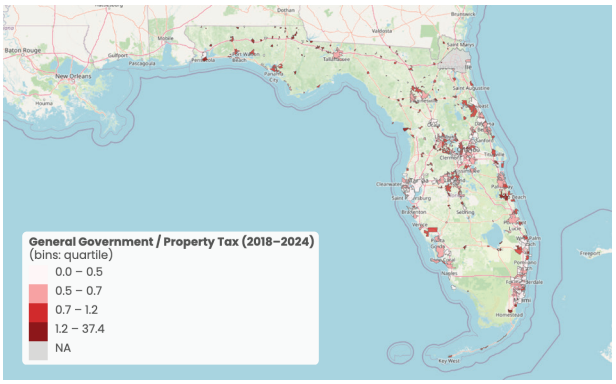
The spatial distribution of general government expenditures—encompassing legislative, executive, financial administration, legal counsel, and comprehensive planning—reveals another dimension of municipal fiscal dependence on the property tax. Although general government typically represents a smaller share of total municipal spending than public safety or public works, the maps show clear clustering patterns that reflect differences in administrative capacity, service models, and the structural costs of governing.

The map of General Government spending relative to property tax revenue shows the highest ratios concentrated in major urban areas and fast-growing suburban corridors. Municipalities in South Florida, particularly along the Miami-Dade and Broward coasts, display the darkest shading, reflecting extensive administrative, planning, and governance functions that exceed what their property tax bases alone can support.

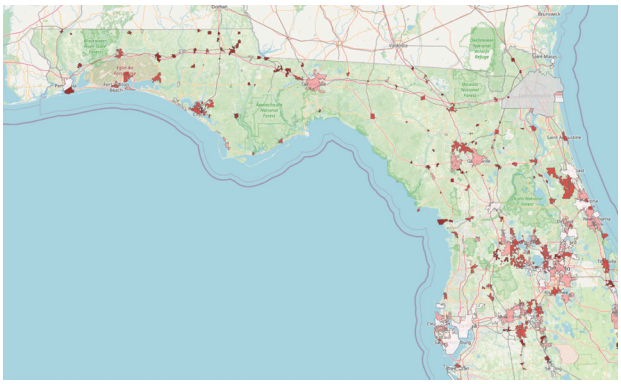
In Central Florida, elevated ratios appear across the Orlando and Tampa Bay regions, where population growth and complex service environments increase administrative demands. By contrast, North Florida and the Panhandle show more moderate patterns, with only isolated jurisdictions exhibiting high ratios—typically those with broad service areas but limited taxable value.

Overall, the spatial distribution indicates that General Government costs rise most sharply in dense, service-intensive urban jurisdictions, while smaller or rural municipalities tend to operate with leaner administrative footprints relative to their property tax capacity.

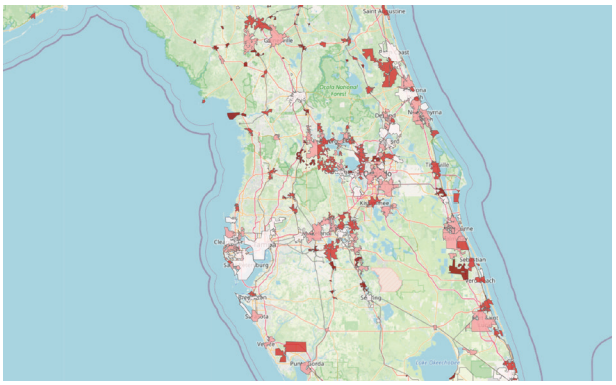
Statewide, entire Florida



North & Panhandle Florida



Central Florida



South Florida

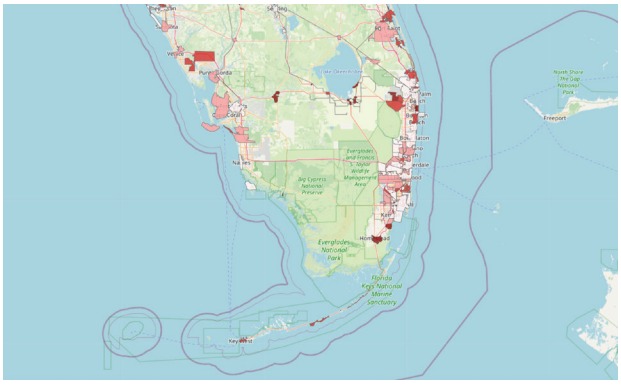


Figure 10: Spatial Distribution of General Government Services Spending Relative to Property Tax in General Fund

Taken together, the spatial patterns across all four service categories—Public Safety, Public Works and Transportation, Quality of Life, and General Government—illustrate how deeply Florida's municipalities rely on the property tax to sustain day-to-day operations. The maps reinforce themes revealed earlier in the bar-chart analysis: service demands and fiscal pressures vary not only by population and economic characteristics, but also by geography, development intensity, and regional service models. As a result, municipalities enter the property tax reform debate from markedly different starting points. Some have diversified revenue bases and can absorb shocks with comparatively less disruption; others already devote more than their entire property tax base to core functions such as policing or infrastructure maintenance. With these geographic and structural disparities in view, the next section turns to the broader implications of homestead reform—examining how proposed changes could interact with existing fiscal conditions, reshape municipal service capacity, and influence the long-term stability of local governance in Florida.

3.3 Expenditure Rigidity and the Fiscal Retrenchment

Florida's experience during previous downturns and the COVID-19 pandemic reflects these broader patterns of fiscal constraint. When property tax growth slows or valuations are capped, municipal adjustments tend to concentrate on capital and community-development functions rather than on public-safety or administrative services—reinforcing structural imbalances over time (Rubin 2016; Raudla, Douglas, and Savi 2015). Because public-safety and core administrative costs are largely fixed, cities depend heavily on stable, locally governed revenue sources—particularly the property tax—to sustain baseline operations (Levine 1978).

When reforms weaken the property tax leg of the fiscal stool, municipalities have limited flexibility to offset losses without reducing service quality or deferring long-term investment. This dynamic aligns with the fiscal retrenchment literature, which shows that local governments often respond to fiscal stress not by structural reform but through short-term adjustments such as deferred maintenance, hiring freezes, or selective service reductions (Levine, Rubin, and Wolohojian 1981; Barbera et al. 2017). These incremental measures preserve short-term solvency but can erode organizational capacity, widen inequities in service delivery, and delay essential infrastructure renewal.

In this sense, expenditure rigidity amplifies revenue vulnerability, as fiscal stress arises not only from lost revenue but also from the mismatch between stable costs and constrained revenue authority (Levine 1978; Rubin 2016). The experience of Florida's municipalities underscores this asymmetry—when the property tax is constrained, local governments face growing difficulty in protecting long-term service capacity while maintaining fiscal balance.

This imbalance leaves many municipalities vulnerable to the revenue shocks that major homestead-exemption or elimination proposals could produce. Fiscal sustainability under such reforms will depend not only on valuation trends and millage adjustments but also on the managerial capacity of local governments to diversify revenue streams, prioritize expenditures, and manage cutbacks strategically—balancing fiscal prudence with community equity and resilience (Barbera et al. 2017; Raudla et al. 2015).

The next section builds on this fiscal baseline by modeling the potential impacts of proposed homestead property tax reform scenarios. Using a municipal-level microsimulation framework, Part II estimates how each policy option—total elimination of the homestead property and various types of exemptions—could alter municipal revenue capacity, fiscal equity, and long-term stability across Florida's diverse communities.

PART II.

PART II.
MICROSIMULATION DESIGN AND SCENARIO ANALYSIS

1. Purpose and Analytical Framework

This section presents the design and implementation of the municipal-level microsimulation model used to estimate the fiscal consequences of proposed homestead property tax reforms in Florida. The purpose of this analysis is to quantify how alternative reform designs—ranging from partial exemptions to full elimination of homestead taxation—would affect the revenue capacity and fiscal balance of Florida's municipalities, and to identify which communities are most exposed to potential revenue loss.

The model simulates each reform under consistent statewide assumptions and aggregates results to the municipal level. Impacts are reported as:

1. Dollar changes in ad valorem revenue;
2. Dollar changes in Per Capita ad valorem revenue;
3. Percent of current-year property tax revenue lost (baseline year = 2023 or 2024, depending on data availability);
4. Percent of total general fund revenue affected; and
5. Millage Rate needed to maintain revenue neutrality.

The goal is not only to measure fiscal magnitude but also to evaluate distributional patterns—how impacts differ by municipal characteristics, region, and socioeconomic profile.

2. Scenario Design and Policy Specifications

Six reform scenarios are modeled, each representing a plausible legislative concept under active discussion or public proposal.

Scenario 1 – Total Elimination of the Homestead Property Tax
This scenario assumes the complete removal of municipal property taxes on homesteaded properties. All other exemptions and assessment caps are abolished, creating a *zero-tax baseline* for the homestead class. The scenario represents the most extreme case and establishes an upper bound for potential fiscal impact.

Scenario 2 – $100k Exemption

A uniform $100,000 exemption is applied to homesteaded properties, simulated under three alternative tax-base assumptions:

- Just-Value Basis: applied to full market value, eliminating all current exemptions and *Save Our Homes* caps ("clean-slate" assumption);
- Assessed-Value Basis: applied after removing existing exemptions but retaining current assessment caps;
- Taxable-Value Basis: applied to the current taxable value while retaining existing exemptions and caps ("add-on" approach).

Scenario 3 – $250k Exemption

Same as Scenario 2, but increases the exemption level to $250,000. This scenario is also simulated under three alternative tax-base assumptions:

- Just-Value Basis: applied to full market value, eliminating all current exemptions and *Save Our Homes* caps ("clean-slate" assumption);
- Assessed-Value Basis: applied after removing existing exemptions but retaining current assessment caps;
- Taxable-Value Basis: applied to the current taxable value while retaining existing exemptions and caps ("add-on" approach).

Scenario 4 – $500k Exemption

Same as Scenario 3, but doubling the exemption level to $500,000. This scenario captures the fiscal effect of deep exemption expansion, simulated under three alternative tax-base assumptions:

- Just-Value Basis: applied to full market value, eliminating all current exemptions and *Save Our Homes* caps ("clean-slate" assumption);
- Assessed-Value Basis: applied after removing existing exemptions but retaining current assessment caps;
- Taxable-Value Basis: applied to the current taxable value while retaining existing exemptions and caps ("add-on" approach).

Scenario 5 – Homestead Discount (32%)

Applies a uniform 32% discount to homestead property taxes, representing a percentage-based relief rather than a fixed-dollar exemption. This design aligns with proposals emphasizing rate equivalence over exemption thresholds.

Scenario 6 – Over 65 Exemption

The fiscal impacts of the Over-65 Homestead Exemption are not directly estimated through the microsimulation model, because parcel-level data do not identify the age of the property owner. Instead, the analysis relies on the results of the full homestead elimination scenario as an anchor and then generates three sub-scenarios—High, Medium, and Low impact—based on different assumptions about the share of over-65 homeowners who currently receive the homestead exemption.

- High-Impact Scenario: Assumes that all homeowners aged 65 or older in each jurisdiction are homesteaders. This represents the maximum potential fiscal exposure, applying the full value of the homestead elimination impact to the entire over-65 homeowner population.
- Medium-Impact Scenario: Assumes that the homestead participation rate among over-65 homeowners is the same as the overall homestead ratio for the jurisdiction. This creates a proportionate estimate aligned with existing homestead utilization patterns and is the most "status-quo" assumption.
- Low-Impact Scenario: Assumes that the homestead ratio for the over-65 population is half of the overall homestead ratio. This reflects a conservative estimate, acknowledging that in some jurisdictions, older homeowners may have different tenure patterns, mobility rates, or exemption usage.

Taken together, these three scenarios create a reasonable range of potential fiscal impacts—from conservative to upper-bound projections—allowing policymakers to understand the sensitivity of the results and the degree of uncertainty associated with age-based exemption proposals.

3. Key Modeling Assumptions

To ensure comparability across scenarios, several common assumptions are applied:

CATEGORY	MODELING ASSUMPTION
Baseline Year	Fiscal year 2023 or 2024, depending on latest available municipal data
Assessment Growth	Fixed at current-law trend; no behavioral or valuation feedback
Tax Rate Policy	Baseline millage rates held constant; adjusted only for revenue-neutral simulations
Exemption Eligibility	Applies only to qualified homestead parcels; no change in non-homestead treatment
Local Option Revenues	No offsetting increases assumed in other taxes or fees
Intergovernmental Aid	Held constant at baseline proportions; no compensating state backfill assumed

These assumptions produce a static-revenue impact estimate, emphasizing fiscal exposure rather than dynamic adjustment.

4. Fiscal Impact Indicators and Interpretation

Each scenario generates a suite of fiscal indicators:

1. Revenue Impact (in dollars): total ad valorem revenue loss relative to baseline
2. Per-Capita Impact: revenue change normalized by municipal population, used to assess fiscal equity
3. Property Tax Dependence (%): impact as a share of current property tax revenue—indicating immediate exposure
4. General Fund Impact (%): impact as a share of total general-fund revenue—capturing structural vulnerability
5. Required Millage Adjustment: the proportional millage-rate increase needed to maintain baseline revenue levels, assuming uniform adjustment across the tax roll

To interpret results, impacts are aggregated by:

- Region (seven-region classification consistent with Part I);
- Population size groups;
- Median housing value and household income categories; and
- Average unemployment rate quartiles.

These groupings reveal how reform proposals affect municipalities differently depending on economic base and demographic profile.

PART III.

PART III.
RESULTS AND FISCAL IMPACT ASSESSMENT

1. Overview of Fiscal Impacts

The microsimulation results reveal that all proposed homestead property tax reforms would generate substantial fiscal effects on Florida's municipal governments, though the magnitude and distribution vary markedly across policy designs and valuation assumptions. Across the six modeled scenarios, estimated municipal revenue losses range from moderate (5-10% of property tax revenue) under targeted exemption expansions to severe (25-30% or more) under total elimination of the homestead property tax.

The overall pattern confirms the central conclusion from Part I: because the property tax constitutes roughly 41% of total general fund revenue statewide, any significant alteration to the homestead base fundamentally alters municipal fiscal capacity. The property tax continues to function as the stabilizing leg of Florida's two-legged fiscal stool, and its erosion would have widespread structural consequences.

2. Aggregate Revenue Effects

2.1 Statewide Property Tax Impact ($) by Scenario

Figure 11 displays the statewide average change in municipal property tax collections under each homestead reform scenario, expressed in total dollar terms relative to the current law. If the homestead property tax were eliminated, municipalities would experience an average revenue loss of approximately $6.21 million across jurisdictions, representing a complete removal of the homestead tax base.

Figure 11: Property Tax Impact by Scenario ($)

Among the exemption-based reform options, the $500,000 exemption scenarios produce the largest fiscal losses across municipalities. On average:

- $500k exemption on taxable value: –$4.91 million
- $500k exemption on assessed value: –$4.79 million
- $500k exemption on just value: –$2.41 million

For the smaller exemption levels ($250k and $100k), the losses remain significant. When applied to assessed or taxable value, the average municipal impact ranges from –$1.09 million to –$3.93 million. Targeted exemptions for homeowners age 65 and older also produce notable reductions—approximately –$0.44 million to –$2.39 million, depending on whether the high-, medium-, or low-impact assumption is used.

In contrast, reforms applied to just value (market value) before the reintroduction of exemptions generate *positive* revenue effects. The $100k JV, $250k JV, and 32% JV discount scenarios all yield average gains of approximately $0.79 million to $4.53 million per municipality.

These gains occur because the just-value framework strips away the Save Our Homes cap and all existing exemptions, widening the taxable base before applying new relief. This highlights a central structural feature of Florida's property tax system: decades of accumulated exemptions and assessment limitations have compressed taxable value well below market levels.

Taken together, the statewide results reveal two sharply contrasting fiscal realities:
(1) When new exemptions operate *within* the current capped system, they deepen existing erosion and generate substantial revenue losses.
(2) When applied to just value, exemptions coexist with a broader revenue base capable of restoring fiscal capacity rather than reducing it.

2.2 Statewide Property Tax Impact Per Capita ($) by Scenario

Figure 12 presents the same simulations expressed on a per-capita basis, standardizing the impacts across municipalities of different sizes. Complete elimination of the homestead property tax corresponds to an average municipal revenue loss of $393 per resident, representing the full removal of homestead-related property tax collections. Among exemption expansions within the current capped system, the $500k, $250k, and $100k exemptions applied to *taxable* or *assessed value* reduce municipal revenue by ranging from $37 to $199 per capita, while broader senior exemptions lead to losses between $36 and $189 per capita, depending on assumptions.

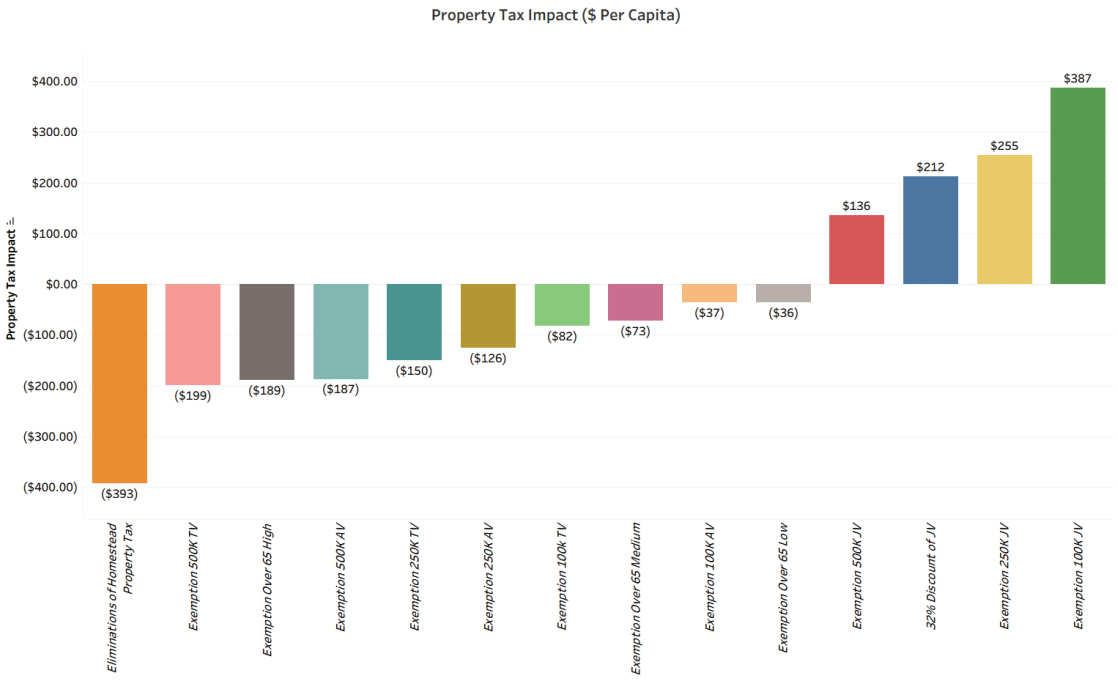


Figure 12: Property Tax Impact by Scenario ($ Per Capita)

Conversely, scenarios recalculated on a clean-slate just-value basis produce positive impacts. Applying a 32% discount to just value results in an average increase of $212 per capita, while the $250k JV and $500k JV exemptions yield an increase of $136 and $255 per capita, respectively. The increase generated from the $100k JV exemptions topped among all scenarios with an amount of $387.

These outcomes demonstrate that when the property tax base is redefined on full market value, even large exemptions can produce higher net revenues than the existing system dominated by assessment caps and layered exemptions. Taken together, the per-capita analysis underscores how deeply current homestead protections have narrowed Florida's municipal property tax base and how reforms applied to *just value* could fundamentally reshape the balance between homeowner tax relief and local fiscal sustainability.

2.3 Impact as Percent of Property Tax and General-Fund Revenues

While the dollar and per-capita results illustrate the magnitude of revenue change under each homestead reform scenario, they do not capture how these shifts translate into the broader fiscal structure of municipal budgets. To better understand the *relative* significance of these impacts, the next set of analyses expresses the simulated changes as a percentage of current property tax revenue and as a percentage of total general fund revenue. These relative measures provide clearer insight into the degree of fiscal stress each reform would impose on local governments of varying size and fiscal composition.

Expressing impacts as a share of property tax revenue highlights the potential erosion (or expansion) of each municipality's primary locally controlled revenue source, while scaling them as a share of general fund revenue contextualizes the broader budgetary exposure—particularly for cities that rely heavily on property taxes to fund general operations, public safety, and essential services.

Together, these metrics shift the focus from total dollars lost to fiscal vulnerability and resilience, showing how alternative homestead reforms could reshape local fiscal balance and service capacity across Florida's municipalities.

