PRESIDENT'S MESSAGE

September 2026

Concerns over property taxes in the USA continue. A lengthy recent article titled "Property-Tax Wars" sets out some of the issues. The article was written by Steven Malanga who is a senior fellow at the Manhattan Institute and a senior editor of City Journal. Here are some selected extracts from the article.

"Early last December, homeowners in Cook County, Illinois, home to Chicago, received an unwelcome pre-Christmas jolt. In neighborhoods on the city's South and West Sides, property-tax bills arrived just days before the first installment was due. In some areas, the average bill had nearly doubled.

The backlash was swift. Some residents organized a property-tax bill burning, with one protester likening the bonfire to the Boston Tea Party—citizens, he explained, were objecting to taxation without representation. The analogy wasn't far off. Illinois law is supposed to cap year-to-year growth in property levies, but exemptions—especially for underfunded school pensions—have caused bills to soar. "This system is rigged," a pastor at a local church said. "It can't be fair."

The Chicago bonfire was far from the only property-tax protest in recent years. In Colorado, when homeowners challenge their tax assessments, the filings are officially labeled "protests." After property charges surged in Denver in 2023, following misguided reform legislation that was meant to make the system fairer but that instead drove up tax bills, such protests jumped 600 percent. The year before, appraisal challenges hit record levels in many Texas counties as rising home values pushed taxes higher. In the Lone Star State, lawmakers have spent the past four years debating possible solutions.

Across the country, property taxes have been climbing sharply, driven by rising home values and weak limits on assessments. At the same time, falling commercial property values and growing local government spending have shifted more of the burden onto homeowners. Though tax experts often regard property taxes as among the most efficient and equitable of levies, homeowners consistently rank them among the most hated. That sentiment is now evident in a growing wave of tax revolts, with more than a dozen states debating new or expanded reforms.

Property taxes are among the oldest levies in America, dating to the British colonial era. Initially applied to a person's total wealth, they gradually evolved into a tax primarily on land. Over time, governments introduced other revenue sources, such as tariffs on imports and taxes on income, to supplement them. Even so, property taxes remain the principal means of financing local government—towns, cities, counties, and school districts—accounting for roughly 70 percent of local revenue and about 25 percent of state spending. Much of that money funds public safety, roads, and education. Hence the reason that tax experts often view property taxes favorably: the benefits are, at least in theory, visible to those who pay them.

Taxpayers, though, have never felt the same way. Periodic property-tax revolts have erupted, most notably in the late 1970s, with the passage of Proposition 13 in California, and again in the early 1990s, when states such as Colorado, Oregon, and Michigan adopted caps on increases. Today, property taxes are among the least popular of all charges.

Relentless increases, coupled with rising local spending, have fed that disdain. In 2024, states and municipalities collected nearly $800 billion in property taxes, up from about $460 billion a decade ago, an increase of roughly one-third in real terms, after accounting for inflation. By contrast, the nation's population grew by just over 7 percent during that period. Property taxes exploded during the pandemic, with the median bill increasing by 23 percent from 2019 through 2023, and then rising another 8 percent in 2024, according to the National Association of Home Builders.

Those increases coincided with a sharp expansion in government spending, with state and local expenditures going up by nearly a third. Some of the largest gains came in school districts, where spending inflated by 30 percent between 2019 and 2024, an increase of roughly $230 billion. Public school enrollment declined by nearly 1.3 million students over that same period. Some of that spending responded to Covid, with much of the pandemic-era remediation financed with federal grants. While that funding has since disappeared, spending has kept climbing.

The property-tax problem afflicts both Democratic-leaning states with spendthrift reputations and Republican jurisdictions considered more fiscally austere. States with the highest average property taxes include blue New Jersey, Illinois, Connecticut, and New York, ranked first, second, third, and sixth nationally. But red states like Texas and Nebraska also rank high, with the seventh- and ninth-highest homestead taxes. In some places, advocates defend these steep rates by arguing that they fund better services, including stronger schools. But it's also clear that mismanagement and the politicization of local services sometimes drive a significant share of spending—and the higher property taxes that follow.

Government failures have contributed to shrinkage of New York's commercial property-tax base; it's down 20 percent since Covid. And San Francisco's budget has felt the pinch as some 9,000 businesses in recent years have appealed their commercial property-tax assessments. In Boston, officials are trying to persuade property owners to convert their devalued office towers into residences.

