



Amendment 3: A Restructuring of Florida's Local Tax Base

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Key Findings

- Florida has long maintained one of the nation's most competitive state tax codes, but a fundamental change proposed by Amendment 3 could undermine that competitiveness.
- The stability of the property tax makes it a reliable revenue source. Property is immobile and diversified through a variety of property class types; valuations tend to be fairly resilient during economic downturns; and the tax is less distortive than other tax types regarding decisions to work and invest.
- Amendment 3 would substantially increase the state's current homestead exemption for non-school district property taxes and require the legislature to enact future legislation to increase the amount of assessed value exempted from taxation, up to all remaining assessed value.
- The elimination of a substantial portion of the property tax base does not eliminate the cost of local government services. Amendment 3 would create highly distortive tax shifts, change who pays, and change how those costs are distributed. The result would be economically harmful both to Florida communities and the state overall.
- Florida has embedded several major property tax policies in its constitution. A consequence, however, is that policymakers have less flexibility when responding to changing economic conditions, housing market trends, fiscal emergencies, or shifts in public service needs.
- The fiscal impact of Amendment 3 would extend to all Floridians. Voters need to consider whether the benefits provided to homestead owners outweigh the potential tax burden shifts, the increased reliance on alternative revenue sources, and the potential service reductions needed to pay for them.

Introduction

Florida currently maintains one of the nation's most competitive tax systems. It imposes no individual income tax and relies relatively less on property taxes than many competing states. Under its current tax structure, Florida has been able to maintain a competitive tax code that attracts individuals and businesses to the state while also investing in the public infrastructure, services, and amenities that help make the state a desirable place to live in, visit, and start and grow a business.

Florida voters are being asked to consider Amendment 3, a constitutional amendment that would substantially increase the state's current homestead exemption for non-school district property taxes. Amendment 3 would also require the legislature to enact a law prescribing a procedure by which counties and municipalities could increase the amount of assessed value exemption from taxation, up to all remaining assessed value. While the amendment would provide meaningful property tax relief for many homeowners, its fiscal and economic consequences would impact all Floridians.

Amendment 3 would eliminate a significant portion of the local property tax base but not the underlying cost of local public services. As a result, Amendment 3 would create pressures for local governments to shift tax burdens, increase reliance on alternative revenue sources, reduce services, or pursue some combination of all three. This fundamental restructuring of Florida's local tax base would come with significant fiscal and economic trade-offs that voters should consider.

Florida's Current Tax Code Is Consistently in the Top 5

Florida's tax code has consistently ranked among the nation's most competitive, placing it in the top five in nearly every edition of the Tax Foundation's *State Tax Competitiveness Index* and its predecessor, the *State Business Tax Climate Index*, dating back to its inception in 2003.¹

Research on state tax structures has found that income taxes are among the most economically harmful forms of taxation, as they can reduce incentives to work, invest, and start and grow businesses.² Florida imposes no state individual income tax and maintains a relatively competitive 5.5 percent corporate income tax rate. Furthermore, Florida's combined state and local sales tax rate of 6.98 percent is lower than those levied in many other southern states, including its neighbors Alabama and Georgia, whose average combined rates are 9.46 percent and 7.56 percent, respectively.³

Florida's competitiveness is rooted not only in its relatively low tax burdens, but also in a revenue structure that has provided sufficient funding for local infrastructure, public safety, and other public services that contribute to strong communities and a favorable business climate.

¹ Janelle Fritts, Jared Walczak, Abir Mandal, Katherine Loughhead, 2026 *State Tax Competitiveness Index*, Tax Foundation, Oct. 30, 2025, <https://taxfoundation.org/research/all/state/2026-state-tax-competitiveness-index/>.

² Alex Durante, "Reviewing Recent Evidence of the Effect of Taxes on Economic Growth," Tax Foundation, May 21, 2021, <https://taxfoundation.org/research/all/federal/reviewing-recent-evidence-effect-taxes-economic-growth/>.

³ Abir Mandal, "State and Local Sales Tax Rates, 2026," Tax Foundation, Jan. 20, 2026, <https://taxfoundation.org/data/all/state/sales-tax-rates/>.

Amendment 3 Would Fundamentally Change Florida's Property Tax System

Without question, Florida is a popular destination for tourists, workers, retirees, second homeowners, and entrepreneurs. The strong in-migration of residents, the relocation of businesses from other states, and in-state business expansion have contributed to the state's economic success. A consequence of that success has been a competitive housing market and the resulting rapid growth in property values. As property values have risen, so has the property tax burden for many homeowners, despite existing constitutional protections. This is especially true for new and first-time homeowners. Florida's existing assessment limit, Save Our Homes (SOH), has exacerbated the problem. Nearly identical properties on the same street can have significantly different tax burdens based solely on when the property was purchased or how long the occupants have been Florida homeowners.