Figure 13 expresses the simulated fiscal impacts as a share of each municipality's current property tax revenue, revealing the proportional loss—or gain—under each reform scenario. If the homestead property tax were entirely eliminated, municipalities would lose an average of 37.6% of their total property tax. The $500k exemptions applied to taxable or assessed value would each reduce collections by roughly 32%, while $250k and $100k exemptions generate moderate losses ranging from 17 to 27.3%. Targeted senior exemptions show smaller but still meaningful contractions of 15.5% for high-impact and 3 to 6.1% for low- or medium-impact. By contrast, the just-value exemption of $100k and 32% clean-slate scenarios generate positive simulated impacts, with the 32% just-value discount and $100k exemption of the just value producing an average increase equivalent to 21.2 to 21.9% of current property tax revenues.

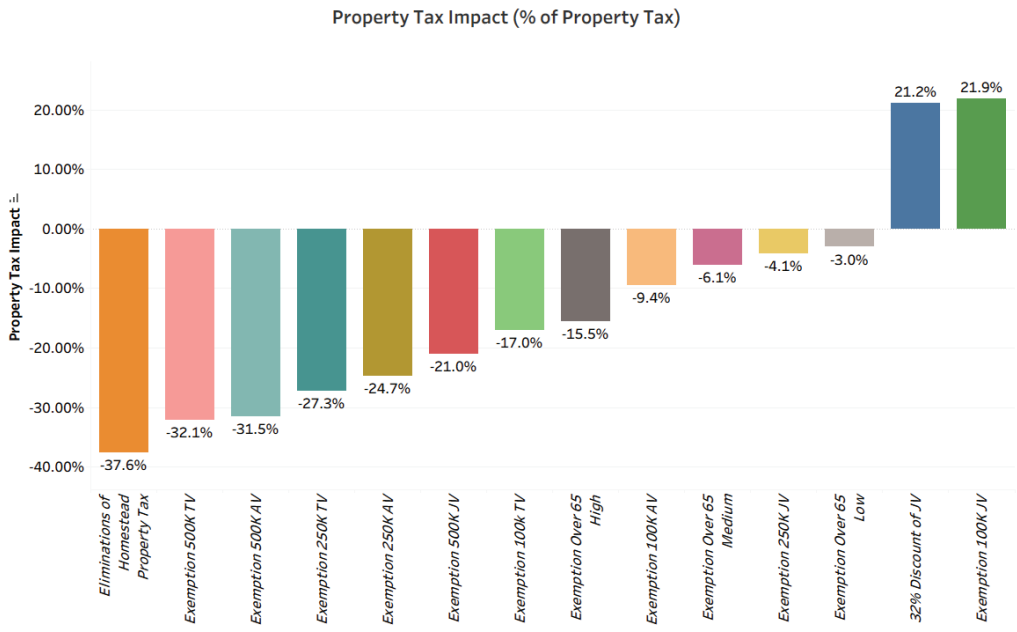


Figure 13: Property Tax Impact by Scenario (as % of Property Tax)

This occurs because the just-value framework removes all existing caps and exemptions before applying the new relief, thereby expanding the taxable base even after the discount or fixed exemption. These results underscore that Florida's current homestead structure provides substantially greater cumulative tax relief than either a uniform percentage discount or fixed-dollar exemption applied to market value. In fiscal terms, the current capped system compresses the property tax base by approximately one-third statewide, constraining local governments' capacity to raise revenues proportionate to community growth or property appreciation.

Figure 14 places the same simulations in the context of overall general fund revenue, illustrating how alternative homestead reforms could reshape municipal fiscal capacity. Complete elimination of the homestead property tax would reduce general fund revenue by an average of 14%, while the $500k exemptions applied to taxable or assessed value would each reduce it by roughly 11%.

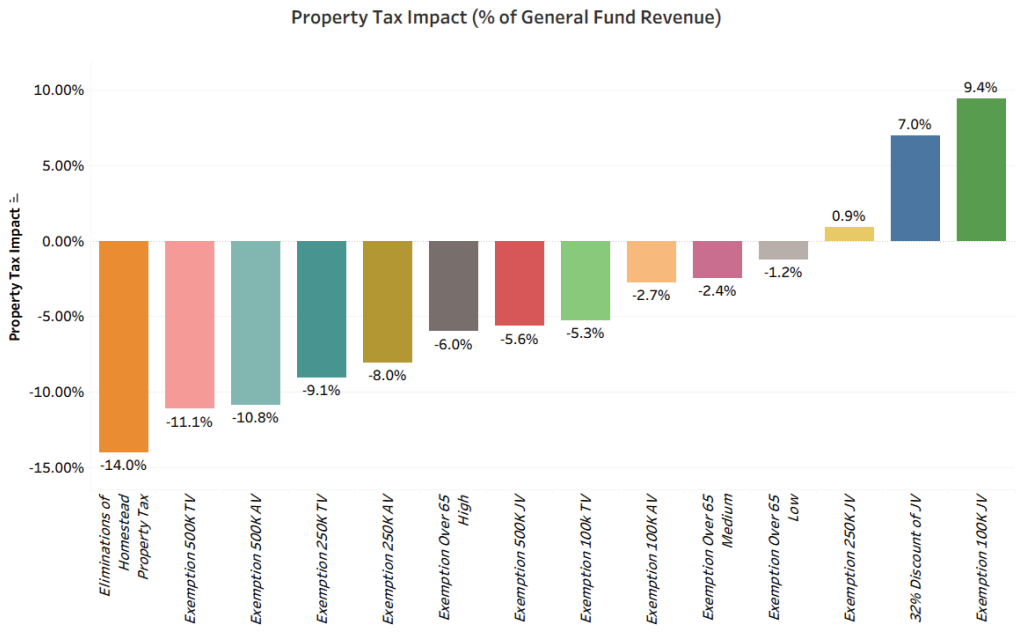


Figure 14: Property Tax Impact by Scenario (as % of General Fund Revenues)

The $250k exemptions applied to taxable and assessed value show more moderate effects of 8 to 9%, and $100k exemptions yield declines between 2.7 and 5.3%, depending on the impact assumption. Once again, the clean-slate just-value scenarios produce positive revenue effects because removing existing caps expands the taxable base before applying the exemption or discount. Under these scenarios, the 32% discount results in an average statewide gain of 7% of general fund revenue, while the $250k JV and $100k JV exemptions increase revenues by 0.9% and 9.4%, respectively.

These results emphasize that the fiscal consequences of reform depend not only on the nominal size of the exemption but on where within the valuation process it is applied. When evaluated in relation to the entire municipal budget, even modest percentage-point changes can have material implications for service delivery, debt capacity, and long-term fiscal sustainability—especially in cities heavily dependent on property taxes as their primary general fund revenue source.

2.4 Required Millage-Rate Adjustments

While the preceding analyses quantify how alternative homestead reform scenarios would alter municipal revenues, they do not address the practical policy question: *what would it take for local governments to remain fiscally whole*? To evaluate the magnitude of local fiscal adjustments required under each scenario, the next analysis estimates the millage-rate changes necessary to maintain revenue neutrality—that is, the millage rate each municipality would need to levy to collect the same amount of property tax revenue as under current law. This simulation provides a clear indicator of the fiscal pressure each reform would impose on local governments.

A modest increase in millage suggests a manageable adjustment within existing statutory and political limits, whereas a steep increase indicates a reform that would likely require service reductions, intergovernmental aid, or structural changes in revenue composition to remain viable. By comparing required millage-rate adjustments across the various exemption and discount designs, the analysis reveals the degree of fiscal stress and effort that would accompany each policy option—thereby linking theoretical revenue loss to real-world budgetary feasibility.

Figure 15 illustrates the statewide average millage rate required for revenue neutrality under each simulated homestead reform scenario, compared to the current-law average millage rate (shown as an orange horizontal reference line at approximately 4.67 mills). The chart demonstrates how much local governments would need to adjust millage rates to maintain the same level of property tax revenue if any of the proposed reforms were adopted.

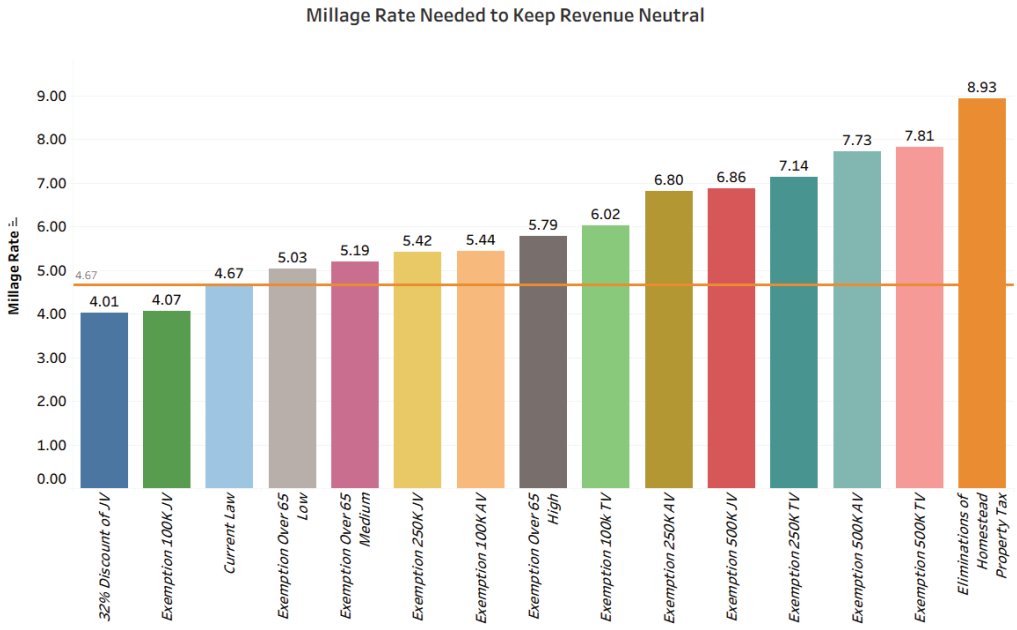


Figure 15: Millage Rate Needed to Keep Revenue Neutral

Under the current law, municipalities levy an average millage rate of about 4.67 mills. If the homestead property tax were fully eliminated, local governments would need to raise millage rates to roughly 8.93 mills—a 91% increase—to maintain revenue neutrality. Among the large exemption options, both the $500k exemption scenarios would require millage increases to a range of 6.8 to 7.8 mills, while the $250k exemptions would demand rates between 5.4 and 7.1 mills. More moderate reforms, such as the senior-exemption variants and $100k exemption applied to assessed value or taxable value, would require smaller adjustments: 5-6 mills on average.

By contrast, the 32% just-value discount scenario and the $100k applied to the just value—because they broaden the tax base under the clean-slate assumption—would allow municipalities to reduce millage rates to about 4 mills, or roughly 15% below the current average.

Taken together, these results highlight the trade-off between tax relief and fiscal sustainability. Scenarios that retain existing caps and apply larger fixed-dollar exemptions demand substantially higher millage rates to remain revenue neutral, pushing many jurisdictions toward or beyond statutory millage limits.

Expressed in absolute and per-capita terms, the elimination and large fixed-dollar exemption scenarios yield the largest municipal revenue declines—equivalent to 25-35% of property tax revenue or 8-14% of general fund revenue—requiring millage-rate increases of 30-50% to maintain fiscal balance. Conversely, the $100k JV and 32% discount scenarios, which reset the valuation system and remove existing caps, produce positive simulated impacts and would enable lower millage rates while still maintaining or even increasing total revenue.

This divergence underscores a fundamental policy trade-off in Florida's property tax design. Maintaining the current layered system of exemptions and Save Our Homes limits provides significant long-term tax relief to homestead owners, but at the cost of structural erosion in the local tax base and reduced fiscal flexibility. In contrast, clean-slate approaches demonstrate how simplifying the system could restore revenue neutrality with lower millage rates—but only by narrowing the scope of embedded homeowner benefits.

Ultimately, the results illustrate that reform design matters as much as magnitude: the fiscal consequences of a $250k exemption differ sharply depending on whether it is applied to *taxable value* or *just value*. For policymakers, the analysis highlights the delicate balance between taxpayer relief, equity across property classes, and the long-term fiscal sustainability of Florida's municipalities.

3. Parcel Dynamics of Taxable Value under Clean-Slate Scenarios

3.1 Clean Slate Scenarios

Having established the statewide fiscal impact of the various homestead property tax reform designs, the analysis now turns to a closer examination of the clean-slate scenarios—those applied to the *just value* of properties, including the 32% discount, the $100k, $250k, and $500k exemptions. Unlike reforms based on assessed or taxable values, these scenarios remove all existing exemptions and assessment caps, recalculating the taxable base from full market value. This approach allows a clearer view of the structural and distributional effects that would emerge if Florida's property tax system were reset without legacy constraints.

The microsimulation results indicate that the fiscal effects of these clean-slate scenarios are not uniformly negative. Within the same municipality, individual parcels may experience either an increase or a decrease in taxable value, depending on their pre-reform relationship between assessed and market value. In jurisdictions where assessment caps have long suppressed taxable values, the clean-slate recalculation can expand the tax base, partially offsetting revenue loss from the exemption or discount. In contrast, municipalities with recently appreciated housing markets or relatively fewer capped parcels may see a more pronounced decline in taxable value and thus a sharper fiscal contraction.

Building on these findings, the following section presents a statewide assessment of the clean-slate simulations in terms of how taxable values shift within each municipality. Rather than focusing solely on net fiscal impact, this analysis decomposes the results to show both the magnitude and direction of parcel-level changes in taxable value. Specifically, it reports:

1. The total taxable value increase and decrease observed within each municipality under the just-value scenarios;
2. The number of parcels experiencing an increase versus a decrease in taxable value; and
3. How these patterns vary across different tiers of homestead property values, reflecting differences in housing market conditions and the distribution of property wealth.

This approach provides a more nuanced understanding of reform impacts by revealing the internal heterogeneity of fiscal effects within each local jurisdiction. Even when a municipality shows a modest net loss overall, the parcel-level data may reveal sharp contrasts—some neighborhoods gaining taxable value as caps are lifted, while others lose value due to high exemption thresholds. These findings are essential for understanding how statewide reforms would play out at the neighborhood and community level, shaping both municipal revenue potential and the horizontal equity of the property tax system.

3.2 Parcel-Level Dynamics of Taxable Value under Clean-Slate Scenarios

Figure 16 illustrates the composition of taxable value increases and decreases resulting from the three just-value-based scenarios—the 32% discount, the $100k exemption, the $250k exemption, and the $500k exemption. The upper panel shows that the distribution of parcels experiencing increases or decreases in taxable value varies substantially by scenario:

- 32% Discount (EXMPT 32 PCNT) produces the largest overall increase in taxable value, with approximately 1.98 million parcels experiencing an increase and 394,221 parcels experiencing a decrease.
- $100k Exemption (EXMPT 100k) shows a similar pattern, with about 1.91 million parcels gaining taxable value and 445,541 parcels losing value.
- $250k Exemption (EXMPT 250k) shifts the balance toward losses, with only 793,335 parcels seeing increases compared with 1.52 million parcels seeing decreases.
- $500k Exemption (EXMPT 500k) yields the most dramatic contraction: just 182,236 parcels show an increase in taxable value, while over 2.08 million parcels experience a reduction.

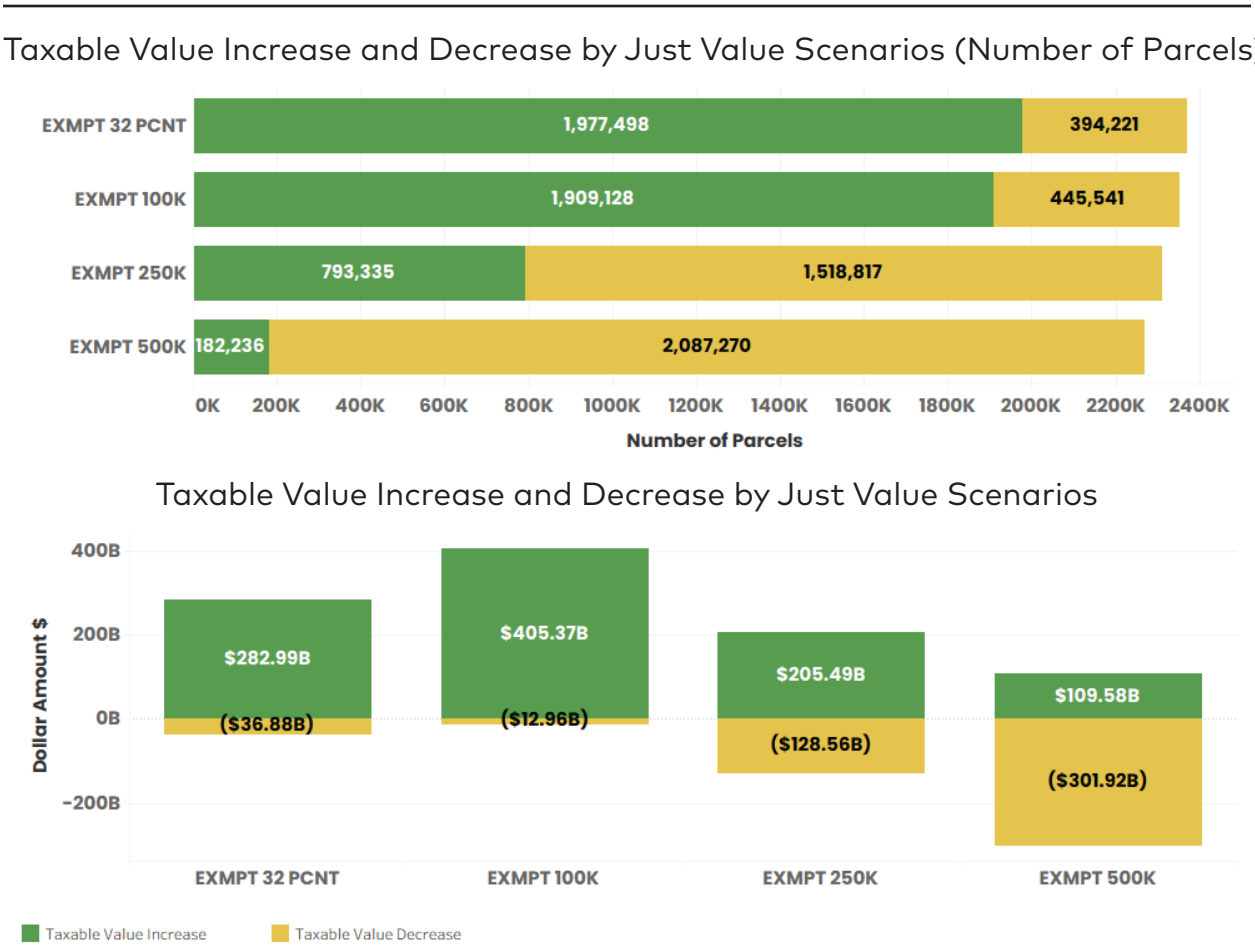


Figure 16: Statewide Distribution of Taxable Value Increases and Decreases under Just-Value Scenarios

This inversion at higher exemption levels underscores how large exemptions disproportionately eliminate taxable value for most homeowners. The bottom chart quantifies the total dollar change in taxable value under each scenario, revealing stark differences in fiscal outcomes:

- 32% Discount (EXMPT 32 PCNT) generates $282.99 billion in taxable value increases and $36.88 billion in decreases, resulting in a strong net gain.
- $100k Exemption (EXMPT 100k) produces the largest net gain, with $405.37 billion added to the tax base and only $12.96 billion removed—a net increase exceeding $392 billion.
- $250k Exemption (EXMPT 250k) results in a much narrower margin: $205.49 billion gained versus $128.56 billion lost, indicating a shrinking net increase as the exemption grows.
- $500k Exemption (EXMPT 500k) produces a net contraction of the tax base. Although it adds $109.58 billion, it removes $301.92 billion, for a net loss of nearly $192.34 billion.

The deeper the exemption, the more the taxable base erodes—eventually shifting from net growth to significant contraction.

The proportional discount and the lower-tier exemptions—such as a 32% homestead discount or a $100k exemption—expand the taxable base and increase aggregate taxable value, both because many parcels currently benefit from Save Our Homes caps and because these policies narrow the gap between assessed and just value. In contrast, large exemptions such as $250k or especially $500k wipe out taxable value across most homestead parcels, shrinking both the number of parcels contributing to the tax base and the dollar value of taxable property statewide. These results highlight the core policy tension: moderate exemptions redistribute taxable value, while deep exemptions fundamentally erode it.