Shifting tax burdens have also proved troublesome in Colorado, where a reform effort backfired. In 2020, voters repealed a provision of the state constitution that had capped homeowners' share of total property taxes at 45 percent, with the remainder falling on commercial properties. Reformers argued that rapidly rising home values had reduced effective tax rates on residences, making it harder to finance local government, especially in suburban areas with relatively few businesses. The state, they contended, needed a more stable system.

The problem is that the repeal that reformers championed—lifting the 45 percent cap—left the system exposed to a sudden drop in business activity, which arrived with Covid and hurt commercial property values. Since 2020, residential property-tax bills in the state have gone up 55 percent, or about $5.4 billion. In 2024 alone, collections from homeowners leaped 19 percent, the largest rise in five decades. While a windfall for local governments, including school districts, those gains have come at the expense of homeowner affordability. In the Denver area, tax hikes have far outpaced growth in household income, raising the cost burden of homeownership. Lawmakers have struggled to find an acceptable fix.

Florida law caps annual increases in home assessments at 3 percent, but the limit resets when a property gets sold. In a red-hot housing market, that has led to a doubling in property-tax collections over the past decade—far outpacing even the state's swift population growth. The accompanying rise in local spending has sparked clashes between state and local officials. Governor Ron DeSantis has derided the system as "a piggy bank for local governments," and Chief Financial Officer Blaise Ingoglia has advocated for lowering tax rates rather than expanding spending.

In Texas, property taxes have grown over the past 25 years at more than twice the rate of inflation plus population growth. The primary driver: school districts, whose tax revenues climbed to $41.7 billion in 2024, up from $26.6 billion a decade earlier, an annual growth rate of approximately 4.6 percent. As in Florida, homeowners have found themselves squeezed by a combination of mounting assessments in a hot property market and a state law allowing local governments to increase tax collections by up to 3.5 percent annually without voter approval. Governor Greg Abbott has warned that it's time for local governments to "live within their means."

Another politically popular, though ultimately ineffective, response to rising property taxes is the short-term rebate program. These schemes use revenue from other sources, such as state income or corporate taxes, to send checks to homeowners. In lieu of structural reform, states such as Pennsylvania, New York, and New Jersey now provide such payments to selected taxpayers. The approach helps defuse public anger and enables political leaders to target relief to favored groups, such as seniors. It also makes the system more progressive by excluding higher-income homeowners. But without constraints on spending, these programs do nothing to address the underlying mismatch between revenues and expenditures that drives property-tax rates higher.

The depth of discontent over property taxes is evident in the 2026 legislative season, with more than a dozen states debating new or expanded reforms. Most striking is the growing push to eliminate a significant share of property taxes—a daunting prospect, given how heavily local governments rely on them. The rhetoric reflects broad political awareness of how unpopular the charge has become. Florida's DeSantis, for example, argues that homeowners paying annual property taxes don't truly own their homes: "You have to continue writing a check to the government, every year, just for the privilege of being able to use property that you supposedly already own."

Because property taxes are levied locally and differ widely across states, no single reform will work everywhere. But states and municipalities can make their systems fairer and reduce sudden tax increases while still retaining the property tax. The most important step is controlling local spending, so that municipalities can meet their obligations without imposing excessive burdens on homeowners. Most property-tax systems pile on fixes—assessment caps, circuit breakers—to soften sudden spikes. Their results are uneven, especially where levy limits are weak. Other devices, like targeted rebates, often make matters worse by inviting political favoritism."

The full article, which is worth reading, is available via the link below:

https://www.city-journal.org/article/property-taxes-home-prices-government-spending

Time now to move on to IPTI matters. I am pleased to say that the latest edition of the "Journal of Property Tax Assessment & Administration" is now available. The Journal, which is a joint IAAO-IPTI publication, is available free of charge to members and contains a number of interesting papers written by very experienced authors.

IPTI participated in the recent "Property Tax Workshop" run by the US Council on State Taxation (COST) in New Jersey. IPTI is also working with COST on an updated "International Property Tax Scorecard" which will be published shortly.

Moving on to IPTI events, we have a number on both online and in-person conferences coming up over the next few months. Full details about all these events, along with other webinars, etc., are available on our website: www.ipti.org.