Against this backdrop, voters will consider Amendment 3 on November 3, 2026.⁴ If approved by at least 60 percent of voters, the measure would mark one of the most consequential fiscal policy changes in modern Florida history. The proposal seeks to reduce property tax burdens faced by owners of primary residences who have experienced substantial increases in property values and other broader cost-of-living pressures.

Under current law, Florida homeowners who qualify for a homestead exemption receive an exemption from all property taxes levied on the first \$25,000 of assessed value.⁵ A second inflation-adjusted exemption of \$25,000 (equal to \$26,411 in 2026) applies to assessed value beginning at \$50,000 but does not apply to school district property taxes.⁶ As a result, a homestead property with an assessed value of at least \$76,411 receives a total exemption of \$51,411 in 2026 for non-school district property taxes.

Amendment 3 would maintain the existing \$25,000 homestead exemption for school district property taxes. For all other property taxes, the amendment would increase the homestead exemption to \$150,000 beginning in 2027, and to \$250,000 beginning in 2028. Starting in 2029, the \$250,000 exemption would be adjusted annually for inflation. To qualify for the increased exemption, a property owner must have established a permanent Florida residency as of December 31, 2026.

Property owners who establish a homestead on or after January 1, 2027, would be eligible for the \$25,000 homestead exemption for school district taxes. For all other levies, however, they would be limited to a \$50,000 homestead exemption for the first five years of ownership. After the five-year period, new owners would become eligible for the larger exemption available to existing homestead owners.

Amendment 3 would also direct the legislature to establish a uniform procedure for counties and municipalities to increase the exemption, if they choose, to any higher level, up to the exclusion of all homestead property value.

⁴ Florida Division of Elections, "Increased Homestead Exemption; Lower Cap on Increases in Non-Homestead Property Assessments," Constitutional Initiatives, <https://constitutionalinitiatives.dos.fl.gov/Home/InitDetail?account=10&seqnum=110>.

⁵ Fla. Const., Art. VII, § 6(a)(1)a.

⁶ Fla. Const., Art. VII, § 6(a)(1)b.

Florida's homestead exemption serves as a gateway to an additional property tax relief benefit: the SOH assessment limitation.⁷ Under SOH, the assessed value of a homestead property may increase by no more than 3 percent per year, or the percentage change in the Consumer Price Index (CPI), whichever is lower. Over time, market value may increase faster than assessed value. Many long-term owners have assessed values that are substantially below the market value of their homes.

The difference between the property's assessed value and market value is referred to as the SOH benefit. As the benefit accumulates over time, a homeowner pays taxes on an increasingly smaller share of the property's market value. Therefore, a homestead exemption measured against the assessed value can provide a larger tax benefit than its dollar amount may initially suggest. A \$250,000 exemption would represent a much larger share of taxable value for a long-term homeowner whose assessed value has been constrained by SOH than for a recently purchased home with an assessed value much closer to market value.

A portability provision in the SOH assessment limit allows most Florida homestead owners to transfer up to \$500,000 of accumulated SOH benefit to a new homestead property.⁸ If the market value of the new homestead is equal to or greater than that of the previous homestead, the owner may transfer the full accumulated benefit up to the \$500,000 cap. If the market value of the new homestead is lower, the transferred benefit is reduced proportionally. Amendment 3 would preserve both the SOH assessment limit and the portability provision. Because long-term homeowners accumulate larger SOH benefits, portability reduces the property tax increase that would otherwise occur when they relocate within Florida.

For property that does not qualify for a homestead exemption, current law limits annual increases in assessed value to 10 percent.⁹ Amendment 3 would reduce this assessment limitation to 5 percent beginning in 2027. As under current law, a property's assessed value would continue to reset to just value, or market value, when ownership changes.

Collectively, these provisions would substantially reduce taxable value for many residential properties while slowing taxable value growth for non-homestead property. The result would be a significantly smaller property tax base available to finance local government services. Understanding the implications of reducing the property tax base requires an examination of the fiscal stability of the property tax and the role it plays in financing local governments.

The Property Tax Is a Locally Accountable, Stable, and Economically Efficient Revenue Source

The property tax aligns closely with the benefit principle of taxation, under which taxpayers help finance the public services from which they benefit. Local government services such as public safety, infrastructure, schools, and other amenities make neighborhoods desirable and enhance property values. Through the property tax, homeowners help finance local services, and in turn, receive corresponding benefits through enhanced property values and quality of life.