The next subsection disaggregates these parcel-level results by homestead-value tiers to reveal how taxable-value changes are distributed across low-, middle-, and high-value properties—and how those patterns vary geographically across Florida's municipalities.

3.3 Taxable Value Adjustments Across Clean-Slate Scenarios

The clean-slate simulations—those applying the reforms directly to *just value*—show how differently structured property tax relief mechanisms reshape the taxable base across Florida's housing market tiers. Each of the four scenarios (32% discount, $100k exemption, $250k exemption, and $500k exemption) produces distinct distributional patterns in both taxable-value change and the number of affected parcels.

Under the 32% homestead discount, taxable value increases are widespread across all market segments.

- The Middle Market ($200k-$500k) contains the largest number of parcels experiencing increases (about 1.15 million) and only 250,667 parcels with decreases, indicating that the majority of homeowners in this band benefit from higher taxable valuations due to the discount being proportionally smaller than their current SOH savings.
- The Upper Middle Market ($500k-$1M) shows a similar pattern with 359,535 parcels gaining taxable value and 84,728 seeing decreases.
- Even among High Value properties (>$2M), increases (36,195 parcels) far outpace decreases (14,852), showing that the uniform discount benefits higher-value homes proportionally less but still generates large taxable value increases.
- In the Affordable Segment (<$200k), taxable-value increases (346,005 parcels) also far exceed decreases (18,525 parcels), indicating that most lower-value homes experience higher taxable valuations under the discount, largely because their assessed values have been held below market value by SOH protections.

This distribution highlights that the 32% discount disproportionately increases taxable values for the middle and upper-middle markets due to existing assessment caps and lower relative SOH protections.

The dollar impacts mirror the parcel counts:

- The Middle Market sees the largest taxable value increase, approximately $127.45 billion, compared to a much smaller taxable value decrease of $10.50 billion.
- The Upper Middle Market contributes another sizeable $61.64 billion in increases, offset by $8.54 billion in decreases.
- High Value properties add $42.66 billion in increased taxable value, with $12.05 billion in decreases.
- Even the Affordable Segment contributes $22.24 billion in value increases against only $0.13 billion in losses.

Overall, the uniform 32% discount increases the statewide taxable value base substantially, particularly through middle-tier and upper-middle-tier properties.

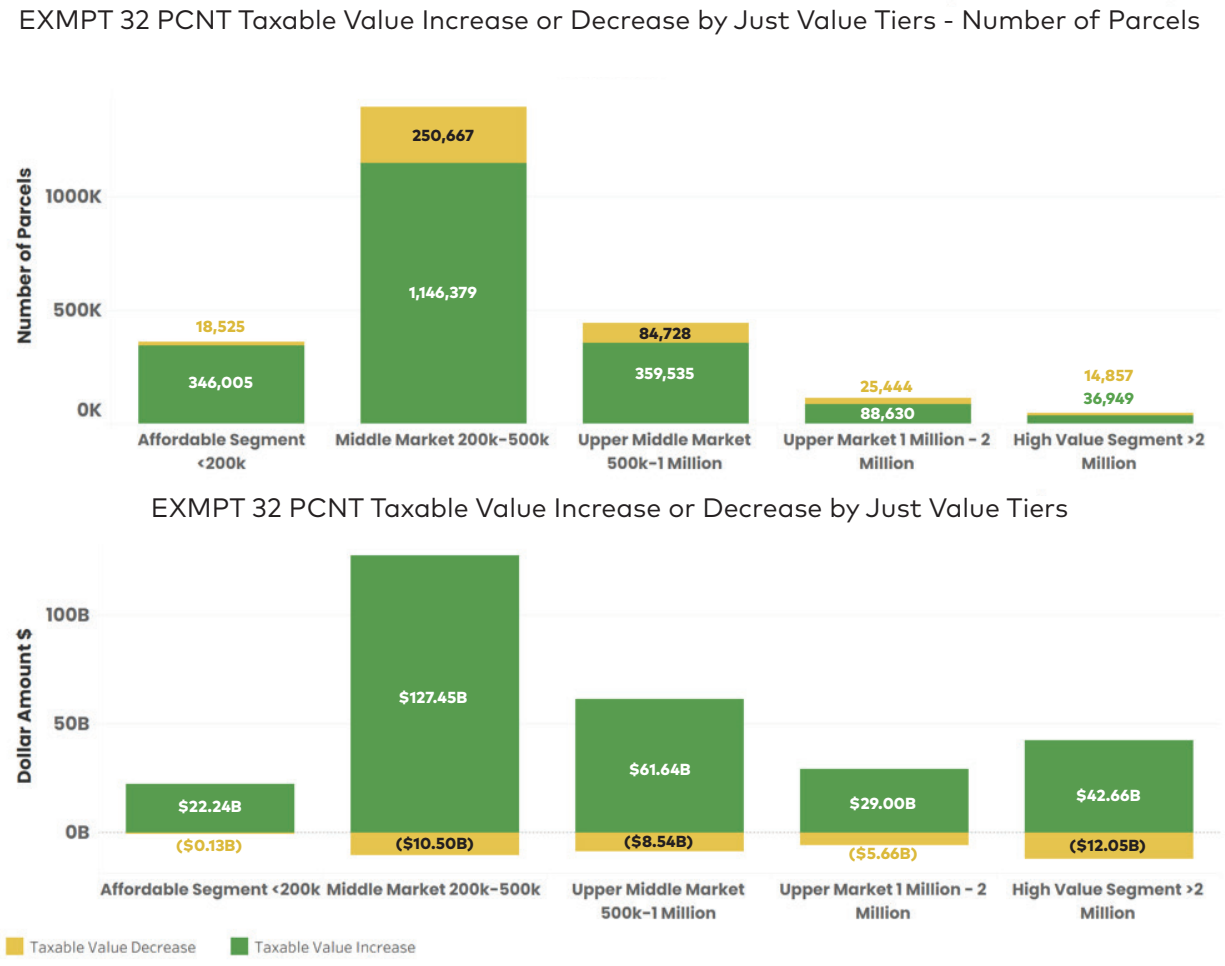


Figure 17: Taxable Value Increase and Decrease under 32% Discount Scenario by Homestead Value Tier

With a flat $100k exemption applied to just value:

- The Middle Market again shows the largest taxable value increases (1.15 million parcels).
- Decreases remain smaller, though still sizable—247,676 parcels in the middle market experience a reduction in taxable value.
- The Upper Middle Market presents 400,740 parcels with gains and 43,463 with reductions.
- By contrast, the Affordable Segment sees 140,352 parcels with decreases (larger than the 32% scenario), indicating greater relief for lower-value properties with a flat exemption.

This distribution shows that a flat exemption produces more relief for low-value homes compared with the proportional discount. Dollar effects reinforce this shift:

- The Middle Market still generates the largest taxable value increase at $134.29 billion, but now shows $9.19 billion in decreases—slightly less concentrated than under the 32% discount.
- The Upper Middle Market gains $104.41 billion, offset by only $1.31 billion in reductions.
- The Affordable Segment experiences $7.63 billion in increases but $3.51 billion in decreases—much larger relative relief than the 32% scenario.

The flat exemption pushes more relief to lower-value homes while still generating large increases for the higher-value segments.

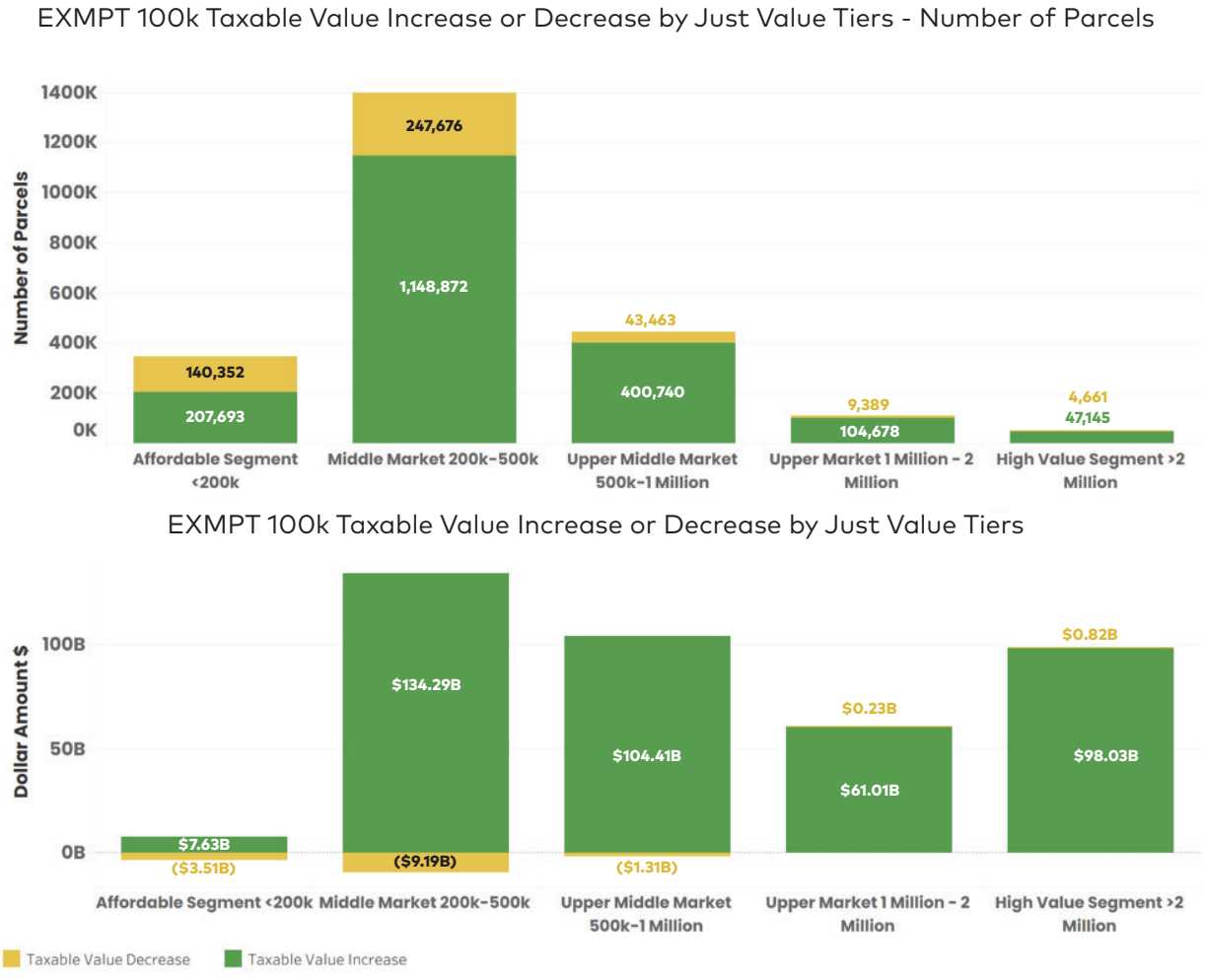


Figure 18: Taxable Value Increase and Decrease under 100k Exemption Scenario

At a $250k exemption, the distribution flips dramatically:

- The Middle Market now shows 1.049 million parcels experiencing decreases and only 333,771 with increases—a reversal of the previous patterns.
- The Affordable Segment overwhelmingly shifts to decreases (318,575 parcels), with virtually no increases.
- Higher-value brackets still show increases (e.g., 45,991 parcels >$2M), but the *dominant statewide effect is a reduction in taxable value across most residential tiers*.

Dollar impacts reveal the severity of base erosion:

- The Middle Market experiences an extraordinary $97.26 billion loss in taxable value and only $19.20 billion in gains.
- The Affordable Segment shows $13.86 billion in losses and nearly zero gains.
- Only high-end properties yield net increases—approximately $91.08 billion—but this is insufficient to offset the much larger statewide losses.

The $250k exemption fundamentally undermines the taxable value structure for most homestead properties.

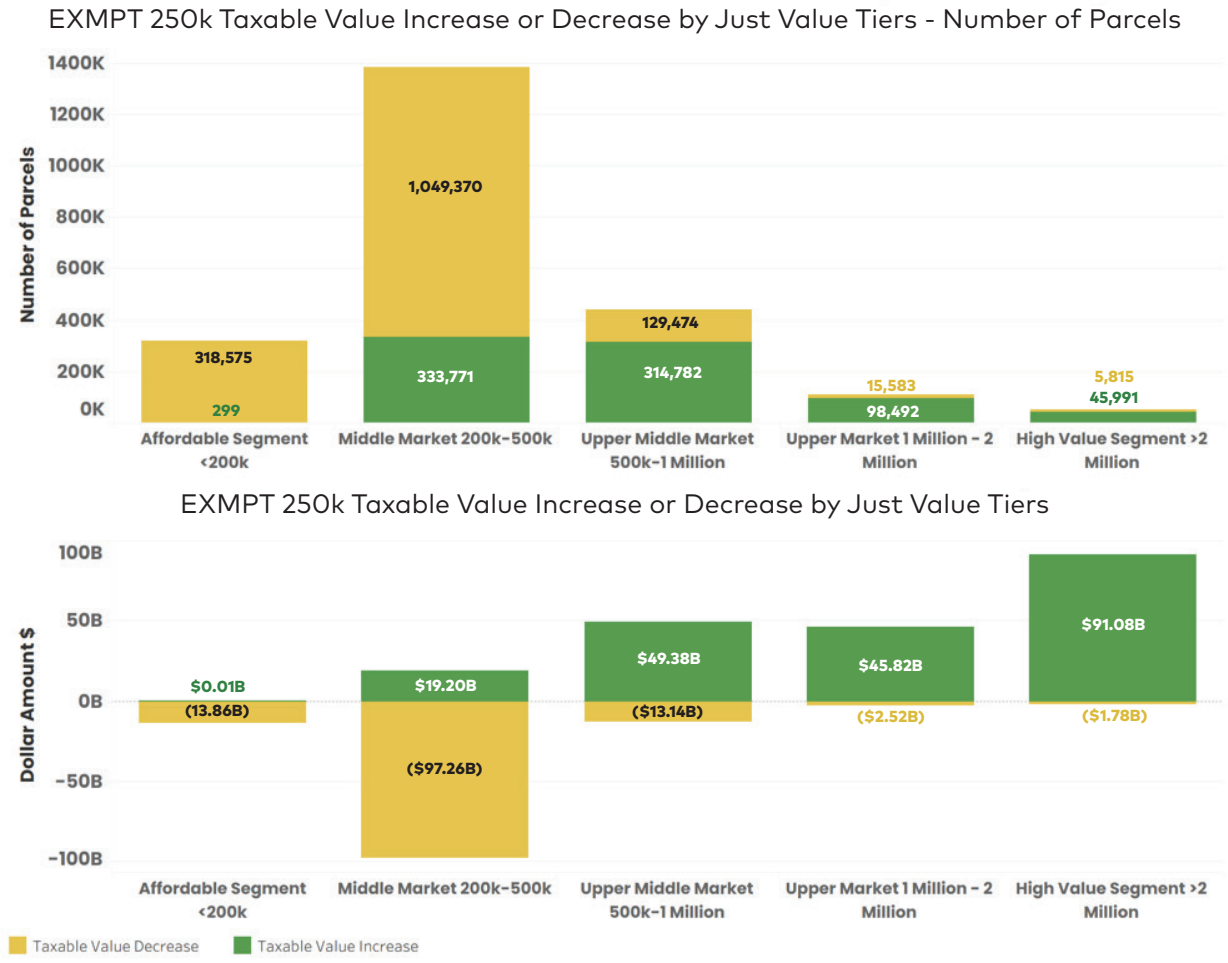


Figure 19: Taxable Value Increase and Decrease under 250k Exemptions by Homestead Value Tier

With a $500k exemption, taxable value decreases dominate almost the entire distribution:

- The Middle Market exhibits 1.339 million parcels with decreases versus 1,616 with increases.
- The Affordable Segment is nearly entirely decreased (318,575 parcels).
- Even the Upper Middle Market shows overwhelming decreases (384,189 parcels).
- Only the very high-value segment shows meaningful increases (43,590 parcels), due to the exemption applying only to the first $500,000 of just value.

Dollar effects show extreme base erosion:

- The Middle Market loses nearly $196.93 billion in taxable value—by far the largest decline of any scenario.
- The Upper Middle Market loses $79.76 billion, and the Affordable Segment loses $13.86 billion.
- Only high-value homes generate net positive taxable value impacts ($79.93 billion), as a $500k exemption is proportionally small relative to multimillion-dollar valuations.

However, even this high-value increase cannot offset the massive losses across all other tiers.

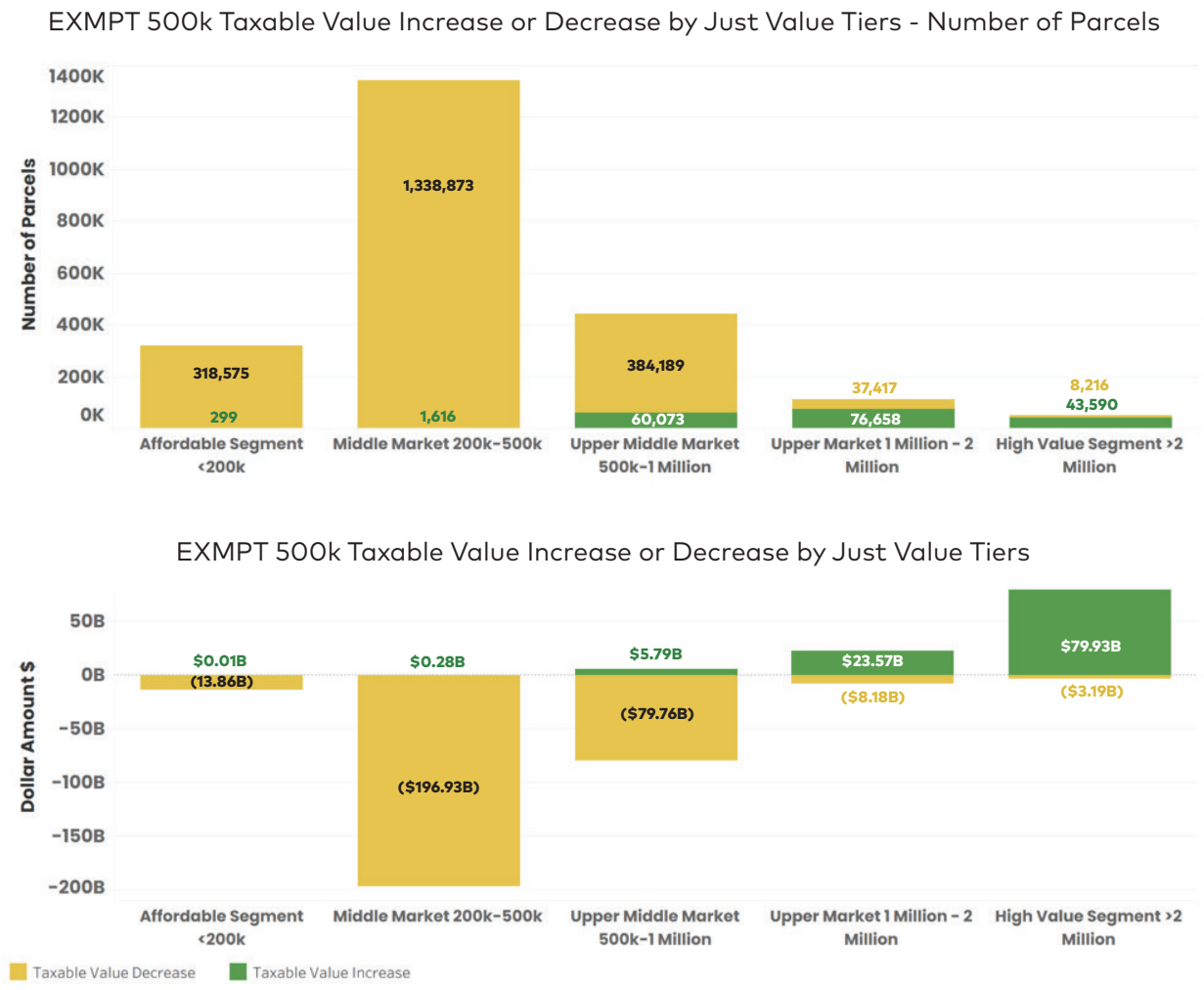


Figure 20: Taxable Value Increase and Decrease under 500k Exemptions Scenario by Homestead Value Tier

Across all four scenarios—the 32% discount, $100k, $250k, and $500k exemptions—the taxable-value results reveal a clear, escalating transformation of Florida's homestead tax base. While the reform mechanisms differ, the overall pattern is consistent: proportional or modest exemptions broaden the tax base, whereas large flat exemptions sharply erode it.