Now it's time for a quick look at what is making headlines concerning property taxes in selected jurisdictions and countries around the world. For more information, and links to the original news articles, please refer to IPTI Xtracts which can be found on our website: https://www.ipti.org/ipti-xtracts

Starting with Estonia, the country is preparing for a large-scale revision of the cadastral value of land plots, which will lead to a significant increase in land tax in the future. This year, for the first time in more than four years, a mass land assessment is being conducted in the country. The results of this assessment will serve as the basis for calculating the land tax, which property owners will begin to pay under new rules starting in 2028. The government department concerned is reportedly refusing to provide specific figures, citing that the analysis of about 770,000 cadastral units is still ongoing. However, officials acknowledge that the current cadastral value in many cases no longer reflects the real situation in the real estate market. The published draft law from the Ministry of Economic Affairs, signed on August 4, shows that the increase in land value has already been calculated. According to the document, cadastral plots are divided into eight price categories. In most cases, the value of land will increase by approximately 30%, while the minimum increase will be around 25%. In certain areas, the increase will be even more significant. For example, in the Old Town of Tallinn, the minimum cadastral value per square meter of building land is set to increase from 450 to 580 euros. In some areas of Tartu, the land value is planned to be raised by about 40%. The government emphasizes that the reassessment itself does not automatically mean a corresponding increase in tax. The amount of land tax will still be determined by local government authorities, which set tax rates, maximum annual increase limits, and possible exemptions. According to the ministry's calculations, the total taxable value of plots assessed under the model of land for development will increase from 7.5 billion to 9.6 billion euros. For land with the lowest value, this figure will rise from 1.8 billion to 2.3 billion euros. Despite the completion of the assessment this fall, the new figures will only be used starting in 2028, to give property owners an additional year to prepare for the increased tax burden.

In New Zealand, council rates increases will be capped at 4 per cent as "the Government moves to help keep rates affordable for households and businesses", the Local Government Minister stated. He said, "For too long, ratepayers have been hit with steep and unexpected rates increases, adding pressure to household budgets at a time many New Zealanders are already feeling the squeeze. Our government is focused on easing cost-of-living pressures and getting councils back to basics. Under this legislation, councils will be required to keep annual rates increases within an initial target range of 2-4 per cent, putting a brake on excessive increases and giving ratepayers greater certainty. It will also sharpen the focus on delivering the services communities expect councils to get right, like fixing the potholes, collecting rubbish and running our pools and parks. We recognise there will be limited circumstances where councils need greater flexibility, such as recovering from a natural disaster or responding to events outside their control. Exemptions will not be granted lightly and will only be available in exceptional circumstances where there is strong justification. Ratepayers nationwide have been hit with median increases of 14.2 per cent and 9.2 per cent over the past two years respectively. This rates cap is about driving greater fiscal discipline, keeping rates affordable, and ensuring councils are focused on delivering the services ratepayers rely on." Councils will need to consider the target range from 1 July 2027 when preparing their long-term plans, and the caps will take full effect from 1 July 2029.

In the UK, it has just been announced that there will be yet another review of the business rates system. The latest review, announced by the government on 24 August, is titled "Review of Valuation Methodology for Public Houses and Hotels". However, the announcement has attracted criticism on a number of counts. Firstly, that it is only a partial review rather than the comprehensive review of the business rates system that many UK businesses have been calling for. Secondly, it will not address the immediate problems that the hospitality industry says it is currently facing as the outcome of the review will not be taken into account until the next revaluation of business properties that is due to come into effect in April 2029. However, on the positive side, the review is being led by someone – Jerry Schurder – who I consider to be a genuine expert and who has participated in several IPTI events over the years.

And finally, a Canadian city has spent nearly $212,000 in taxpayer money on three giant fake rock sculptures, sparking outrage from residents who blasted the project as "ridiculous". The City of Saskatoon shelled out C$297,490 (US$211,942) for giant rock sculptures made from more than 10,000 pounds of recycled plastic – a move the artists say is meant to get people thinking about recycling. But the eye-watering price tag is reported to be roughly equivalent to the combined annual municipal property tax bills of more than 100 homeowners. This year, property taxes in Saskatoon were hiked by 6.7 percent. One commentator said that the city could have bought "genuine rocks from local businesses" for a fraction of the price. The city no doubt now fully understands the difficulty of being between a rock and a hard place!

Paul Sanderson JP LLB (Hons) FRICS FIRRV
President, International Property Tax Institute