⁷ Fla. Const., Art. VII, § 4(d).

⁸ Fla. Const., Art. VII, § 4(d)(8).

⁹ Fla. Const., Art. VII, § 4(g)(1).

For example, homeowners value safety and security, so homes located in communities known for providing quality fire and police protection tend to be more desirable. The market values also reflect the services provided to those homes. More desirable properties lend themselves to higher property values. Because the property tax finances services that are delivered locally and reflected in local property values, it creates a direct relationship between taxpayers, the benefits they receive, and the officials responsible for providing those services. This connection reinforces local accountability in a way that many alternative revenue sources cannot.

Economic literature consistently identifies the property tax as one of the most stable sources of local government revenue. Several characteristics contribute to this stability, including the immobility of the tax base, the resiliency of property values, the diversification of property types, and the tax's limited effect on economic decision-making.

A key advantage of the property tax is that real property is immobile. Land cannot be relocated, and most structures are not easily moved. This immobility makes tax avoidance difficult and the tax base more reliable. In contrast, increases in state and local sales tax rates could encourage consumers to shift purchasing to lower-tax jurisdictions, leading to more revenue volatility.

In their 2021 report evaluating revenue options for local governments, tax policy experts Adam Langley and Joan Youngman note that the property tax is not only the primary source of local government revenue, but it is also the best tax option available to them.¹⁰ They note that a stable revenue source lessens the need to cut essential public services during economic downturns, often when the need for public services is increased.

Property values are less volatile compared to wages, business profits, and retail activity. During economic downturns, wages, employment, corporate earnings, and consumer spending can decline rapidly, resulting in corresponding reductions in income and sales tax revenues. The existing stock of homes, commercial buildings, and industrial facilities cannot be laid off or temporarily stop existing. Moreover, property values tend to reflect market changes with a delay, and as a result, they adjust more slowly. Because of this lag, the property tax base is less cyclical and less volatile, making the property tax a more predictable revenue stream, which helps to lessen fiscal disruptions during economic downturns.

Homeowners, in turn, benefit from the stability of the property tax and its more predictable revenue streams because it allows local governments to maintain public safety, infrastructure, emergency response, and other essential services without service disruptions.

The composition of the property tax base further enhances its stability. Local property tax rolls are constituted by a mix of properties across a variety of classifications, including residential, commercial, industrial, agricultural, and utility properties. A decrease in the aggregate assessed value of one class of property may not equally coincide with changes in valuations of the other property types. A decline in one segment of the tax base could be offset by increases or relative resiliency in others, thereby reducing the likelihood of large fluctuations in overall taxable value. This diversification makes the property tax base less volatile.

¹⁰ Adam H. Langley and Joan Youngman, "Property Tax Relief for Homeowners," Lincoln Institute of Land Policy, November 2021, <https://www.lincolnst.edu/publications/policy-focus-reports/property-tax-relief-homeowners/>.

The stability of the property tax is important because many local governments rely on various forms of state aid. State revenues are more sensitive to economic conditions because of states' reliance on income and sales taxes. In Florida, the state's sales tax accounts for approximately 64 percent of its own-source state tax collections.¹¹ During an economic downturn, decreased consumer spending could lead to lower sales tax collections, placing pressure on the state budget. The result could be reductions in state aid to Florida's local governments.

Beyond local accountability and revenue stability, the property tax is one of the more economically efficient forms of taxation. Taxes imposed on income, business activity, or consumption may alter behavior by discouraging work, investment, entrepreneurship, or spending. Property taxes generally have a smaller effect on these economic decisions.

Property taxes generally have a smaller effect on decisions involving labor force participation, savings, business formation, and capital investment than income taxes. Income taxes disincentivize work and investment because additional earnings are subject to taxation. In contrast, property taxes are imposed primarily on land and structures, assets that already exist, rather than income production.

Similar considerations apply when comparing property taxes with sales taxes. Property taxes have less influence on decisions regarding where to purchase everyday consumer goods. Jurisdictions with high sales tax rates could experience less retail activity as consumers are more likely to engage in cross-jurisdiction shopping.

The economic efficiency of the property tax contributes to a more competitive state and local tax structure. Because the property tax imposes fewer distortions on economic decision-making than taxes on income, business activity, or consumption, it allows local governments to raise revenue without disincentivizing work and investment. With the property tax as the major source of local government funding, there is a reduced need for higher taxes on labor, entrepreneurship, capital formation, and consumer spending, all of which are more sensitive to tax rates and can influence economic behavior. As a result, the property tax can help support a more competitive economic environment while still providing a stable source of revenue for Florida's local governments.

