BUSINESS IMPACT: PROPERTY TAXES

Bad for Business. *This ballot measure raises tax bills for businesses, drives up local fees, and destabilizes the services and infrastructure businesses depend on every day.*

This is a Tax Shift.

The cost of services stays the same. It just shows up everywhere else — in higher sales taxes, higher non-homestead property taxes, higher local fees, higher rents, and ultimately in the prices Floridians pay every day. **The amendment does not change the math. It just changes who is holding the bill.**

According to the Revenue Estimating Conference, the $250,000 homestead exemption will reduce funding for local government services by approximately **$5 billion in the first year and $8.8 billion in the year following.**

Cities facing a revenue gap have two paths forward. Both hit the business community.

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Publication date: June 2026

Path 1: Higher Costs on Non-Homestead Property

- **Businesses, rentals, and second homes pay a bigger share.** When $150,000-$250,000 of homestead value comes off the non-school tax roll, more of the remaining base is non-homestead property. Cities are required to adopt balanced budgets, so the cost of the same roads, police, fire protection, parks, and utilities is distributed across a smaller tax base.
- **Millage rates rise.** Non-homestead tax bills increase.
- Local fees and special assessments rise.

When the tax shift cannot fully close the gap, services take the hit.

Path 2: Deep Cuts to Essential Services That Businesses Rely On

The consequences do not disappear when the tax base does. Roads still need maintenance. Police and fire departments still respond to emergencies. Water and sewer systems still require investment. When those obligations are funded by a smaller tax base, communities face increased pressure to raise fees and other taxes, defer critical infrastructure projects, or reduce service levels.

How a Business Tax Bill Goes Up Under This Amendment

A property tax bill is the value of a property multiplied by the millage rate, divided by 1,000. The amendment only addresses one part of that equation for non-homestead property, and not in a way that protects business owners from a higher bill.

- The proposed 5% cap (down from 10%) **only limits how fast the value the county places on your property can grow** each year in a rising market. It does not lower that value, freeze it, or cap the tax bill you ultimately pay.
- When homestead value comes off the tax roll, **cities lose revenue they still need to fund core services.** To close that gap, they raise the millage rate, raise fees, or both. A higher millage rate applied to a non-homestead property means a higher bill, even if its value grew slowly.

Florida's Competitive Advantage Is on the Line

✗ Cuts to Local Services Drive Away Investment and Talent.

Florida businesses depend on reliable local services to succeed. Well-maintained roads, clean water, safe streets, and reliable public safety give visitors confidence to explore Florida's communities, attractions, and beaches. Talented workers choose places with safe neighborhoods, strong schools, vibrant downtowns, and first responders who show up when called. **Property taxes fund 43% of Florida cities' general fund revenue.** This amendment would gut that funding and the services that make Florida competitive for employers, workers, and visitors.

(Source: Fiscal Structure and Revenue Resilience of Florida Municipalities, Wichita State University)

✗ Uncertainty Stalls Growth.

Businesses cannot plan investments, expansions, or hiring when the tax environment is unstable. This amendment sets Florida on a constitutionally mandated path toward full elimination of homestead property taxes, with no replacement plan identified. **This shifted tax burden, coupled with a decline in services, makes it harder to forecast long-term costs and investment returns.**

✗ Sales Taxes Are a Bad Backup Plan

As property tax revenue evaporates, local governments will be forced to look elsewhere, and sales taxes are the obvious target. Florida already taxes most consumer purchases, and 65 of 67 counties are already levying a local surtax, leaving little room to raise more. Once counties hit the ceiling, the pressure shifts to Tallahassee to raise the state sales tax cap or create new statewide taxes. Sales taxes also fall sharply in downturns, while property taxes have historically held up better through both the 2008 recession and COVID. **Public safety, emergency response, roads, and water systems require a stable revenue source, not one that drops every time the economy slows.**

On a per capita basis, Texans pay more than twice as much in property taxes as Floridians, yet Florida cities still deliver reliable public services. **That is the kind of fiscal efficiency businesses want.** Replacing that model introduces instability, and it is bad for business.

(Source: Texas Scorecard, October 31, 2024)

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