



FLORIDA'S POTENTIAL ELIMINATION OF PROPERTY TAXES

A Tequesta Civic Association Analysis

Florida's potential elimination of property taxes, championed by Governor DeSantis, presents both potential benefits and significant challenges, **requiring a replacement of roughly \$43 billion in revenue, potentially through increased sales taxes and/or cuts to essential services.** [[1](#), [2](#), [3](#), [4](#)]

Let's review the pros and cons as follows.

Pros: [[5](#), [6](#)]

- **Potential for Affordable Housing:** Eliminating property taxes could make homeownership more attainable, especially for first-time buyers, by reducing monthly payments and potentially increasing property values. [[5](#), [6](#)]
- **Relief for Homeowners:** Property owners could see a reduction in their annual tax burden, potentially boosting their disposable income. [[4](#), [5](#)]
- **Tax Relief for Renters:** Renters, who indirectly pay property taxes through their landlords, could also benefit from lower costs if the property taxes are eliminated. [[5](#)]

Cons: [[1](#), [2](#), [3](#), [7](#)]

- **Revenue Shortfall:** Florida would need to find alternative revenue sources to replace the \$43 billion lost from property taxes, potentially leading to higher sales taxes or cuts to essential services like schools, public safety, and infrastructure. [[1](#), [2](#), [3](#), [7](#)]
- **Increased Sales Tax Burden:** Shifting the tax burden from property to sales taxes could disproportionately impact lower-income residents who spend a larger portion of their income on goods and services. [[1](#), [7](#)]
- **Loss of Local Fiscal Autonomy:** Local governments, which heavily rely on property taxes for funding, could face reduced financial independence and struggle to maintain essential services. [[2](#), [7](#)]
- **Impact on Public Services:** Cuts to essential public services like schools, police, and fire departments could occur if the state cannot find adequate replacement revenue. [[1](#), [2](#), [3](#), [7](#)]
- **Potential for Economic Instability:** Reliance on sales taxes, which are more volatile than property taxes, could lead to economic instability and potential cuts to services during economic downturns. [[8](#), [9](#)]
- **Impact on Bond Market:** Removing property taxes could jeopardize billions of dollars in outstanding bonds, which are secured by property tax revenue, potentially leading to a crisis in the bond market. [[10](#)]

DISCUSSION

According to the Florida Policy Institute, doing away with property taxes would create a \$43 billion hole in the state budget alone, which works out to \$2,015 per person according to their calculations. The Institute also found that If policymakers were to eliminate property taxes and replace them with higher consumption taxes (i.e., sales taxes), they would have to double the state's general sales tax rate currently at 6%, but 6.5% in Palm Beach County. The institute has also stated that doubling the state's sales tax to 12% — which would make Florida's sales tax the highest in the nation — would raise about \$40 billion, which is still short, but near the hole created by the loss of property taxes. Others have indicated the sales tax would be on the order of 12.5%. Sales tax revenue is volatile, subject to the ups and downs of the current state of the economy, compared to relatively stable property tax revenue. A sales tax at this rate would also be a highly regressive tax more so than it already is, affecting disproportionately Floridians with low to moderate incomes. Florida already has the dubious distinction of being the most regressive tax structure in the nation due to its reliance on excise taxes on gasoline, alcohol and tobacco rather than income tax, according to the Institute on Taxation and Economic Policy.

It is essential for the success of a nation, state or locality to have a viable public school system, and today charter schools are now eligible to receive property tax dollars from the school district within which they operate. Charter schools are funded through the Florida Education Finance Program in the same way as all other public schools in school districts. The charter schools receive operating funds from the Florida Education Finance Program (FEFP) based on the number of full-time (FTE) students enrolled. The Florida Education Finance Program (FEFP) is funded by a combination of state and local revenue sources, with state revenue primarily coming from sales tax and local revenue derived from property tax, with school districts also contributing a portion of their local property tax revenue.

And what about local essential public services we often take for granted that are paid for largely with property tax revenue? Police and Fire-Rescue are funded in large part with property taxes. There's also a public library nearby, a stormwater system that keeps your property from being flooded, traffic signals and streetlights and nearby parks where you and your neighbors can play and also the garbage trucks with the dedicated manpower needed to make sure you don't have to deliver your garbage to the nearest landfill.

According to the Palm Beach Post, DeSantis has already said he wouldn't support raising the state's sales tax rate to pay for the loss of income from the elimination of property taxes. So, exactly how is the state going to come up with at least a \$43 billion revenue shortfall to maintain existing levels of service? The Governor stated on social media, "Well, I'm pretty sure the Legislature would not raise the sales tax and I'm quite certain I'd veto any increase."

OTHER ISSUES:

- Snowbirds, persons or families that live up to just about 6 months per year outside of Florida often just enough to maintain legal residency in Florida to avoid having to pay any state income tax to another governmental entity outside of Florida, which has no state income tax. Snowbirds would currently not have to pay any property taxes just like those who live in Florida year-round if an elimination of property taxes occurs in Florida. Yet,



for almost 6 months of the year, the snowbirds may not be located in Florida, thus not contributing to the sales tax (a consumption tax) that is likely to become the primary source of income for governmental services in Florida. Therefore, the novel concept of eliminating property taxes in Florida should only be made available to property owners who have a bona fide Homestead Exemption on their Florida property. Otherwise, the wealthy, and most snowbirds are wealthy, will not pay property taxes on their Florida home and will not contribute to the highest sales tax rate in America for up to almost 6 months per year while the rest of us have to pay it up to year-round.

- How would non-ad valorem assessments, currently a part of many property tax bills, be handled if there are no future property tax bills issued?
- Without an adjustment of some sort, the sales tax on the purchase or leasing of a vehicle would rise by 6% or more throughout all of Florida.

CONCLUSION

Based on the information that we have today, this legislative activity about ending property taxes without credible and sufficient offsets for the lost revenue is nothing more than political postering. Florida having no property taxes should be dead on arrival. At a minimum, this no property tax concept should be slowed down until such time as we are in possession of a thorough and reputable study prepared on the feasibility and impacts of having no property taxes in Florida so that the governor, legislature and the taxpaying public are fully apprised of the ramifications and where the revenue is going to come from in order to maintain some semblance of modern living standards in keeping with society's ingrained norms about acceptable levels of service. There will be a significant hole in Florida and local government budgets that legislators are not talking about.

Footnotes

- [1] <https://www.tallahassee.com/story/news/local/state/2025/03/07/desantis-eliminate-property-taxes/81157826007/>
- [2] <https://www.wusf.org/politics-issues/2025-02-24/removing-property-taxes-florida-new-report-calls-that-risky-proposition>
- [3] <https://www.wptv.com/money/real-estate-news/what-would-be-the-impacts-of-florida-eliminating-property-taxes>
- [4] <https://sunrisecapitalgroup.com/no-more-property-taxes-in-florida-the-bold-proposal-and-its-hidden-costs/>
- [5] <https://www.realtor.com/news/trends/desantis-eliminate-property-taxes-florida/>
- [6] <https://finance.yahoo.com/news/pros-cons-living-area-low-210016921.html>
- [7] <https://www.floridapolicy.org/posts/a-risky-proposition-weakening-local-governments-by-eliminating-property-tax-revenue>
- [8] <https://floridapolitics.com/archives/656278-its-time-lawmakers-look-at-abolishing-property-taxes-in-florida/>
- [9] <https://www.cfpolicy.org/politics/2025-02-24/removing-property-taxes-florida-risky-proposition>
- [10] <https://www.orlandosentinel.com/2025/03/07/abolish-the-property-tax-momentum-builds-for-florida-overhaul/>