Homestead Property Is a Substantial Portion of Florida's Property Tax Base

Property taxes are the cornerstone of local government revenues across the country. In Florida, they are the largest source of revenue for local governments, accounting for 41.5 percent of own-source local revenues (taxes, fees, and charges) and 75.8 percent of local tax collections in fiscal year (FY) 2024.¹²

¹¹ US Census Bureau, "State and Local Government Finances by Level of Government: U.S. and States: 2024," Table GS00LOCALFIN, Florida, <https://data.census.gov/table?q=GS00LOCALFIN:State+and+Local+Government+Finances+by+Level+of+Government:+U.S.+and+States:+2017+2024&g=040XX00US12>.

¹² US Census Bureau, "State and Local Government Finances by Level of Government," Table GS00LOCALFIN.

Florida's non-school district property tax collections grew 68.6 percent from 2019 to 2025, outpacing population growth (9.2 percent) and cumulative inflation (25.9 percent).¹³ During this same period, the value of homes in Florida increased by 68.8 percent.¹⁴ While this growth increased local government revenues, it does not necessarily indicate that local governments could easily accommodate the fiscal effects of Amendment 3.

Homestead property is a significant component of Florida's property tax base. Over 5.2 million parcels in Florida are homestead parcels, accounting for 46.7 percent of all parcels in the state.¹⁵ Homestead property accounts for 46.4 percent of the just value (market value) and 36.1 percent of the taxable value of all real property in Florida.¹⁶ If Amendment 3 is approved by voters, it is estimated that the \$150,000 exemption would cost local governments \$4.9 billion in the first year, and the \$250,000 exemption would cost \$8.7 billion in the second year, with annual impacts of \$11.8 billion as of tax year 2031. However, the full fiscal impact remains uncertain and could easily exceed current estimates. The Revenue Estimating Conference noted that the effect of provisions authorizing future legislative action to increase exemptions and fully exempt all homesteads is unknown.¹⁷

Recent revenue growth should not be viewed as evidence that the amendment could be absorbed without fiscal consequences. Rather, Amendment 3 would substantially narrow the property tax base available to support local government services. Although recent revenue growth has been driven in large part by rising property values, those same valuation increases are what make exempting homestead property increasingly costly. Over time, the amendment would remove a substantial and growing share of that value from the property tax base and significantly reduce the future revenue-generating capacity that local governments need to fund the services they provide.

Amendment 3 Would Shift Who Pays

Florida's SOH assessment limitation, effective as of January 1, 1995, allows substantial differences to emerge between a property's market value and taxable value. For long-term homestead properties, taxable value may be only a fraction of just value, and in some cases, a proposed \$250,000 exemption could eliminate most or all non-school property tax liability.

Because eliminating a substantial portion of the property tax base does not eliminate the cost of local government services, Amendment 3 would instead change who pays. A greater share of the burden of funding local government services would instead be borne by the owners of non-homestead properties. This means that businesses, landlords, second homeowners, and recent buyers would likely see higher effective tax rates, as would renters, in the form of higher rent.

13 Florida Department of Revenue, Data Book, "Millage Taxes Levied Report," 2019-2025, <https://floridarevenue.com/property/dataportal/Pages/default.aspx?path=/property/dataportal/Documents/PTO%20Data%20Portal/Databook%20Historical%20Data>; US Census Bureau, "Population Estimates Datasets," 2019-2025, <https://www2.census.gov/programs-surveys/popest/datasets/>; US Bureau of Labor Statistics, "Consumer Price Index (CPI) Databases," <https://www.bls.gov/cpi/data.htm>.

14 The Housing Almanac, "Home Price History in Florida," Apr. 26, 2026, <https://housingalmanac.com/state/florida>.

15 Florida Department of Revenue, Data Book, "Exemption Value Report" and "Parcel Count Report," 2026, https://floridarevenue.com/property/Pages/DataPortal_Databook.aspx.

16 Florida Legislature, Office of Economic and Demographic Research, "Property Taxes: Homestead Distribution and Benefits," Presentation to the House Select Committee on Property Taxes, Sep. 22, 2025, Slide 8, <https://www.edr.state.fl.us/content/presentations/property-tax-study/Property-Tax-Homestead-Distribution-and-Benefits.pdf>.

17 Florida Revenue Estimating Conference, *Revenue Source Issue: CS/HJR 1F*, Jul. 10, 2026, https://edr.state.fl.us/Content/conferences/revenueimpact/archives/2026F/_pdf/page682-699.pdf.