Under the 32% discount and $100k exemption, taxable-value increases dominate statewide. These scenarios primarily loosen the constraints imposed by Save Our Homes, allowing assessed values to move closer to market value. The middle market gains the most, generating over $120-$130 billion in additional taxable value, with

strong increases also appearing in the upper-middle and high-value tiers. Losses, where they exist, are concentrated in lower-value homes under the $100k exemption—reflecting how flat exemptions more directly benefit the affordable segment. Overall, these two scenarios expand fiscal capacity and shift taxable value upward rather than downward.

The $250k and $500k exemptions produce the opposite effect. Once the exemption level surpasses typical SOH-protected assessments, taxable-value decreases become widespread and severe. At the $250k level, the middle market alone loses nearly $100 billion; under the $500k exemption, this loss grows to almost $200 billion. Similar declines appear across affordable and upper-middle tiers, with only the highest-value properties showing net gains—gains that are far too small to offset the magnitude of losses elsewhere. These findings demonstrate that large flat exemptions do not simply provide homeowner relief; they fundamentally shrink the taxable-value base that supports municipal budgets.

Across all scenarios, high-value homes consistently experience taxable-value increases because the exemption affects only a small portion of their much larger market value. This underscores an important equity dimension: The larger the exemption, the more the property tax system tilts toward higher-income households generating proportionally more taxable value than lower-value homes that see reductions.

Taken together, the results highlight a central trade-off. Florida's SOH framework tightly constrains taxable value for most homeowners, meaning that any reform—whether relieving or expanding—produces large valuation shifts. Modest or proportional reforms can balance homeowner relief with fiscal stability, but large flat exemptions rapidly destabilize the property tax base and expose municipalities to significant revenue risk. Sustainable reform will therefore require calibrating exemptions carefully and ensuring that relief does not undermine the fiscal foundation needed to maintain essential local services.

4. Regional Distribution of Fiscal Impacts

4.1 Exploring Regional and Socioeconomic Variation

While statewide averages provide a useful benchmark, they mask the considerable geographic and socioeconomic variation in how homestead property tax reforms would affect Florida's municipalities. The fiscal consequences of each scenario depend heavily on local conditions—particularly regional property values, income levels, and employment structures—which shape both the taxable base and a city's reliance on property taxes as a revenue source. To capture these differences, the next analysis expresses the simulated fiscal impact as a percentage of current property tax revenue and examines the distribution of outcomes across regions and community characteristics.

A series of boxplots illustrates the spread and skewness of impacts within each region, highlighting where fiscal stress or resilience is most pronounced. These visualizations are complemented by choropleth maps that display the geographic pattern of property tax exposure under each scenario, revealing distinct clusters of vulnerability along coastal, suburban, and interior areas. Together, these tools provide a more nuanced understanding of how the same policy reform may generate uneven fiscal pressures across Florida's municipal landscape—with wealthier, high-value coastal cities experiencing relatively mild percentage changes, while smaller, inland jurisdictions with limited taxable capacity face proportionally greater challenges in maintaining revenue stability.

Figure 21 illustrates the distribution of simulated fiscal impacts—measured as a percentage of current property tax revenue—across Florida's eight regions under the homestead property tax elimination scenario. Although all regions experience substantial revenue reductions, the magnitude and variability of those losses differ markedly, reflecting regional disparities in property tax reliance, assessed valuation patterns, and local fiscal capacity. Across all regions, the median fiscal loss falls between 23.59% and 46.33%, indicating that most municipalities would forfeit roughly one-third to nearly half of their property tax base.

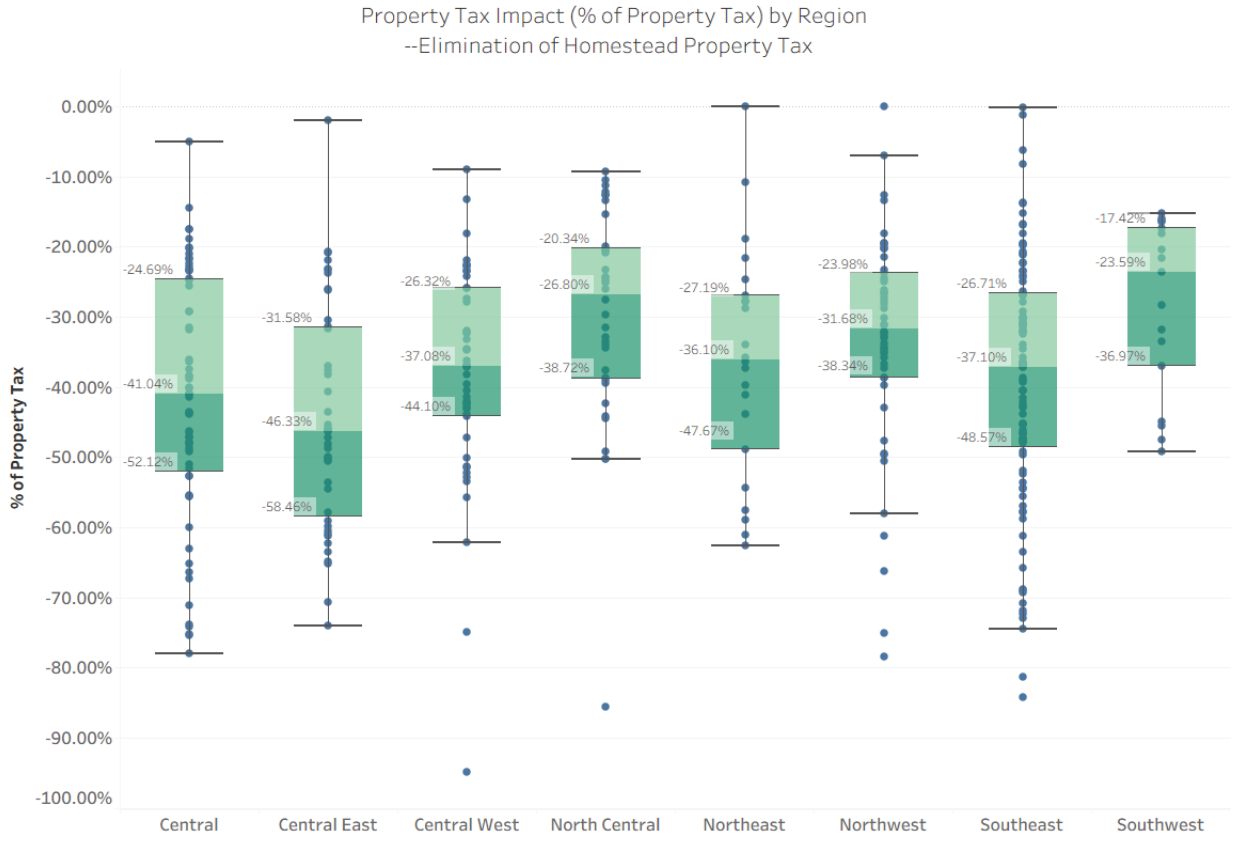


Figure 21: Property Tax Impacts with Elimination of Homestead Property Tax by Regions

The Central East region shows the most severe median decline at –46.33%, followed by Central (–41.04%), Southeast (–37.10%), Central West (–37.08%), and Northeast (–36.1%). These regions represent the state's residentially concentrated areas where homesteaded properties account for a large share of the local tax base. In contrast, North Central (–26.8%), Northwest (–31.68%), and Southwest (–23.59%) exhibit smaller median losses, suggesting a greater degree of fiscal resilience—possibly reflecting stronger commercial or mixed-use property bases and lower overall homestead dependence.

Variation within regions further illustrates uneven fiscal exposure. The interquartile ranges (difference between the 25th and 75th percentiles) span from roughly 15 to 27 percentage points, with the Central East and Southeast regions showing the widest dispersion. This indicates that even within the same region, some municipalities could lose less than one-quarter of their property tax revenue while others lose over half. Minimum values across regions range from –49% in the Southwest to –95% in the Central West, underscoring that certain municipalities—particularly smaller or residentially homogeneous ones—could face near-total elimination of their primary revenue source.

These findings highlight a clear regional inequity in fiscal vulnerability. Areas with less diversified tax bases or high concentrations of homesteaded properties would bear the brunt of reform, while more economically diverse regions would experience comparatively moderate effects. Without targeted fiscal adjustments, the elimination of the homestead property tax would risk widening the gap between high-capacity and low-capacity municipalities, creating a new geography of fiscal stress.

To mitigate this imbalance, policy design could incorporate permanent equalization mechanisms, such as a state-level revenue offset fund or tiered millage flexibility, allowing municipalities in more affected regions to stabilize revenues without compromising essential services. Ultimately, the results reinforce that fiscal reform in Florida must consider not only average statewide effects but also the distribution and variation of impacts across communities—ensuring that homeowner relief does not come at the expense of regional fiscal sustainability and service equity.

Overall, the regional boxplots underscore that the fiscal vulnerability of Florida's municipalities is geographically uneven. Areas with stronger real-estate markets and higher property tax dependence, especially the Southeast and Central coastal corridors, would face the most severe proportional losses from homestead elimination. These findings are reinforced by accompanying regional maps, which spatially highlight clusters of high-impact municipalities along coastal counties and major metropolitan areas, contrasting with relatively more stable inland jurisdictions.

4.2 Geographic and Socioeconomic Patterns of Fiscal Impact

Figure 22 maps the percentage loss in property tax revenue under the *elimination scenario* across all Florida municipalities, overlaid with the median owner-occupied housing value of each census tract. This spatial visualization underscores a clear geographic concentration of fiscal exposure along Florida's coastal and metropolitan corridors.

Map of Property Tax Impact (% of Property Tax) with Elimination of Homestead Property Tax

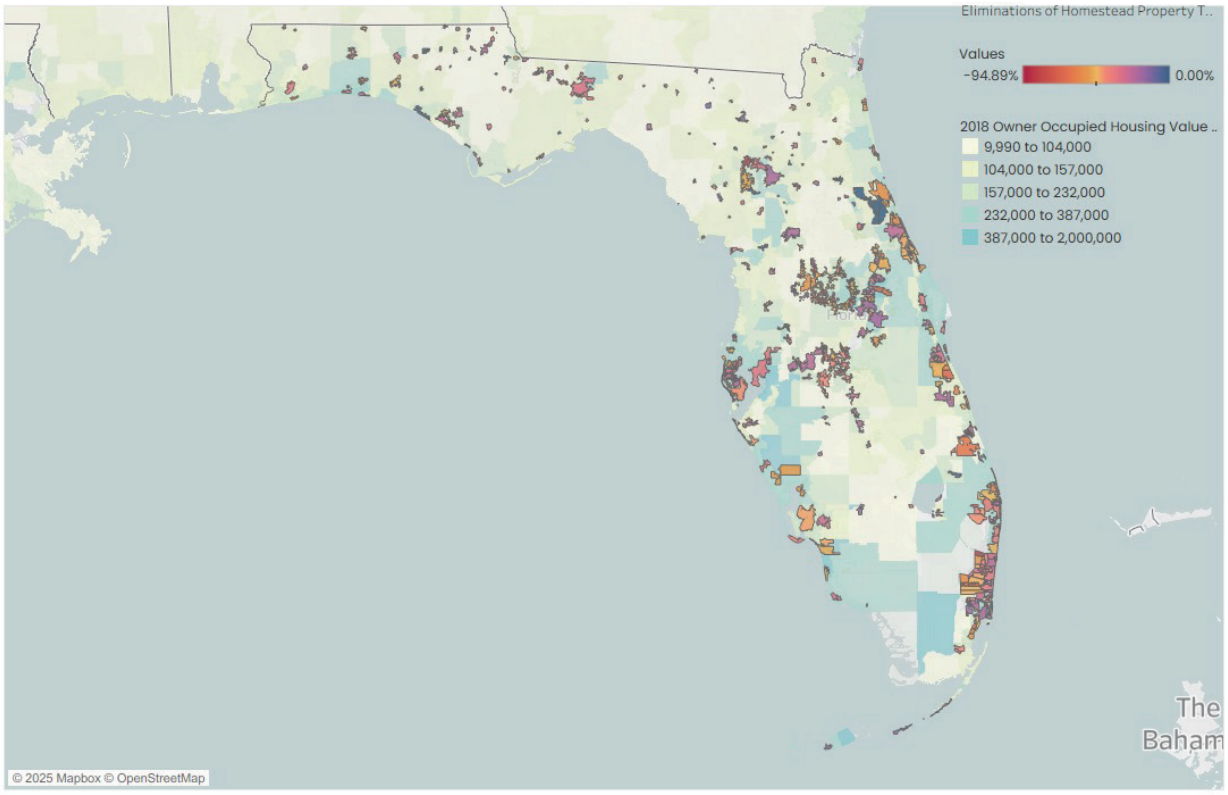


Figure 22: Map of Property Tax Impact with Elimination of Homestead Property Tax

The Southeast and Southwest regions—including Miami-Dade, Broward, Palm Beach, Collier, and Lee Counties—show the highest impacts, represented by deep red and orange tones. These areas combine elevated housing values with large proportions of homesteaded residential property, meaning that the removal of homestead-based tax capacity would generate sharp proportional declines in local property tax revenue.

In contrast, municipalities in the North Central and Panhandle regions tend to appear in lighter shades, indicating smaller proportional losses relative to their total property tax base. These jurisdictions generally exhibit lower median home values and a greater reliance on state-shared revenues, which cushions them somewhat from the immediate fiscal effect of homestead elimination.

The map also reveals important socioeconomic gradients within regions. High-income coastal municipalities—where median housing values exceed $400,000—tend to experience larger relative property tax shocks, while inland and smaller communities show more moderate reductions. This pattern reflects both the valuation structure of Florida's property tax system and the distributional asymmetry of homestead protections, which have historically provided greater dollar benefits to higher-value properties.

Taken together, the regional boxplots and the geographic heat map highlight that the fiscal consequences of homestead reform are spatially uneven and socioeconomically regressive. High-value metropolitan areas would face the steepest proportional losses, while inland and less affluent jurisdictions—though somewhat shielded—would still experience meaningful declines in their property tax capacity.

5. Variation by Municipal Characteristics

5.1 Population Size

Figure 23 shows the distribution of municipal fiscal impacts, expressed as a percentage of current property tax revenue, across six population categories under the homestead tax elimination scenario. Across all population groups, the median impact falls between –26% and –41%, confirming that homestead elimination produces substantial revenue reductions regardless of municipality size.

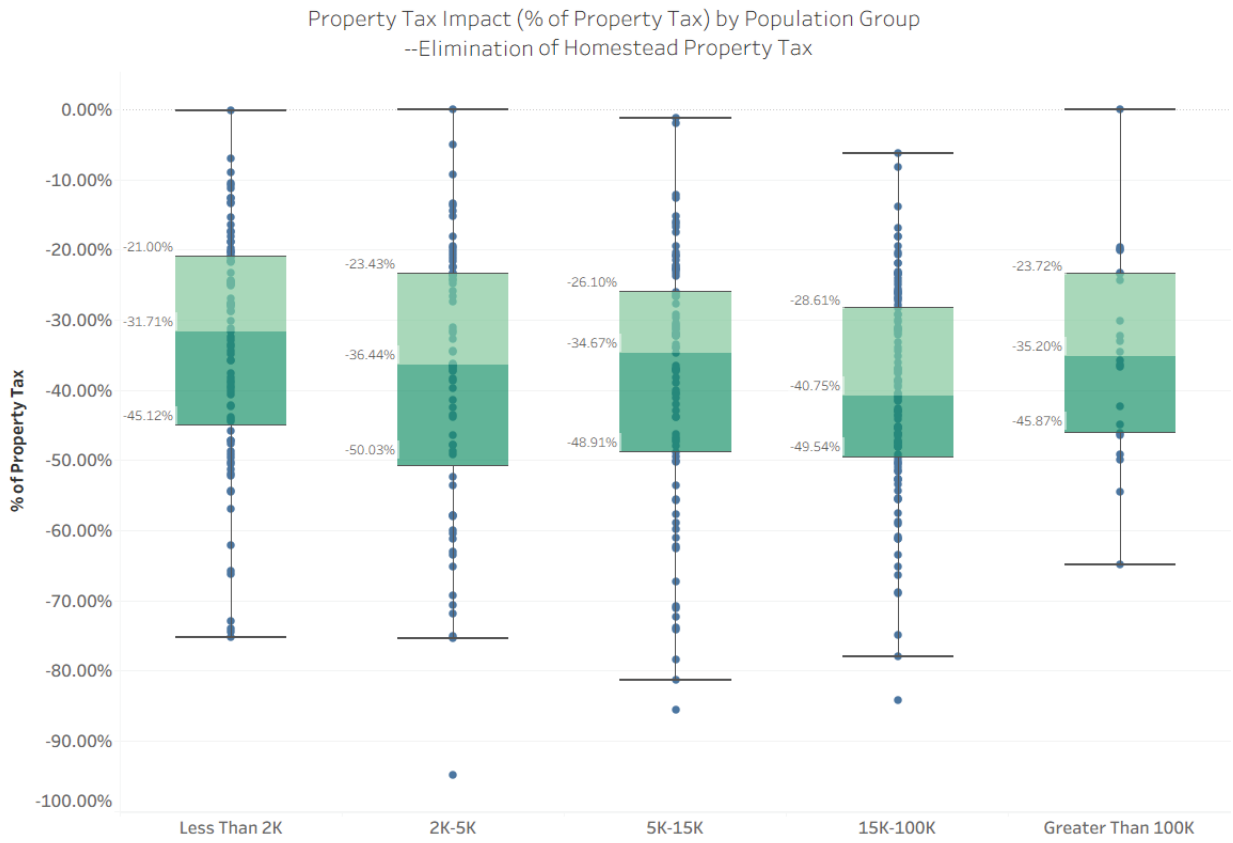


Figure 23: Property Tax Impacts with Elimination of Homestead Property Tax by Population Size

The smallest cities (less than 2,000 residents) show a median loss of roughly –31%, with a wide range of outcomes and a few municipalities experiencing reductions exceeding –70%, reflecting their narrow tax bases and limited non-homestead valuation.

Municipalities in the 2,000-5,000 and 5,000-15,000 population ranges experience some of the deepest median declines—about –37% to –41% —and the broadest interquartile ranges, indicating greater variability in how dependent these places are on homestead properties for revenue. Cities in the 15,000-100,000 range demonstrate slightly smaller

typical losses (around –29% to –32%), suggesting somewhat more diverse tax bases but still substantial exposure to homestead removal. The largest cities (over 100k) show a median decline of about –33%, with narrower variation compared with mid-sized cities, reflecting more stable and diversified valuation structures but still heavy reliance on homesteaded properties.

Overall, the distribution across groups highlights a consistent pattern: Homestead elimination results in significant revenue reductions for every municipality type, with the steepest and most unpredictable impacts concentrated among small and mid-sized jurisdictions that have fewer sources of taxable value to absorb the shock.

5.2 Variation by Housing Value

Figure 24 further disaggregates the simulated fiscal impacts by median housing value category, illustrating how municipalities with differing property market characteristics experience varying levels of exposure to homestead tax elimination.

Figure 24: Property Tax Impacts with Elimination of Homestead Property Tax by Housing Values

The elimination of the homestead property tax produces substantial revenue losses across all housing value groups, but the magnitude and dispersion of impacts vary systematically with median home value.

Cities with lower median housing values (<$150k and $150k-$300k) experience comparatively smaller proportional impacts. Median losses in these groups fall around –22% to –34%, reflecting more modest homestead savings and smaller gaps between assessed and market values. Their interquartile ranges are also narrower, indicating more uniform fiscal responses among municipalities.

By contrast, higher-value housing markets ($300k-$500k, $500k-$800k, and >$800k) exhibit significantly deeper losses. Median impacts range from –41% to –60%, with some municipalities experiencing declines approaching –90% of current homestead-related property tax revenue. These groups show larger interquartile ranges and wider whiskers, signaling greater variability—particularly in communities where long-term Save Our Homes caps have heavily compressed taxable values relative to market prices.

Overall, the pattern reveals a clear gradient: The higher the median housing value, the larger the proportional fiscal shock from eliminating homestead exemptions. This reflects the accumulated effect of SOH caps and exemption layering, which are more pronounced in higher-value and fast-appreciating housing markets. This distribution underscores that homestead elimination would not affect all communities equally. Cities with high median home values—often suburban or coastal jurisdictions—would face the most severe proportional losses, even as their residents benefit most from tax relief. Conversely, lower-value areas, while losing a smaller percentage of revenue, may lack the fiscal flexibility or reserves to absorb even moderate declines. The result is a dual inequity: affluent areas lose more revenue but have stronger capacity to adapt, while lower-income areas lose less revenue but face sharper service tradeoffs due to smaller budgets.

