FLORIDA LEAGUE OF CITIES

December 1, 2025 **Via Email Delivery**

State Affairs Committee
Florida House of Representatives
303 House Office Building
402 South Monroe Street
Tallahassee, FL 32399-1300

Re: Homestead Property Tax Reform

Dear Chair Robinson and Vice Chair Mooney,

Thank you for the opportunity to share the municipal perspective on property tax reform. While we recognize and respect the Legislature's intent to provide meaningful relief to Florida homeowners, the Florida League of Cities **respectfully opposes all four proposals on your agenda** for the reasons set forth in this letter and the attached detailed comments. These measures, though well-intentioned, would have far-reaching fiscal and operational consequences for Florida's municipalities, the residents they serve, and the long-term financial health of our state's local governments.

Property Tax: The Foundation of Local Fiscal Responsibility
Property tax is not merely another revenue stream; it is the fiscal backbone of local government in Florida. It accounts for nearly **79% of municipal general fund tax revenues statewide** and approximately **43% of total municipal general fund revenues**. Because Florida has no state income tax, this locally controlled, stable source of revenue is essential for maintaining balanced budgets and limiting state dependency. Weakening this foundation would upend the delicate balance that has allowed Florida to maintain low taxes while keeping public safety strong and communities growing.

Fiscal Consequences of the Current Proposals
The State's Revenue Estimating Conference projects that the proposed bills could collectively reduce **non-school property tax revenues by several billion dollars**. This shortfall would force cities into untenable decisions: either raise millage rates and shift the tax burden to non-homestead taxpayers or cut essential services. Florida's cities come in many shapes and sizes with varying challenges, priorities, and day-to-day needs; each of these proposals will impact cities differently. One thing is consistent: people choose to live in cities for the services they provide. These proposals will severely limit a city's ability to provide services, whether it is a major metro or small hometown.

Public Safety and Essential Services at Risk
In local governments, public safety alone consumes **over 56% of municipal spending**, and **in many cities, ad valorem revenues do not even cover police and fire protection costs**. Examples include:

- **Winter Haven**: Generates $28 million in ad valorem taxes; public safety costs $31 million
- **DeLand**: Generates $18.8 million in property taxes; public safety costs $23.4 million
- **Wauchula**: Generates $1.04 million in property taxes; public safety costs $2.07 million

Even with provisions that prohibit reductions in law enforcement budgets, these measures would **crowd out** other essential services such as fire protection, emergency medical response, and disaster preparedness, forcing cuts in areas that keep our communities resilient.

The Broader Economic and Credit Impact
Municipal credit ratings, and the related taxpayer's borrowing costs, depend on predictable and stable revenues, primarily property taxes. Disrupting the property tax foundation could **increase interest rates on local infrastructure bonds**, making it more expensive for cities to build roads, upgrade utilities, or invest in stormwater and flood mitigation projects. Voter-approved millage rates are used when taking out General Obligation Bonds. Forty cities today have active bond obligations totaling over $2 billion in value. Statewide, combining counties, cities, and special districts bond obligations, there is approximately $6.4 billion in bond debt utilizing property taxes as a part of their collateral.

No Viable Replacement Mechanism: Safe is Not Free. Clean is Not Free.
To date, no equitable, stable, or recurring revenue replacement has been identified to offset the billions of dollars in local revenue losses these measures would create. Without such a plan, cities will be forced into reducing services, delaying infrastructure maintenance, or ultimately shifting costs back to taxpayers in other forms of taxation or fees. Property tax reform does not yield real savings; it simply shifts the payment from one type of tax or fee to another.

Conclusion
Florida's cities are partners in the state's prosperity. We share your commitment to fiscal discipline, local accountability, and keeping Florida an affordable and secure place to live. However, these proposals would have the opposite effect by creating instability, increasing taxpayer inequity, and risking the quality of life across our communities.

For these reasons, the Florida League of Cities respectfully urges the Committee to oppose the current property tax reform measures and to work with local governments toward solutions that provide both **targeted taxpayer relief and transparent fiscal responsibility.**

Sincerely,

Charles Chapman
Legislative Consultant
Florida League of Cities, Inc.

ATTACHMENT: Comments on Proposed Constitutional Amendments and Bills

CC: Representatives Steele, Porras, Busatta, Overdorf

Attachment

Cities are the only chosen government in the state. Residents agreed to pay more in local taxes in exchange for higher service levels not provided by the county. The current property tax proposals would significantly undermine the stable, predictable revenue that makes providing these services possible. While well-intentioned, these measures carry serious consequences for municipal budgets. The impacts outlined below help illustrate why we must oppose these proposals as they are currently written.

1. Elimination – HJR 201 (Steele)

Eliminating or phasing out non-school homestead property taxes would result in **massive funding cuts for essential municipal services** with no replacement revenue identified. Such a change would destabilize local budgets, shift the burden to small businesses and renters, and threaten the creditworthiness that support infrastructure investments through bonds. For **HJR 201**, the first year impacts statewide would exceed $14 billion, with roughly 25% of that falling directly on cities, resulting in over $3 billion in lost revenue with no stable way to replace the funds.

2. New Exemptions – HJR 205 (Porras) & CS/HJR 209 (Busatta)

New exemptions for certain groups do not target housing affordability for those most in need. Instead, they **narrow the tax base, shift burdens to other taxpayers**, and threaten funding for emergency services and community infrastructure.

HJR 205: The application of the exemption is too broad, considering it is estimated by the Economic and Demographic Research Office that nearly 25% of Florida's population will be over the age of 65 by 2030. Should this proposal move forward, we would like to see the exemption become more targeted and consider factors such as low-income status, years of owning the home in Florida, and the overall value of the home itself.

CS/HJR 209: The underlying fiscal impact for HJR 209 was $4.8 billion when the exemption was set at $100,000. Increasing the exemption to $250,000 raises the impact to approximately $8.6 billion.

3. Removal of the $500,000 Cap on Portability – HJR 211 (Overdorf)

With more people moving around Florida, it's hard to predict how in-state migration will affect local tax bases. Under HJR 211, a homeowner who downsizes could see their assessed value drop all the way to zero — meaning the property would no longer generate any local property taxes. Because assessed values can only grow by the lesser of 3% or CPI each year, a property that reaches zero stays at zero until it is sold. Only 4% of homestead parcels statewide have a Save Our Homes differential greater than $500,000. Collectively, those parcels have 25.3% of the benefit of Save Our Homes. Amongst all homestead parcels, 3,626 homesteads or .07% have Save Our Homes differentials greater than $5 million. These properties combined receive 4% of the total Save Our Homes benefit. This could remove more homestead properties from the tax roll, creating uncertainty for cities and the essential services they provide. Given the unpredictability of this bill and its already negative impact of $337 million, this proposal would further create uncertainties for local governments.