5.3 Socioeconomic Variation by Household Income

Figure 25 displays the distribution of simulated fiscal impacts—measured as a percentage of property tax revenue—across municipalities grouped by median household income under the elimination scenario. The data reveal a strong, progressive gradient: Fiscal impacts intensify as local household incomes increase, highlighting that higher-income communities—often those with larger homes and higher assessed property values—stand to lose a greater share of their property tax base under full elimination.

Figure 25: Property Tax Impacts with Elimination of Homestead Property Tax by Household Income

The distribution of impacts across household income groups shows that eliminating the homestead exemption would generate substantial revenue reductions for municipalities regardless of local income composition, but the magnitude varies systematically. Lower-income jurisdictions (median household income below $40,000) experience smaller relative losses, with a median decline of about –22%, reflecting lower home values and smaller existing SOH benefits.

As income rises, the fiscal impact deepens. Jurisdictions in the $40k-$60k group show a median decline of around –36%, while those in the $60k-$80k and $80k-$120k brackets see larger median losses of roughly –48% and –57%, respectively. The highest-income jurisdictions—those over $120,000—face some of the steepest tax-base reductions, with a median decline exceeding –60%, reflecting greater concentrations of higher-value homes benefiting from SOH caps and existing homestead exemptions.

Across all income groups, the interquartile ranges are wide, indicating considerable variation within categories. However, the overall pattern is clear: the higher the community's income, the larger the share of its property tax base tied to homestead-related protections, and therefore the greater the revenue loss under full elimination.

This distribution echoes the paradox mentioned in the previous discussion. High-income jurisdictions would experience the largest proportional fiscal losses but also have greater administrative and economic capacity to absorb or offset them through reserves, diversified revenue instruments, or political leverage. In contrast, lower-income municipalities, while facing smaller percentage losses, have less flexibility to compensate for even moderate declines, since they often depend heavily on the property tax to maintain core public safety and infrastructure functions.

This asymmetry implies that homestead tax elimination could reinforce spatial inequality in fiscal capacity across Florida. Affluent areas might sustain service levels through higher fees or millage adjustments, while lower-income jurisdictions could face deeper service cuts or deferred investment.

5.4 Unemployment and Economic Strength

Figure 26 examines the distribution of property tax impacts—expressed as a percentage of total property tax revenue—across municipalities grouped by average unemployment rate. The boxplot comparing property tax impacts across unemployment-rate groups shows that homestead elimination produces large revenue losses for municipalities regardless of local labor-market conditions, but the depth of impact varies modestly across groups. Municipalities with higher unemployment rates (>3.4%) experience a median loss of about –32%, slightly less severe than the –42% to –43% median losses observed in communities with unemployment between 1.4% and 3.4%. Jurisdictions with very low unemployment (<1.4%) fall in between, with a median loss near –34%.

Figure 26: Property Tax Impacts with Elimination of Homestead Property Tax by Unemployment Rates

Across all four unemployment categories, the interquartile ranges overlap substantially, indicating that unemployment differences do not strongly moderate the fiscal effect of homestead elimination. The upper whiskers show that a small number of municipalities in every group face relatively mild impacts (around –5%), while the lower whiskers confirm that some jurisdictions—regardless of economic conditions—would lose 70% to 90% of their homestead-derived property tax revenue.

Overall, the pattern demonstrates that the elimination shock is structurally uniform across the state: while local economic conditions affect many aspects of municipal finance, they do not meaningfully insulate municipalities from the steep revenue reductions tied to abolishing homestead taxation.

6. Implications for Fiscal Sustainability

Three central insights emerge from the microsimulation results:

1. Structural Exposure: Florida's municipal fiscal framework is highly sensitive to changes in the homestead property tax base. Even moderate reforms cause measurable stress on municipal revenue systems, especially for service-intensive cities.
2. Equity Trade-offs: The simulated reforms would shift fiscal capacity unevenly across regions and socioeconomic strata. Relief to homeowners would come at the cost of heightened fiscal disparity among municipalities and potential service inequities for residents in lower-capacity areas.
3. Policy Feasibility: Achieving significant property tax relief without destabilizing municipal finance would require either new compensating revenue sources or state-level fiscal offsets. Without such adjustments, widespread millage increases or expenditure and service reductions would be unavoidable, undermining the stability of Florida's two-legged revenue stool.

The microsimulation findings underscore a fundamental policy dilemma. Florida's local revenue system already lacks the stabilizing influence of an income tax, relying instead on a volatile sales tax leg and a constrained property tax leg. Expanding homestead exemptions or eliminating the homestead base would further shorten the property tax leg, risking long-term fiscal imbalance.

Municipalities would likely respond through a mix of rate adjustments, user-fee expansions, deferred capital spending, and workforce reductions—classic cutback-management strategies observed during past fiscal stress periods. While these actions may temporarily preserve solvency, they erode service quality and public trust, reinforcing the need for a more structurally diversified revenue framework.

PART IV.

PART IV.
LOCAL PERSPECTIVES ON FISCAL CONSEQUENCES: INTERVIEW ANALYSIS AND POLICY IMPLICATIONS

1. Purpose and Methodological Overview

To complement the quantitative microsimulation findings, Part IV presents a qualitative content analysis of interviews conducted with senior officials from a diverse set of Florida municipalities. This section aims to capture how local governments themselves interpret the potential fiscal consequences of proposed homestead property tax reforms—how they anticipate, plan for, and respond to prospective revenue changes that could reshape municipal fiscal structure and service delivery.

The semi-structured interviews were conducted with officials from five municipalities selected to represent a cross-section of property tax reliance, population size, spending patterns, and geographic diversity. The sample included both coastal and inland jurisdictions, fast-growing metropolitan cities and smaller rural communities, as well as municipalities with differing socioeconomic profiles and fiscal dependence on ad valorem revenues. Interview participants included city managers, finance directors, and budget officers, each providing insights into both technical and strategic dimensions of local fiscal management.

The qualitative findings were analyzed through content analysis, identifying recurring patterns in how local leaders perceive risk, resilience, and policy feasibility under alternative reform scenarios. The analysis links these practitioner perspectives to the statewide microsimulation results presented in Part III.

2. Selection of Case Municipalities

Cities were selected to ensure variation along four key dimensions identified in earlier analyses:

SELECTION CRITERION	RATIONALE	EXAMPLE CHARACTERISTICS
Property Tax Reliance	Distinguishes high-dependence vs. diversified revenue structures	From >55% to <35% of general fund
Spending Pattern	Captures priority of public safety	From >50% to <40% of general fund
Population Size	Reflects scale effects in fiscal capacity and service complexity	<10k, 10-50k, 50-100k, >100k
Geographic Region	Accounts for regional variation in housing values and economic bases	North, Central, South

Together, these criteria ensure that the qualitative evidence complements the quantitative heterogeneity already observed in Florida's municipal landscape.

3. Thematic Findings

The interviews with municipal officials across Florida reveal a consistent set of concerns, priorities, and governance challenges surrounding proposed homestead property tax reforms. Although each municipality operates in a unique fiscal and demographic environment, the collective perspective reflects a shared apprehension about fiscal sustainability, local autonomy, and equity.

- **Property Tax as the Fiscal Backbone of Local Governance**
  Across all interviews, property tax was described as the foundation of municipal fiscal health—the only revenue source that is both stable and locally controllable. Officials emphasized that property taxes sustain essential services, underpin credit ratings, and provide predictability amid volatile state-shared or consumption-based revenues. As one finance officer explained, *"Property tax is what keeps the doors open when everything else drops."* Participants cautioned that the elimination or significant reduction of the homestead property tax base would not merely reduce revenue but would also fundamentally destabilize local finance. Such reforms, they argued, would permanently weaken municipal capacity to deliver core services and maintain infrastructure.
- **Equity, Fairness, and the Challenge of Reform Design**
  Officials widely recognized the inequities created by the Save Our Homes (SOH) assessment cap, which favors long-term homeowners and shifts burdens onto new buyers, renters, and non-homestead properties. However, they also stressed that sweeping reforms—such as total elimination or high exemptions—would exacerbate inequities by disproportionately benefiting high-value homeowners while draining the fiscal capacity of residentially dependent communities. As one respondent summarized, *"Every exemption for one group is a tax increase for another."* Officials favored targeted, income-based relief mechanisms or moderate adjustments to SOH rather than blunt exemptions. The need to raise millage rates on non-homesteaded properties to maintain revenue neutrality is a critical point. Such increases do not just affect property owners—they are typically passed through to commercial and residential tenants. For small businesses, this can mean higher operating costs, reduced margins, or even closure. For renters, higher property taxes translate into higher rental rates, disproportionately burdening lower-income households and other vulnerable residents.
- **Service Prioritization and the Costs of Fiscal Retrenchment**
  Municipal leaders uniformly outlined a hierarchy of service protection: public safety and infrastructure first, quality-of-life services last. Under fiscal pressure, parks, cultural programs, and community development are the first casualties—even though these are crucial for livability and economic vitality. One manager observed, *"We'll keep the police, but we'll lose what makes people want to live here."* Officials warned that sustained revenue loss would create a cycle of austerity governance—reducing staff, deferring maintenance, and shrinking reserves—which ultimately

impair long-term resilience and growth. One official also noted a related but often overlooked reality: that deep cuts to recreation programs can have spillover effects on public safety. When youth programs are eliminated or scaled back, law enforcement agencies frequently experience increased pressure due to rises in juvenile-related incidents. It is also important to recognize that many municipalities partner with local public schools to support athletic programs through shared facilities—such as swimming pools, tennis courts, and golf courses. If cities are no longer able to operate or maintain these amenities, the impact extends beyond municipal services and directly affects school programming as well.

- **Fiscal Rigidity and the Shrinking Space for Local Decision-Making**
  Interviewees described a governance environment of increasing fiscal constraint and declining discretion. With statutory millage caps, restrictions on raising other taxes, and politically imposed revenue limits, cities face narrowing options to maintain solvency. As one finance director remarked, *"They tell us to cut taxes, but don't tell us what to cut*." Participants viewed this rigidity as part of a longer-term erosion of home rule, where the state dictates fiscal parameters but leaves service obligations intact.
- **Creditworthiness, Fiscal Resilience, and Institutional Trust**
  Several officials linked property tax stability directly to bond ratings and infrastructure financing. Unpredictable revenue streams threaten not only operational budgets but also long-term investment capacity. *"Credit agencies look for stability,"* one manager explained. *"If that's gone, your borrowing costs go up, and your roads crumble*." Moreover, interviewees connected fiscal instability to public trust: when the state reduces local revenue authority, residents often blame local officials for service declines, eroding confidence in local governance.
- **Broader Economic and Social Consequences**
  Officials consistently warned that deep property tax reforms could weaken community competitiveness and amplify geographic inequality. Reduced fiscal capacity would hinder public safety, infrastructure, and amenities, discouraging private investment and residential growth. Some likened the risk to California's Proposition 13, predicting "permanent imbalance, not cyclical slowdown."
- **Fiscal Reform as Governance Reform**
  The interviews converge on a central insight: homestead property tax reform is as much a governance challenge as a fiscal one. It raises fundamental questions about who controls local capacity, how equity is defined, and what balance of power should exist between the state and municipalities. Officials envision a reform framework that preserves local stability while addressing equity and fairness. Achieving this balance requires:
  - → Institutionalizing local impact assessments for proposed legislation;
  - → Ensuring revenue neutrality or flexibility in implementation; and
  - → Reaffirming home rule as a principle of fiscal democracy, not an administrative convenience.

In their words, *"The debate isn't just about taxes—it's about control."* The interviews collectively underscore that a fiscally stable city is also a governable city, and any reform that weakens one inevitably endangers the other.

The qualitative evidence presented here underscores that the fiscal consequences of homestead property tax reform are not abstract projections but real challenges already anticipated by municipal leaders. Their insights highlight the tension between state-level policy goals of tax relief and local imperatives of fiscal stability, service delivery, and home-rule autonomy.

4. Policy and Governance Implications

Florida's property tax remains a structural pillar of the state's fiscal system and the foundation of municipal autonomy. Any future reform aimed at expanding homeowner relief must be designed to preserve this role. Policy adjustments that weaken the property tax without providing compensatory revenue mechanisms risk destabilizing local budgets, constraining service delivery, and eroding the fiscal capacity of cities to plan independently. From a governance perspective, diminishing local control over property taxation gradually transforms municipalities from self-governing entities into administrative extensions of the state—dependent on politically contingent transfers rather than stable, locally generated revenues. Maintaining a robust property tax base is therefore not merely a fiscal necessity but a democratic safeguard, essential to sustaining home rule and the long-term resilience of Florida's municipal governments.

An equity-oriented rather than exemption-oriented approach to property tax reform advances both fiscal sustainability and fairness. Policies such as means-tested relief or gradual adjustments to assessment caps direct assistance to households with genuine need while preserving the integrity of the municipal tax base. Broad-based exemptions, in contrast, erode fairness and transparency by shifting the tax burden onto non-homestead and future property owners, distorting fiscal accountability. From a governance perspective, overly generous exemptions create intergenerational inequities, weakening the link between taxation and public service benefits. As trust in the fairness of the system declines, so does citizen confidence in local government. Sustainable reform, therefore, depends on a balanced design—one that protects vulnerable homeowners without undermining fiscal equity and the legitimacy of local self-government.

Institutionalizing state-level fiscal impact reviews for all proposed tax reforms provides an essential safeguard for local fiscal stability. Systematic impact analyses clarify the tradeoffs between homeowner relief and municipal service capacity, promoting transparency and informed policymaking. In the absence of such foresight, reforms often generate unintended fiscal stress, forcing cities to make reactive rather than strategic choices. Chronic underfunding erodes long-term planning capacity, fosters

short-term decision-making, and weakens accountability. Over time, fiscal pressure replaces policy deliberation as the driver of local governance. Requiring fiscal impact assessments prior to enactment strengthens both financial sustainability and institutional integrity across all levels of government.

Embedding local option flexibility within the property tax framework preserves municipal discretion in managing fiscal adjustments. Authority to modify millage rates, phase in exemptions, or tailor relief programs to local conditions enables communities to balance public expectations with fiscal responsibility. Uniform, state-imposed rules impose one-size-fits-all constraints that disregard Florida's diversity in size, economic structure, and fiscal capacity. From a governance standpoint, restricting local control over core revenue instruments threatens more than financial stability—it weakens the foundation of home rule itself. When municipalities lack discretion over their primary fiscal tools, they forfeit not only revenue but also the capacity for strategic leadership and accountable governance.

Long-term fiscal stability also depends on predictability and transparency in municipal finance. Stable local revenue bases allow cities to plan responsibly, sustain essential services, and communicate tradeoffs clearly to residents and decision-makers. Reforms that introduce volatility—through abrupt exemptions, inconsistent valuation rules, or unpredictable state intervention—undermine confidence among both citizens and investors. From a governance perspective, fiscal uncertainty erodes financial credibility and democratic legitimacy. When accountability becomes diffused and blame is misaligned between state and local levels, citizens disengage, and trust declines. Predictable and transparent fiscal structures are thus indispensable to both financial stability and the integrity of local democratic governance.

Incorporating regional equity safeguards into property tax reform mitigates the risk of widening disparities between high-value and low-capacity municipalities. Without such mechanisms, reform-induced shifts in taxable value can entrench inequality, enabling affluent communities to maintain robust services while fiscally weaker areas struggle with decline. These imbalances undermine the principle of horizontal equity and threaten the cohesion of Florida's intergovernmental system. Fiscal disparities ultimately translate into governance disparities—where affluent jurisdictions sustain responsiveness and infrastructure investment while others experience service erosion and administrative fragility. Designing reform with built-in equity considerations preserves fairness, promotes statewide balance, and ensures that homeowner relief does not come at the expense of municipal viability.

Taken together, these implications converge on a central theme: sustainable property tax reform requires balance among equity, autonomy, and stability. Protecting the property tax as a structural pillar of Florida's fiscal system—while modernizing its design through targeted relief, transparent assessment, and regional safeguards—reinforces both municipal resilience and public confidence. The overarching policy objective is to deliver relief that strengthens, rather than compromises, the fiscal and democratic foundations upon which Florida's cities and state governance rest.

Part V will synthesize the quantitative and qualitative findings to offer concluding observations and policy recommendations, focusing on balancing fiscal sustainability, equity, and local governance capacity in Florida's evolving tax landscape.

PART V.

PART V.
CONCLUSION AND POLICY RECOMMENDATIONS

1. Summary of Key Findings

This report provides the most comprehensive assessment to date of how proposed homestead property tax reforms could reshape the fiscal structure of Florida's municipalities. Drawing on both microsimulation modeling and qualitative interviews with local officials, the study offers a multifaceted view of the fiscal, equity, and governance implications of altering the state's principal local revenue source.

Three overarching findings emerge:

1. **Structural Dependence and Fiscal Exposure**
   Florida's municipal finance system rests on a two-legged stool—property and sales taxes—because the state lacks a personal income tax. The microsimulation demonstrates that the property tax leg, which accounts for 43% of general fund revenue and nearly 70% of tax revenue, remains the single most stable and locally controlled source of fiscal capacity. Any significant expansion of homestead exemptions or elimination of homestead taxation would therefore destabilize this system, particularly for municipalities with service-intensive budgets.
2. **Uneven Distribution of Impacts**
   Fiscal exposure is not uniform. Large, property-rich coastal cities would face the largest absolute revenue losses, while smaller or economically weaker municipalities would experience proportionally greater fiscal stress. Microsimulation results confirm widening fiscal disparities under all reform scenarios. These quantitative patterns closely mirror interview insights: local officials consistently expressed concern that further erosion of the ad valorem base would deepen interlocal inequities and undermine long-term service equity across Florida's regions.
3. **Governance and Home-Rule Tension**
   The interviews also revealed broad concern over the erosion of home rule—the cumulative effect of state-imposed tax limits, mandates, and preemptions. Municipal leaders perceive property tax reform not only as a fiscal issue but also as a question of local autonomy. Without the authority to manage or offset state-mandated revenue reductions, cities face a narrowing set of fiscal tools, leaving them responsible for service expectations without commensurate revenue authority.

2. Policy Implications

The convergence of quantitative and qualitative findings suggests that homestead property tax reform—if enacted without offsetting measures—would have far-reaching consequences for fiscal sustainability, service provision, and intergovernmental relations in Florida. The implications extend well beyond short-term revenue loss:

- Fiscal Stability: Structural revenue erosion would reduce municipalities' ability to sustain core operations, meet pension and debt obligations, and maintain infrastructure.
- Service Equity: Disparities among municipalities would widen, with high-value regions better able to absorb losses through rate adjustments, while low-capacity areas would be forced into service reductions.
- Economic Competitiveness: Shifting the tax burden toward non-homestead and commercial properties may distort local business climates and regional development patterns.
- Governance Balance: Continued state intervention in local revenue authority risks undermining the fiscal partnership that underpins Florida's system of home rule.

3. Policy Recommendations

3.1 Establish Compensatory Mechanisms

If major property tax reforms proceed, establishing a permanent state-subsidization framework is essential to safeguard municipal fiscal capacity and ensure continuity of core services. Options include:

- State Revenue Replacement Fund: A standing, formula-driven mechanism that permanently offsets measurable municipal property tax losses, ensuring predictable and equitable intergovernmental support. It functions as a compensatory mechanism: the state reimburses municipalities for revenue lost due to a specific tax reform, typically through formula-based transfers tied directly to measured property tax reductions.
- State-Local Revenue Partnership Program: A permanent cost-sharing model that links municipal service obligations with ongoing state fiscal participation, mirroring equalization or shared-revenue systems used in other states. It is a longer-term structural arrangement that shares revenue authority or growth between the state and municipalities, aligning incentives and providing ongoing, predictable support rather than one-for-one backfilling of losses.

These mechanisms move beyond short-term stabilization toward a systemic approach to intergovernmental balance, embedding local fiscal resilience within the state's overall tax and revenue architecture.

3.2 Strengthen Municipal Multi-Pronged Revenue System

To reduce structural vulnerability, municipalities require broader authority to diversify local revenues and reduce dependence on the property tax. Key strategies include:

- Expanding local-option sales and utility taxes, with flexibility for targeted rate adjustments that reflect local economic conditions and service demands
- Enabling impact fees or mobility fees in high-growth areas to ensure that new development contributes proportionally to the infrastructure and service costs it generates
- Encouraging special assessment districts for infrastructure and service maintenance, recognizing that this mechanism primarily reallocates, rather than reduces, the financial burden on taxpayers. Residents continue to fund the same services under a different label, and such tools do not address one of the most pressing fiscal challenges for municipalities—the need for stable, broad-based funding for public safety services, particularly law enforcement.
- Authorizing limited local excise or tourist-based revenues where economically appropriate, allowing communities with strong visitor economies to capture a fair share of non-resident service demand

Expanding the range of local revenue instruments aligns with the principle of a balanced revenue stool, restoring partial stability to a system that currently leans too heavily on two interdependent legs—sales and property taxes—without the counterbalancing role of a local income or earnings tax.

3.3 Preserve Local Autonomy and Fiscal Flexibility

State policymakers should reaffirm the principles of home rule by:

- Avoiding unfunded mandates and one-size-fits-all exemptions that constrain local discretion;
- Allowing municipalities to calibrate millage rates and exemption structures to local fiscal realities; and
- Promoting collaborative state–local frameworks for fiscal policy review before major tax reforms are enacted.

This approach recognizes that fiscal responsibility and accountability are strongest when decision-making authority aligns with service obligations.

3.4 Promote Transparency and Citizen Engagement

Property tax reform is as much a public trust issue as a fiscal one. Policymakers should:

- Require clear, publicly accessible impact disclosures showing how reforms would affect each municipality's budget and service levels;
- Encourage local budget dialogues where residents can evaluate trade-offs between tax relief and service delivery; and
- Strengthen the transparency of intergovernmental fiscal flows, allowing citizens to see how tax relief at the household level translates into fiscal stress or trade-offs at the municipal level.

Such transparency helps ground tax debates in evidence and fosters informed decision-making among both voters and policymakers.

3.5 Invest in Long-Term Fiscal Capacity

Finally, the state should commit to a broader strategy for fiscal modernization, integrating:

- Improved data-sharing systems between the Department of Revenue, local governments, and research institutions to monitor fiscal health in real time;
- Encouragement of financial management innovation, such as performance-based budgeting and scenario planning; and
- Expansion of training and technical assistance for municipal finance officers to strengthen analytical capacity and adaptive fiscal planning.

Investing in these long-term institutional capacities ensures that municipalities can better withstand both economic shocks and policy-driven revenue shifts.

4. Concluding Reflection

The analyses across all parts of this report underscore a central paradox in Florida's public finance system: a state long celebrated for its fiscal conservatism and commitment to taxpayer protection now faces the challenge of preserving the very stability that its property tax system once ensured. The pursuit of additional homestead relief, while politically appealing and economically motivated, must be carefully balanced against the enduring principles of revenue adequacy, equity, and local governance capacity. Without this balance, Florida risks trading short-term relief for long-term instability—weakening the fiscal foundations that sustain its communities.

The quantitative analyses presented in this report reveal the scale and distribution of potential fiscal impacts under multiple reform scenarios, from total homestead tax elimination to fixed amount exemptions and percentage-based discounts. The data demonstrates that while property tax relief may appear universally beneficial, its effects are highly uneven—shaping different fiscal realities for municipalities depending on their economic base, demographic composition, and regional context. Some jurisdictions may experience moderate impacts and retain adaptive capacity; others face severe exposure that threatens core public services.

The qualitative findings from municipal interviews complement this evidence, illuminating the lived realities of local governance under fiscal constraint. City managers, finance directors, and elected officials consistently described a system in which flexibility is shrinking even as expectations rise. They emphasized the difficulty of maintaining police, fire, and public works functions when revenue sources are restricted and mandates continue to expand. Their accounts reveal a pattern familiar to scholars

of fiscal stress: local governments forced into incremental retrenchment—delaying maintenance, freezing positions, and postponing capital investments—in ways that quietly degrade capacity over time.

These findings converge on a broader insight: Florida's fiscal challenge is not merely technical but structural and relational. Property tax reform does not occur in isolation—it is embedded in the intergovernmental fabric that binds the state and its municipalities. Sustainable reform will therefore depend on partnership rather than preemption, on coordination rather than confrontation. The state's role in designing compensatory mechanisms, maintaining predictable revenue frameworks, and preserving municipal discretion will determine whether reform strengthens or undermines Florida's fiscal future.

Ultimately, fiscal conservatism and fiscal sustainability need not be opposites. True stewardship lies in designing systems that provide both taxpayer protection and government stability—where relief is targeted, transparency is maintained, and accountability is shared. Florida's property tax system has long served as the stabilizing leg of a two-legged stool; weakening it without reinforcement elsewhere risks tipping the entire structure. The path forward requires reaffirming the partnership between state and local governments, modernizing revenue tools, and embedding equity and predictability at the core of reform. Only through such an approach can Florida safeguard both its taxpayers and its cities—ensuring that fiscal prudence and democratic resilience remain mutually reinforcing pillars of the state's public finance system.

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APPENDIX

APPENDIX

Appendix A. Illustrative Example: Impact of Homestead Reform Scenarios on a Hypothetical Property

Table A1. Comparative City Property Tax Liability Under Alternative Homestead Reform Scenarios

Scenario	Exemption Application Basis	Adjusted City Taxable Value	City Mill Rate	Estimated City Tax Liability	Change from Current Law
Current Law	$50,000 standard exemption to assessed value	$250,000	2.24	**$782.25**	—
Scenario 1: Total Elimination	Full elimination of homestead property tax	$0	2.24	**$0.00**	–100%
$100k Exemption (to assessed value)	$100,000 deduction from assessed value	$300,000	2.24	**$670.5**	-14.29%
$100k Exemption (to taxable value)	$100,000 deduction from taxable value	$250,000	2.24	**$558.75**	-28.57%
$100k Exemption (to just value)	$100,000 deduction from just value	$600,000	2.24	**$1,341**	71.43%
$250k Exemption (to assessed value)	$250,000 deduction from assessed value	$150,000	2.24	**$335.25**	–57.14%
$250k Exemption (to taxable value)	$250,000 deduction from taxable value	$100,000	2.24	**$223.5**	–71.43%
$250k Exemption (to just value)	$250,000 deduction from just value	$350,000	2.24	**$784**	0.22%
$500k Exemption (to assessed value)	$500,000 deduction from assessed value	-$100,000	2.24	**$0.00**	–100%
$500k Exemption (to taxable value)	$500,000 deduction from taxable value	-$150,000	2.24	**$0.00**	–100%
$500k Exemption (to just value)	$500,000 deduction from just value	$200,000	2.24	**$448.00**	–42.73%
32% Just Value Discount	Percentage reduction in just value	$474,000	2.24	**$1,063.86**	+36%
Exemption (Age 65+)	Full exemption for senior homeowners	$0	2.24	**$0.00**	–100%

This numerical illustration models a homestead property in Florida with a market (just) value of $700,000 and an assessed value capped at $400,000 under the Save Our Homes (SOH) provision. Under current law, the $50,000 standard homestead exemption yields a taxable value of $350,000 and a corresponding municipal property tax liability of approximately $782.25 at a 2.24 mill rate.

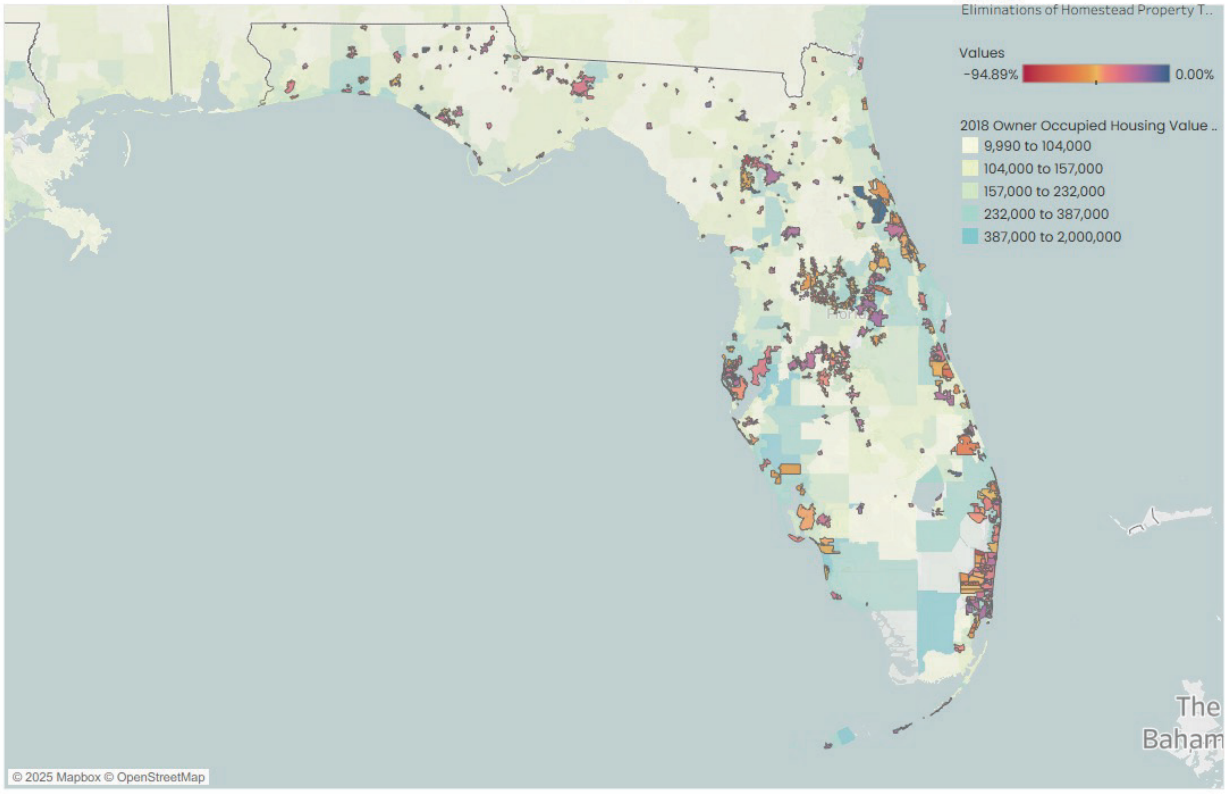
Under alternative reform scenarios, outcomes diverge sharply depending on where the exemption is applied:

- Total elimination of the homestead property taxes fully removes the homestead property from the city's tax base, resulting in zero liability—a complete loss of local revenue.
- Applying a $100k exemption to taxable value and assessed value reduces liability by 14.29% and 28.57% respectively, while applying it to just value increases liability (+71.43%) due to decoupling from the SOH assessment limit.
- Applying a $250k exemption to taxable value and assessed value significantly reduces liability (-57.14% and -71.43%, while applying it to just value increases liability slightly (+0.22%) due to decoupling from the SOH assessment limit.
- A $500k exemption applied to just value produces a moderate tax of $448, whereas applying the same exemption to assessed or taxable value erases the tax entirely.
- A 32% just value discount increases liability to roughly $1,064, reflecting the current SOH assessment cap general higher benefit to homesteader than it was originally assumed.
- Finally, if this homesteader is over 65, the over-65 exemption effectively removes the property from the tax base, mirroring full elimination in impact.

The example underscores that the fiscal and equity effects of reform hinge on whether exemptions are tied to assessed, taxable, or just value. While homeowner relief grows as the exemption base moves closer to assessed value, the corresponding revenue loss to municipalities intensifies. Conversely, reforms applied to just value can shift tax burdens unevenly, benefiting high-value properties and potentially widening local fiscal disparities.

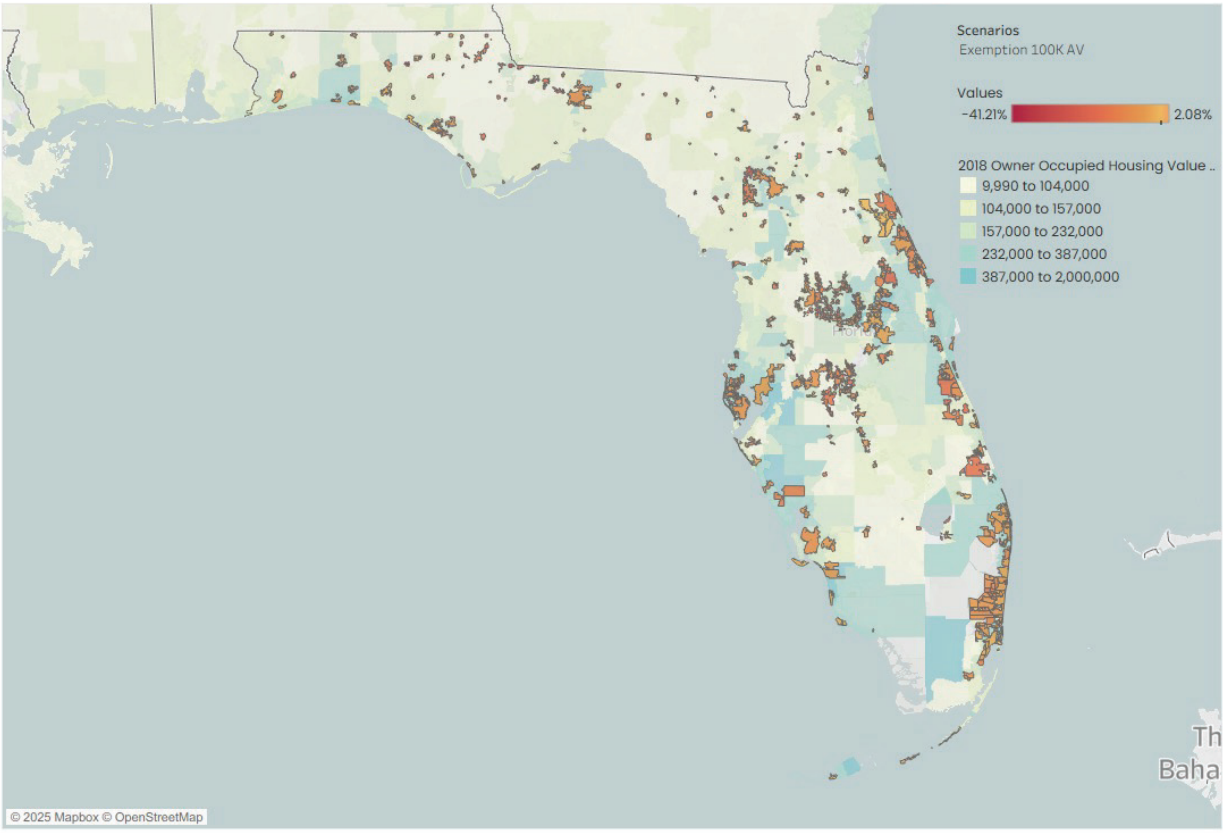
This illustrative case reinforces a key theme from the statewide analysis: homestead reform is not merely a question of relief magnitude, but of structural design, determining how fairly and sustainably the property tax system functions across Florida's municipalities.

Map of Property Tax Impact (% of Property Tax) with Elimination of Homestead Property Tax



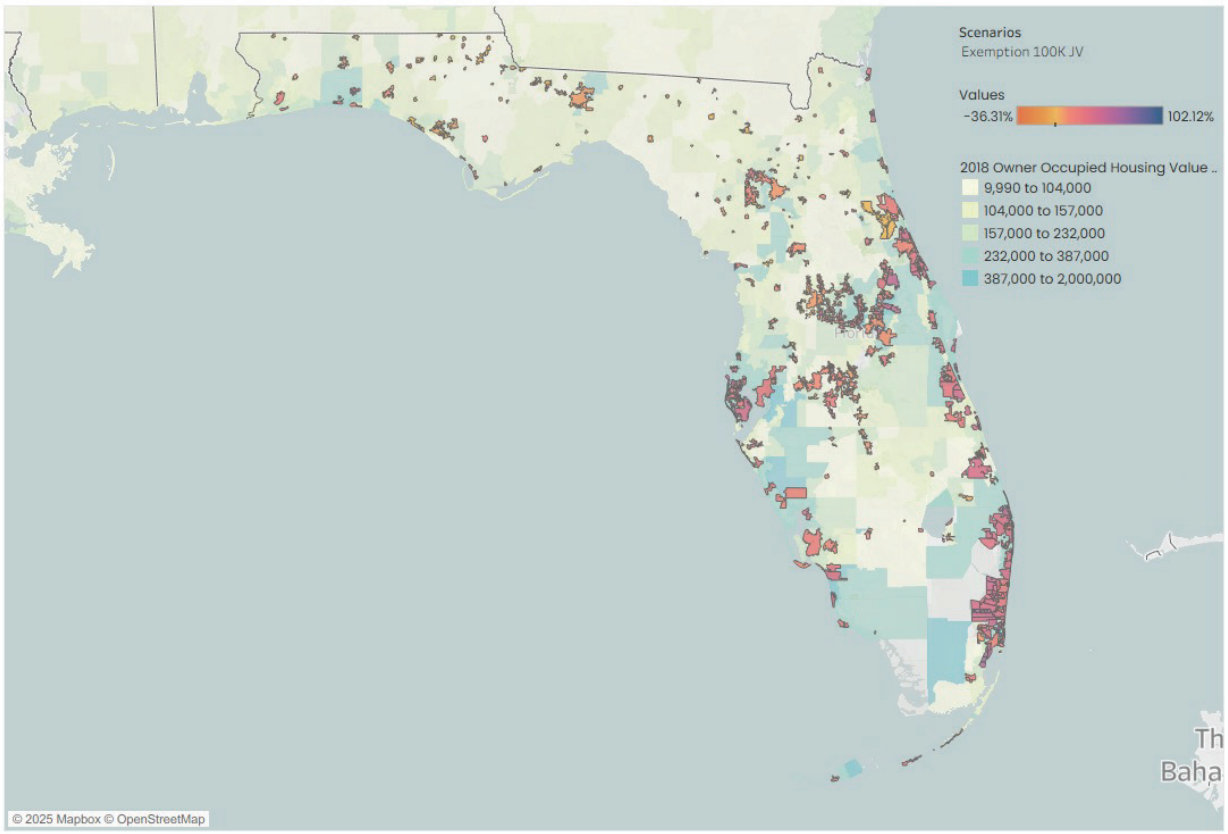
Summary of Indicators with Elimination Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	8.93	0.49	136.49	8.31	8.20
Property Tax Impact ($ Amount)	-$6,208,644	-$116,606,072	$0	$13,566,838	-$1,440,968
Property Tax Impact ($ Per Capita)	-$393	-$21,638	$0	$1,325	-$165
Property Tax Impact (% of General Fund)	-14.00%	-58.30%	0.00%	10.54%	-11.56%
Property Tax Impact (% of Property Tax)	-37.61%	-94.89%	0.00%	17.13%	-36.44%

Map of Property Tax Impact (% of Property Tax) with Exemption 100k AV



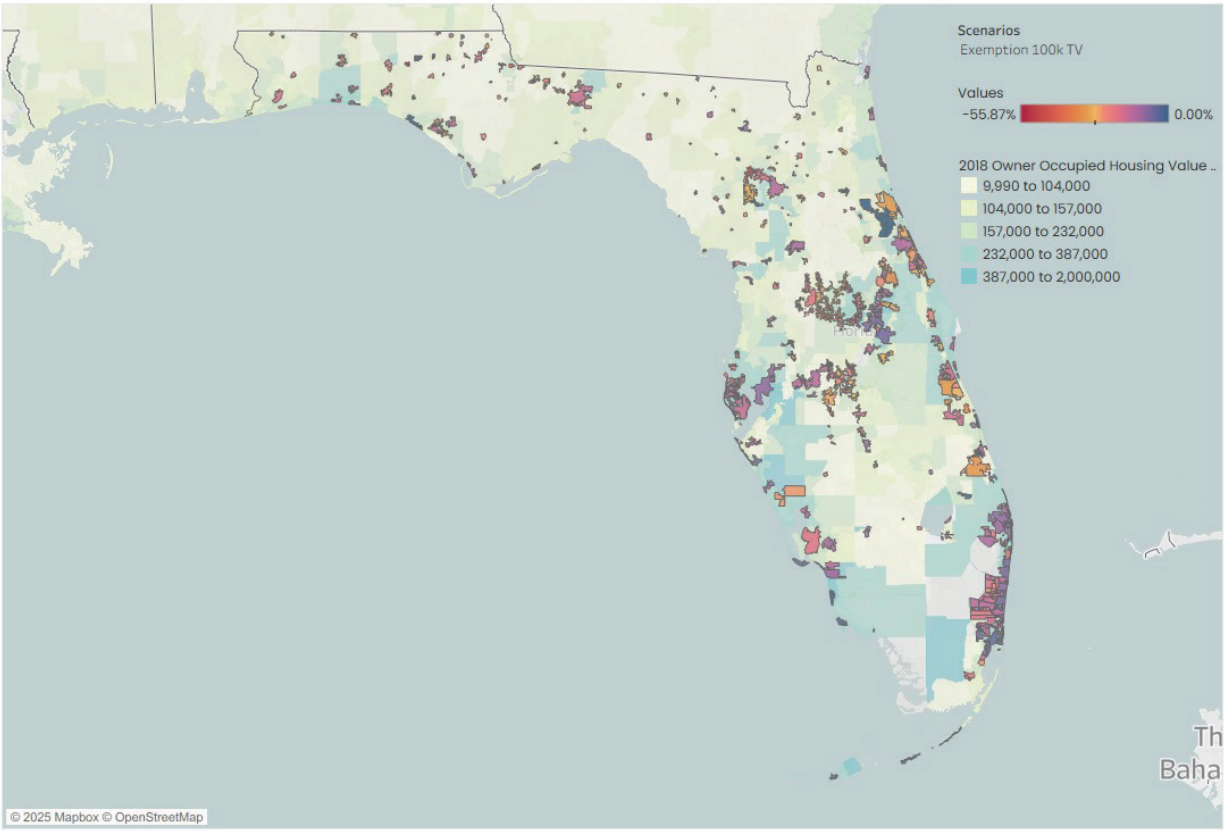
Summary of Indicators with Exemption 100k AV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	5.44	0.35	11.37	2.37	5.65
Property Tax Impact ($ Amount)	-$1,087,362	-$16,164,831	$106,343	$2,183,795	-$268,456
Property Tax Impact ($ Per Capita)	-$37	-$186	$1,934	$102	-$39
Property Tax Impact (% of General Fund)	-2.73%	-9.08%	1.46%	1.70%	-2.49%
Property Tax Impact (% of Property Tax)	-9.42%	-41.21%	2.08%	6.19%	-8.36%

Map of Property Tax Impact (% of Property Tax) with Exemption 100k JV



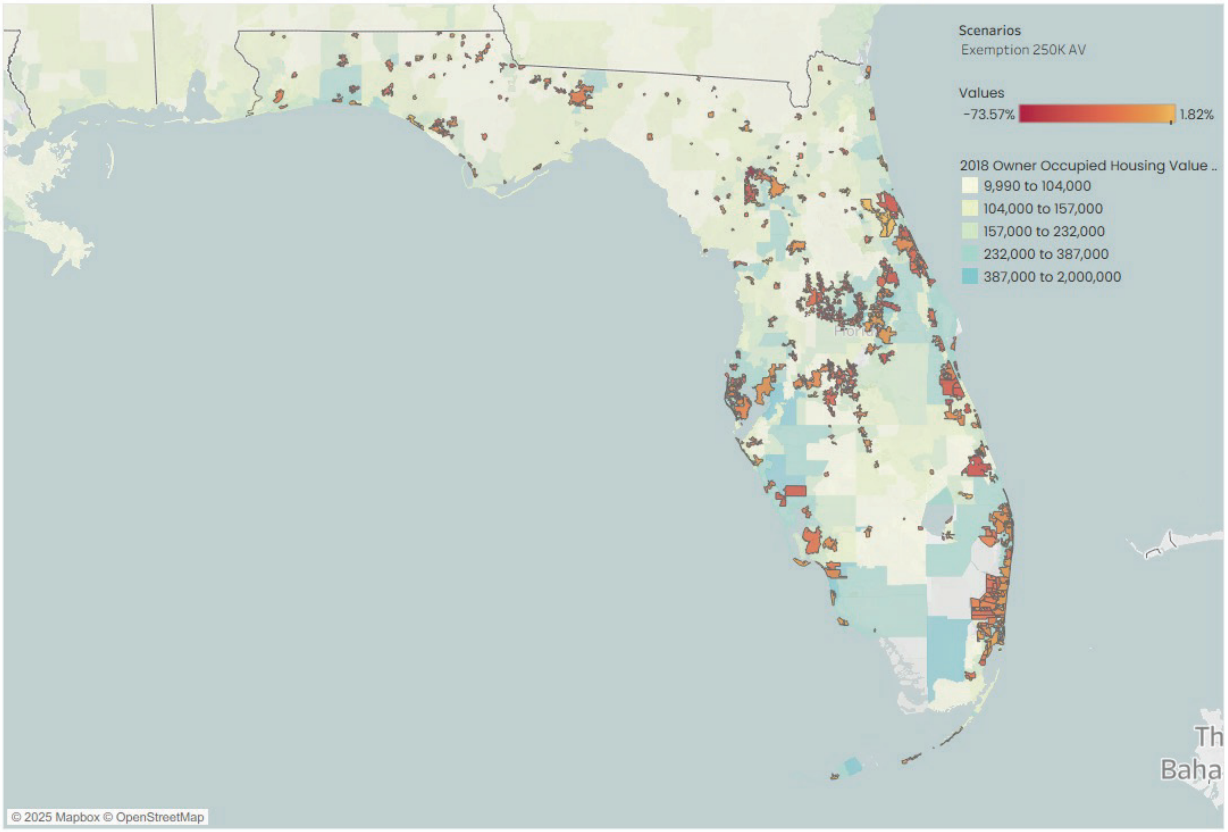
Summary of Indicators with Exemption 100k JV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	4.07	0.25	9.61	1.82	4.12
Property Tax Impact ($ Amount)	$4,530,892	-$100,790	$94,867,912	$10,907,944	$850,086
Property Tax Impact ($ Per Capita)	$387	-$20	$47,658	$2,516	$93
Property Tax Impact (% of General Fund)	9.42%	-3.13%	65.16%	10.14%	6.61%
Property Tax Impact (% of Property Tax)	21.88%	-36.31%	102.12%	18.44%	19.86%

Map of Property Tax Impact (% of Property Tax) with Exemption 100k TV



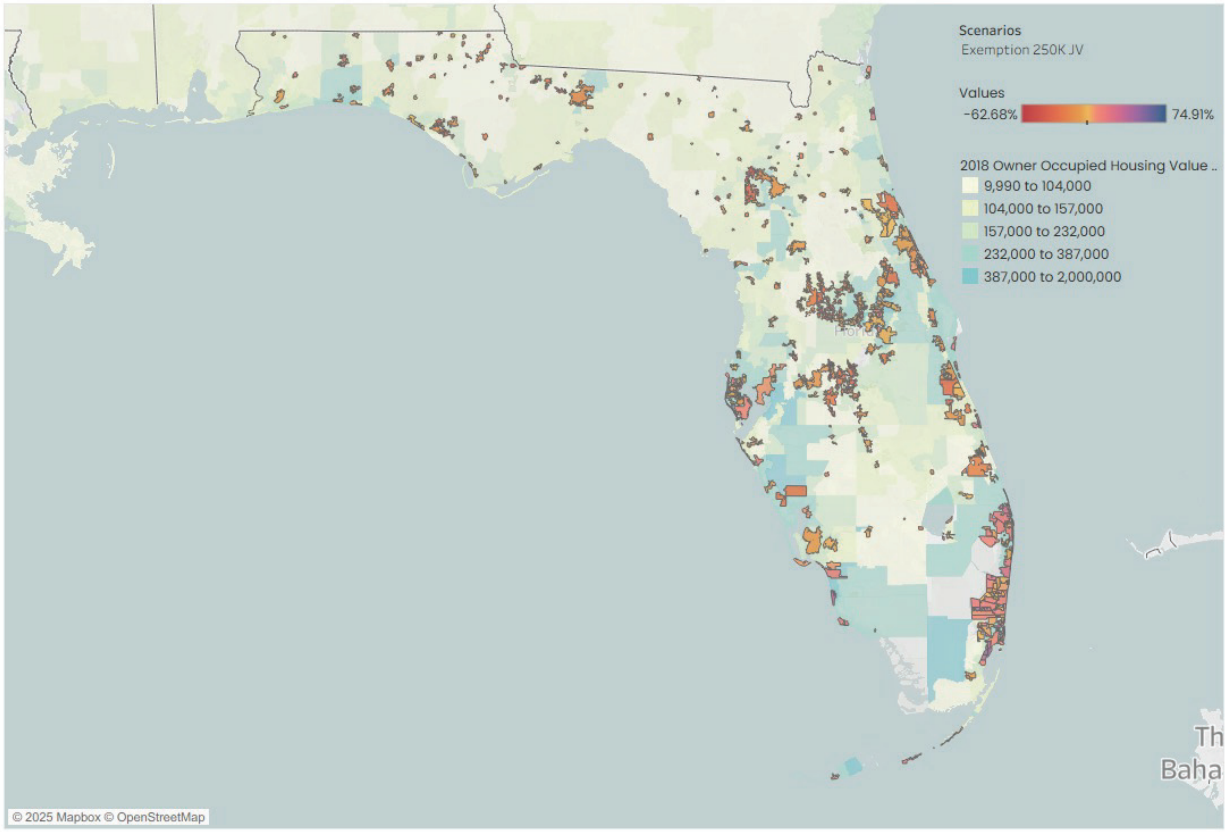
Summary of Indicators with Exemption 100k TV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	6.02	0.42	13.69	2.72	6.14
Property Tax Impact ($ Amount)	-$2,179,829	-$33,608,980	$0	$4,401,814	-$473,749
Property Tax Impact ($ Per Capita)	-$82	-$325	$0	$58	-$76
Property Tax Impact (% of General Fund)	-5.27%	-18.70%	0.00%	3.38%	-4.62%
Property Tax Impact (% of Property Tax)	-17.04%	-55.87%	0.00%	9.56%	-16.94%

Map of Property Tax Impact (% of Property Tax) with Exemption 250k AV



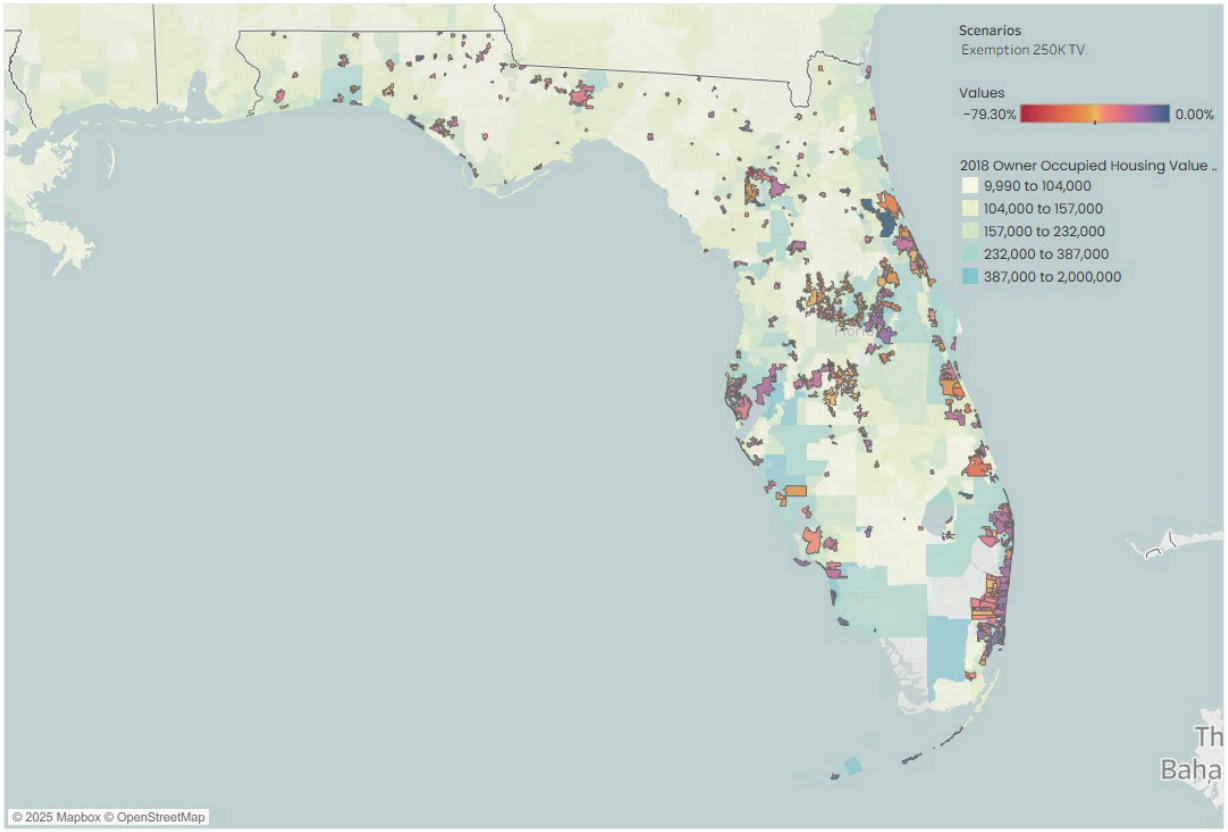
Summary of Indicators with Exemption 250k AV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	6.80	0.47	25.50	3.35	6.98
Property Tax Impact ($ Amount)	-$3,459,346	-$54,951,400	$93,068	$7,068,918	-$800,437
Property Tax Impact ($ Per Capita)	-$126	-$611	$1,692	$138	-$114
Property Tax Impact (% of General Fund)	-8.04%	-28.24%	1.28%	5.34%	-6.94%
Property Tax Impact (% of Property Tax)	-24.69%	-73.57%	1.82%	13.05%	-23.53%

Map of Property Tax Impact (% of Property Tax) with Exemption 250k JV



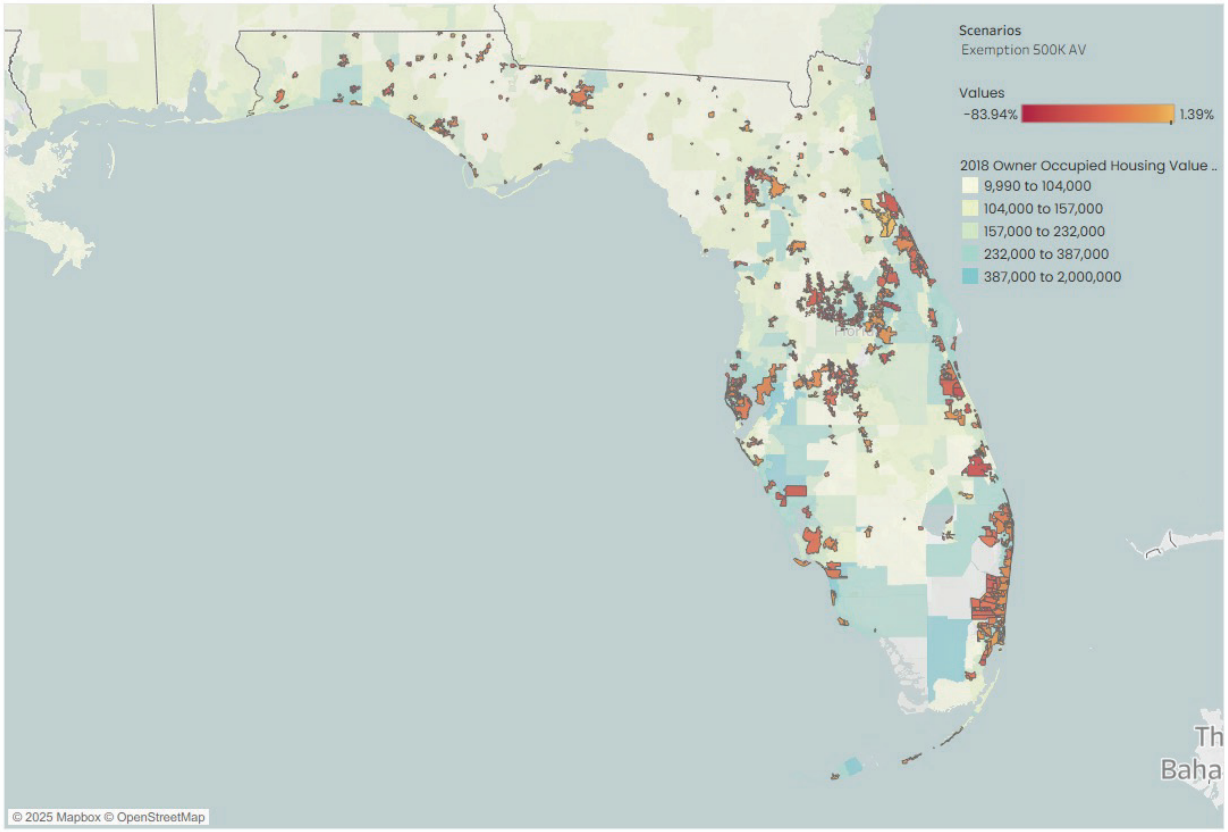
Summary of Indicators with Exemption 250k JV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	5.42	0.42	13.28	2.70	5.38
Property Tax Impact ($ Amount)	$789,014	-$17,501,562	$54,059,464	$6,129,377	-$29,000
Property Tax Impact ($ Per Capita)	$255	-$269	$47,416	$2,500	-$18
Property Tax Impact (% of General Fund)	0.91%	-17.01%	58.68%	10.01%	-1.72%
Property Tax Impact (% of Property Tax)	-4.14%	-62.68%	74.91%	21.97%	-7.07%

Map of Property Tax Impact (% of Property Tax) with Exemption 250k TV



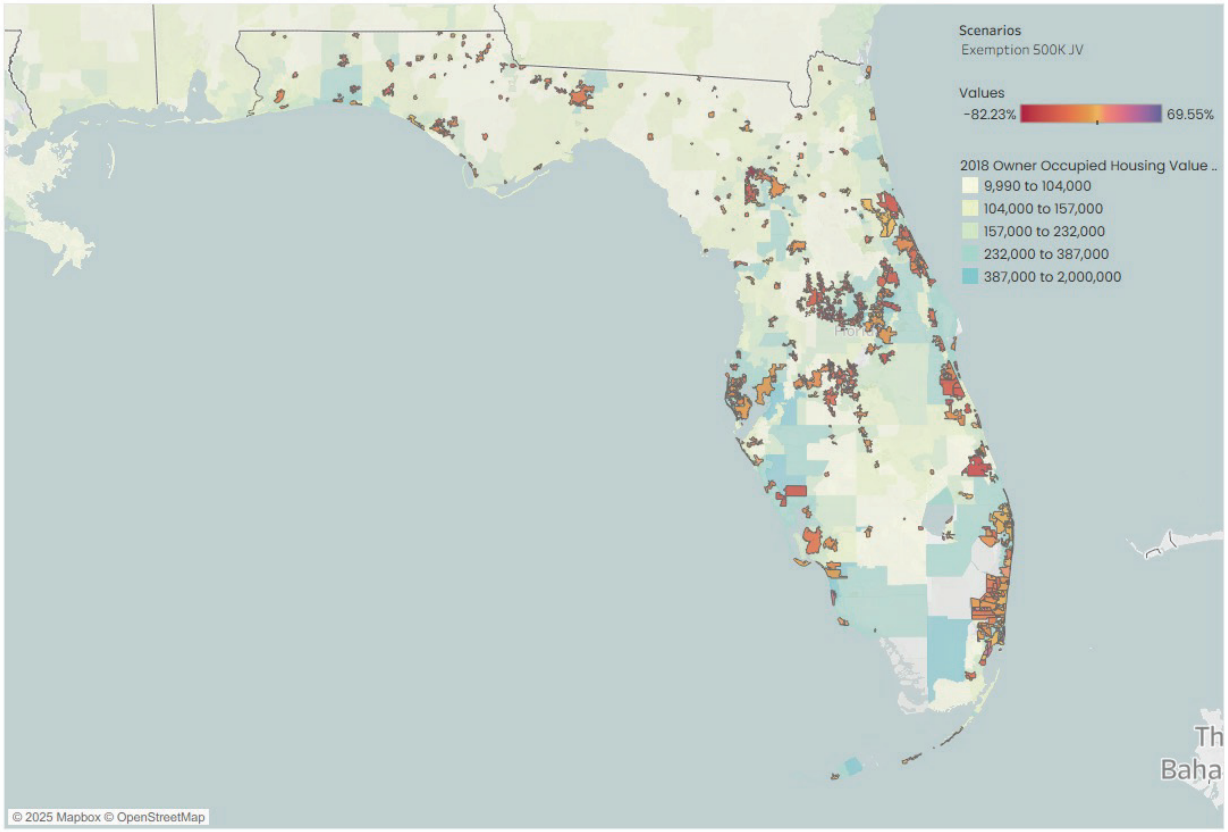
Summary of Indicators with Exemption 250k TV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	7.14	0.47	32.56	3.70	7.17
Property Tax Impact ($ Amount)	-$3,929,862	-$64,623,972	$0	$8,089,683	-$864,653
Property Tax Impact ($ Per Capita)	-$150	-$761	$0	$126	-$128
Property Tax Impact (% of General Fund)	-9.06%	-31.01%	0.00%	6.07%	-7.78%
Property Tax Impact (% of Property Tax)	-27.31%	-79.30%	0.00%	14.17%	-26.09%

Map of Property Tax Impact (% of Property Tax) with Exemption 500k AV



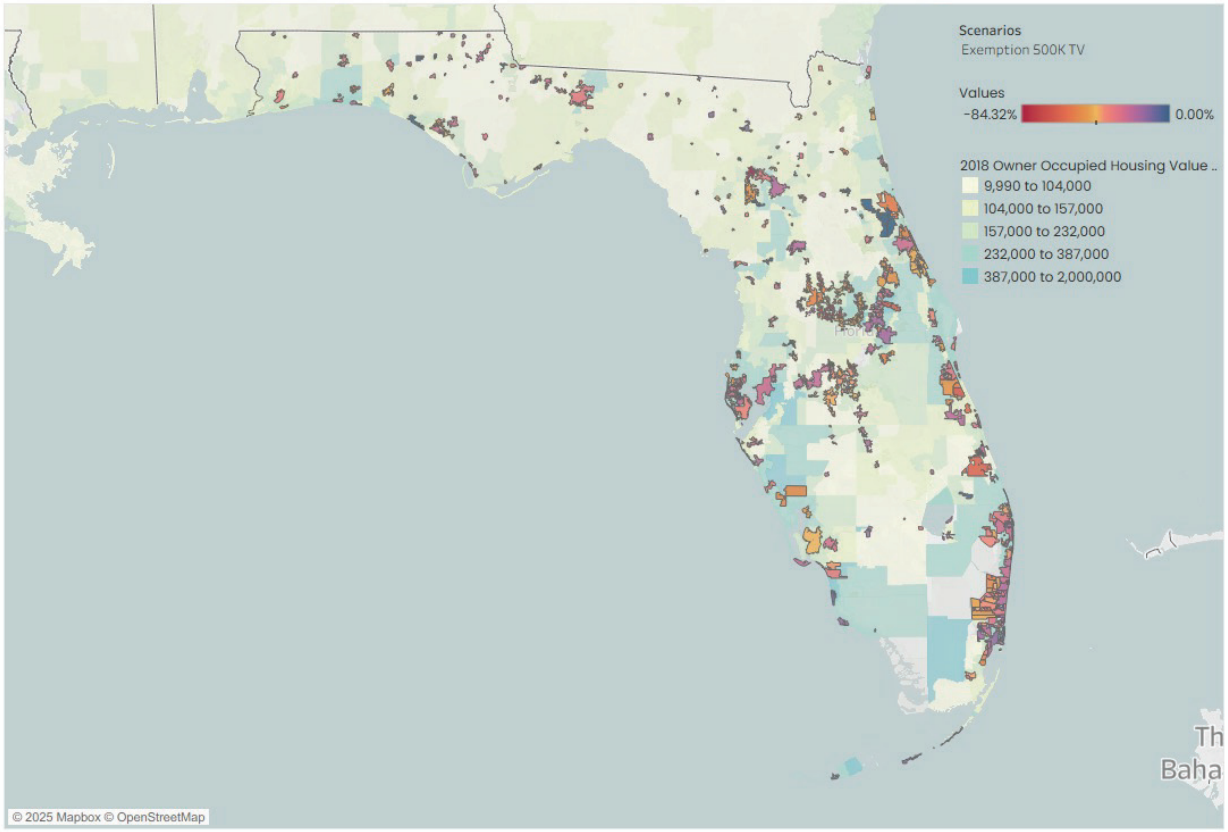
Summary of Indicators with Exemption 500k AV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	7.73	0.49	41.96	4.30	7.62
Property Tax Impact ($ Amount)	-$4,785,444	-$84,682,048	$70,943	$10,054,211	-$1,031,588
Property Tax Impact ($ Per Capita)	-$187	-$1,357	$1,290	$203	-$147
Property Tax Impact (% of General Fund)	-10.84%	-39.19%	0.98%	7.42%	-9.40%
Property Tax Impact (% of Property Tax)	-31.52%	-83.94%	1.39%	15.66%	-30.06%

Map of Property Tax Impact (% of Property Tax) with Exemption 500k JV



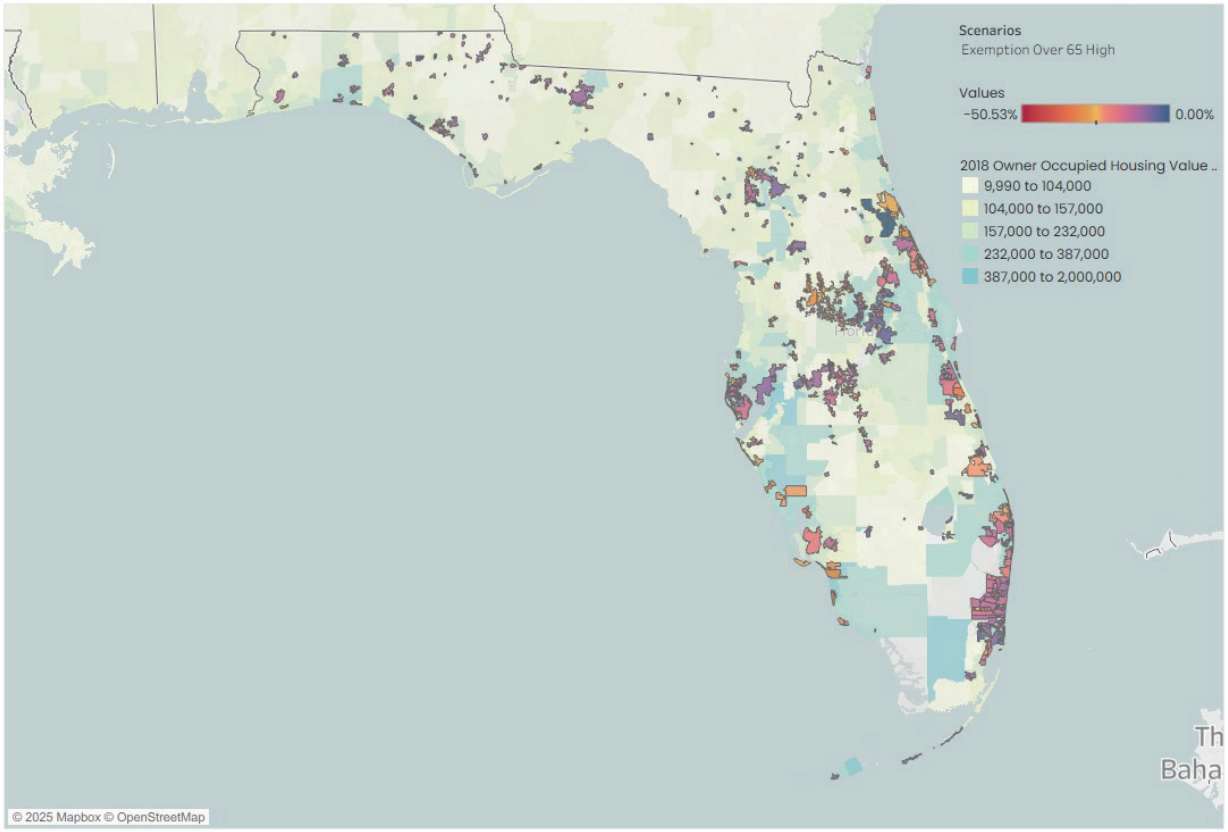
Summary of Indicators with Exemption 500k JV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	6.86	0.44	37.93	3.96	6.82
Property Tax Impact ($ Amount)	-$2,414,644	-$51,339,284	$40,062,944	$7,237,115	-$392,390
Property Tax Impact ($ Per Capita)	$136	-$875	$47,014	$2,468	-$77
Property Tax Impact (% of General Fund)	-5.63%	-33.58%	50.82%	10.25%	-5.95%
Property Tax Impact (% of Property Tax)	-20.98%	-82.23%	69.55%	22.37%	-23.07%

Map of Property Tax Impact (% of Property Tax) with Exemption 500k TV



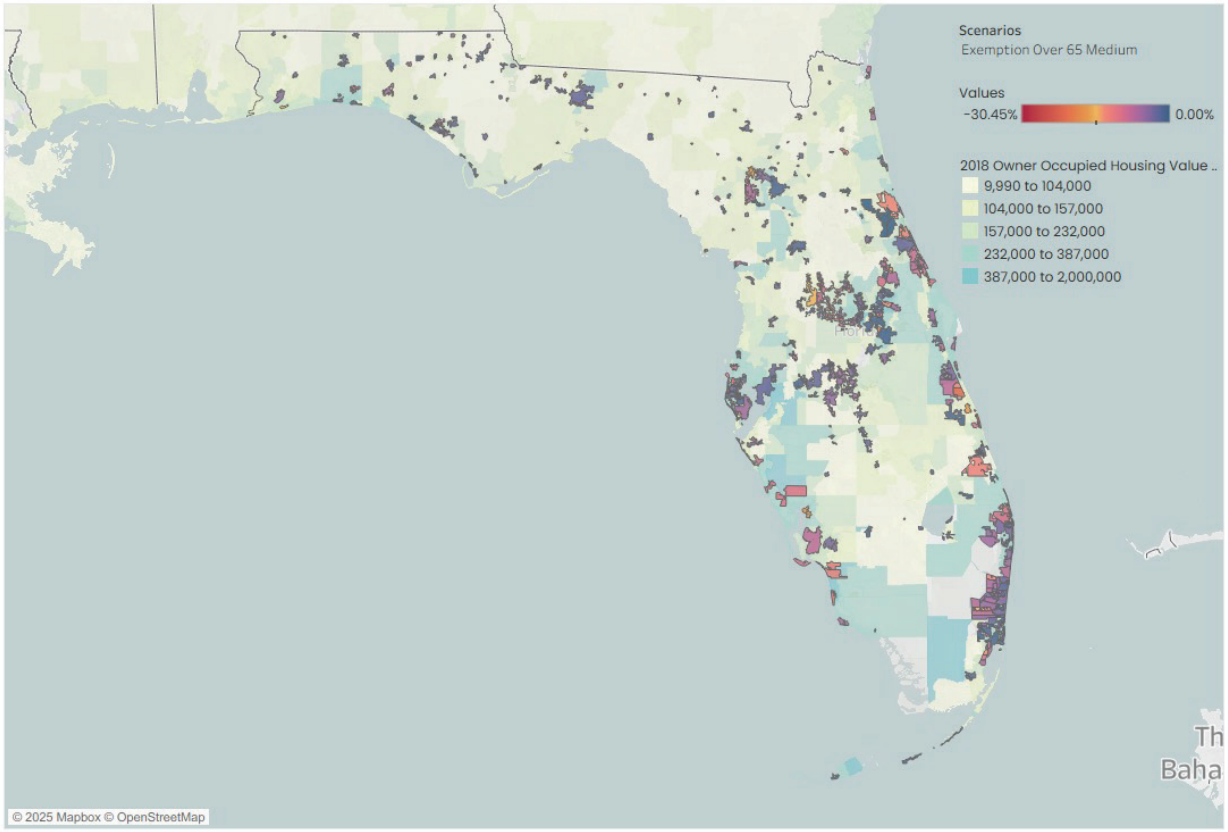
Summary of Indicators with Exemption 500k TV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	7.81	0.49	42.98	4.38	7.66
Property Tax Impact ($ Amount)	-$4,909,945	-$88,280,120	$0	$10,351,665	-$1,068,550
Property Tax Impact ($ Per Capita)	-$199	-$1,503	$0	$206	-$150
Property Tax Impact (% of General Fund)	-11.12%	-40.52%	0.00%	7.62%	-9.86%
Property Tax Impact (% of Property Tax)	-32.13%	-84.32%	0.00%	15.81%	-30.73%

Map of Property Tax Impact (% of Property Tax) with Exemption Over 65 High



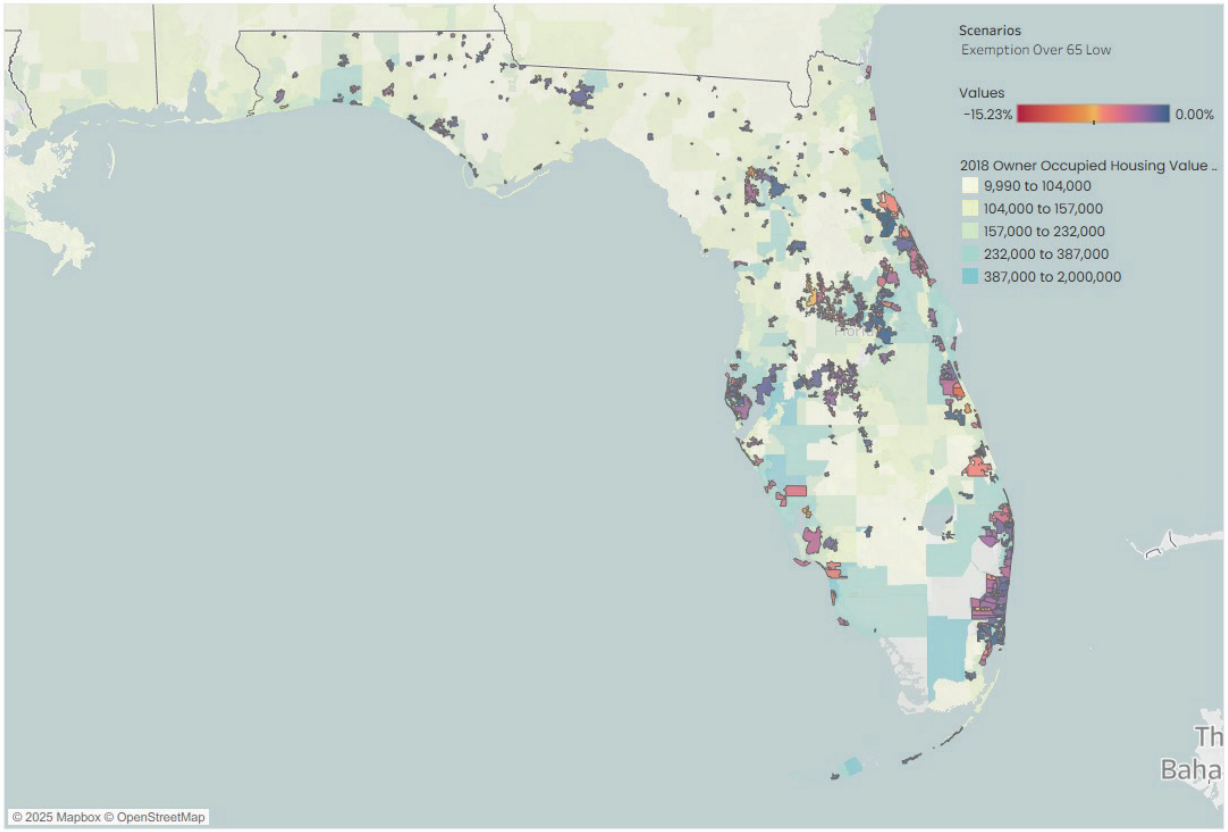
Summary of Indicators with Exemption Over 65 High Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	5.79	0.30	13.08	2.43	6.02
Property Tax Impact ($ Amount)	-$2,393,101	-$34,815,864	$0	$4,912,317	-$601,054
Property Tax Impact ($ Per Capita)	-$189	-$9,987	$0	$656	-$62
Property Tax Impact (% of General Fund)	-5.98%	-35.30%	0.00%	5.63%	-4.36%
Property Tax Impact (% of Property Tax)	-15.49%	-50.53%	0.00%	8.65%	-13.25%

Map of Property Tax Impact (% of Property Tax) with Exemption Over 65 Medium



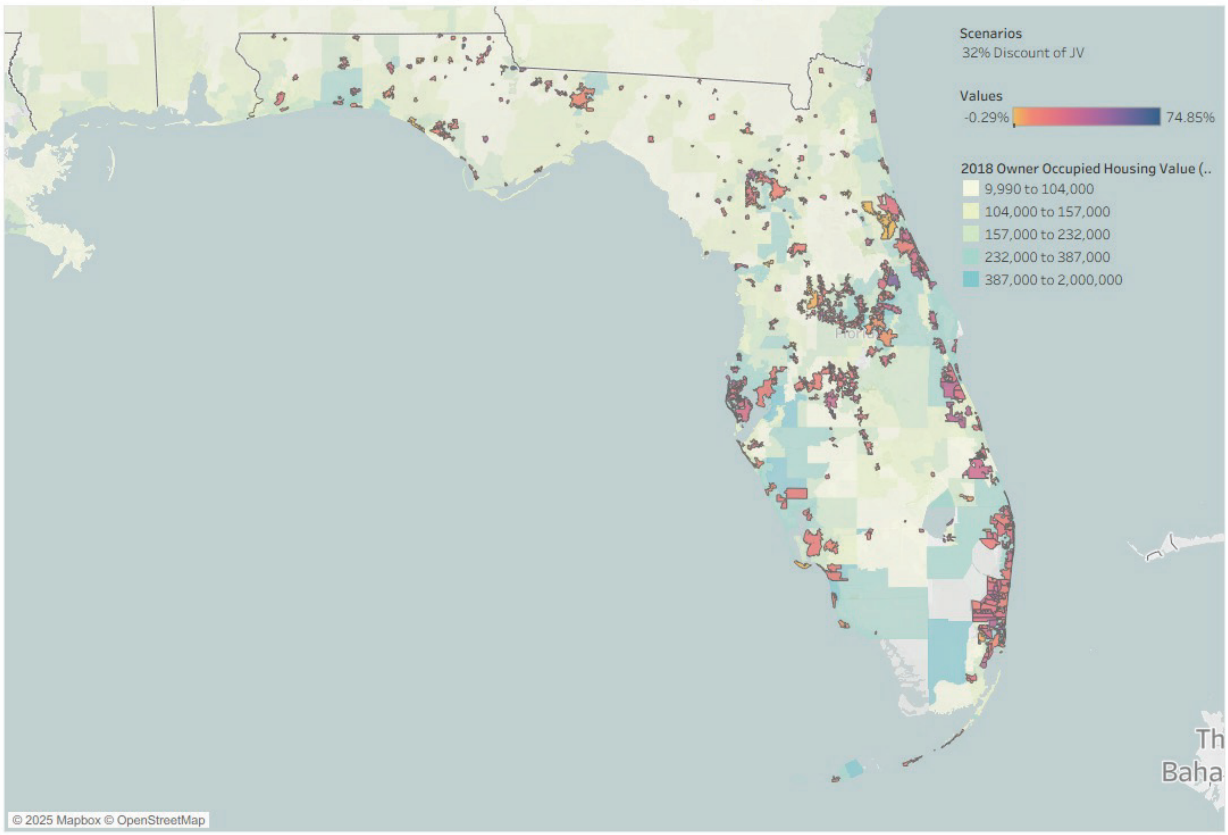
Summary of Indicators with Exemption Over 65 Medium Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	5.01	0.27	10.56	2.11	5.13
Property Tax Impact ($ Amount)	-$349,711	-$5,514,309	$0	$739,602	-$58,826
Property Tax Impact ($ Per Capita)	-$31	-$947	$0	$99	-$6
Property Tax Impact (% of General Fund)	-1.10%	-15.37%	0.00%	1.73%	-0.42%
Property Tax Impact (% of Property Tax)	-2.66%	-20.10%	0.00%	3.18%	-1.53%

Map of Property Tax Impact (% of Property Tax) with Exemption Over 65 Low



Summary of Indicators with Exemption Over 65 Low Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	5.03	0.26	10.55	2.12	5.16
Property Tax Impact ($ Amount)	-$436,229	-$5,916,965	$0	$886,403	-$95,325
Property Tax Impact ($ Per Capita)	-$36	-$1,101	$0	$113	-$10
Property Tax Impact (% of General Fund)	-1.22%	-11.65%	0.00%	1.51%	-0.69%
Property Tax Impact (% of Property Tax)	-3.04%	-15.23%	0.00%	2.62%	-2.24%

Map of Property Tax Impact (% of Property Tax) with 32% Discount of JV



Summary of Indicators with 32% Discount JV Scenario					
Indicators	Mean	Min	Max	Std.	Median
Millage Rate Needed to Keep Revenue Neutral	4.01	0.18	9.47	1.67	4.16
Property Tax Impact ($ Amount)	$3,010,729	-$31,604	$54,886,464	$6,630,644	$659,760
Property Tax Impact ($ Per Capita)	$212	-$5	$25,592	$1,318	$87
Property Tax Impact (% of General Fund)	7.00%	-0.12%	32.73%	5.13%	5.86%
Property Tax Impact (% of Property Tax)	21.23%	-0.29%	74.85%	11.92%	19.49%