For businesses, this shift could be extremely impactful. In addition to real property, Florida taxes business tangible personal property (TPP) using the same local millage rates that apply to real property. In 2025, business TPP accounted for 5.5 percent of statewide total taxable value.¹⁸ Florida's business TPP tax is costly to comply with and may distort investment decisions. Although Florida provides a \$25,000 exemption, this may represent only a small fraction of assets, especially for capital-intensive industries and industries where short-lived assets like technology can become rapidly obsolete. Higher tax burdens could discourage investment and increase operating costs and consumer prices.

Approximately one-third of Floridians are renters, and the massive tax shift created by Amendment 3 could have tremendous implications for them. In 2024, renter occupancy rates ranged from 14.3 percent in Gilchrist County to 47.8 percent in Miami-Dade County.¹⁹ Because renters do not directly receive homestead tax relief, counties with larger rental populations could experience greater downstream effects if increased property tax burdens are passed through by landlords.

Evidence suggests that property tax increases are frequently borne by tenants. A 2025 study examined California's Proposition 13 assessment limit and the impact of higher property tax liability when an apartment community changed ownership.²⁰ It found that landlords passed approximately 50 to 89 percent of increased tax liabilities through to new tenant rents.

A recent analysis specific to Amendment 3 concluded that if local governments raised millage rates to compensate for homestead revenue losses, annual property taxes could increase by roughly 15 percent for both apartment and single-family rental properties by 2031.²¹ These increases would likely place upward pressure on rents statewide.

The analysis also noted that Amendment 3 could impact housing affordability, particularly in the case of income-restricted units. Higher tax burdens could reduce funds available for maintenance and capital improvements. Additionally, the construction of new income-restricted units could decline as the capacity to raise rent is restricted, thereby reducing any return on investment.

Increased rents would not only impact renters of residences. A 2018 study examined both urban and suburban commercial rental markets in the Greater Boston Area as well as 93 municipalities in eastern Massachusetts.²² It found that commercial property tax increases were passed on to tenants much more fully in urban areas than in suburban areas. For every \$1.00 increase in property taxes per square foot, rents rose by about \$1.06 to \$1.39 in urban areas, compared with \$0.52 to \$0.67 in suburban areas.

18 Florida Department of Revenue, Data Book, "Taxable Value Report," 2019-2025, <https://floridarevenue.com/property/dataportal/Pages/default.aspx?path=/property/dataportal/Documents/PTO%20Data%20Portal/Databook%20Historical%20Data>.

19 Florida Department of Health, "Renter-Occupied Housing Units (Census ACS)," <https://www.flhealthcharts.gov/ChartsDashboards/rdPage.aspx?rdReport=NonVitalIndGrp.Dataviewer&cid=9904>.

20 Sarah Baker, "Property Tax Pass-Through to Renters: A Quasi-Experimental Approach," Federal Reserve Bank of Philadelphia Working Paper No. 25-41, December 2025, <https://www.philadelphiafed.org/-/media/frbp/assets/working-papers/2025/wp25-41.pdf>.

21 Jared Walczak, "Amendment 3 Could Shift Tax Burdens to Renters," Walczak Policy Consulting, September 2026, <https://walczakpolicy.com/pubs/florida-amendment-3.pdf>.

22 Lyndsey Rolheiser, "Commercial Property Tax Incidence: Evidence from Urban and Suburban Office Rental Markets," Working Paper, Aug. 1, 2019, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2993371.

Florida is a popular destination for second homeowners. While owners of second homes are often only part-time residents, their footprint is impactful. Under Amendment 3, they too would bear the burden of higher property taxes. Higher property tax burdens on second homes could reduce Florida's attractiveness relative to competing destination states and influence future location decisions among some prospective buyers.

Second homeowners tend to be high-net-worth individuals who meaningfully contribute to local economies through high-end retail, entertainment, and service purchases. Should would-be homeowners opt to purchase second homes in other nearby states, Florida and its communities could see reduced demand for these amenities accompanied by reduced associated revenues. Second homes are typically a good deal for local governments, because they receive all of the property tax revenue while having to provide fewer services. In particular, second homes are unlikely to increase school enrollment.

Finally, new homeowners, whether Floridian first-time homebuyers or new Florida residents, would, for a period of time, see vastly different tax bills compared with existing homeowners under Amendment 3. While new residents who qualify for a homestead exemption would immediately receive existing constitutional protections, they would not qualify for the proposed enhanced exemption until after the first five years of their residency. As a result, two very similarly situated homeowners could face dramatically different tax bills solely because of when they purchased their homes—tax bills that could discourage new homeownership and make Florida far less attractive to prospective residents.

Additionally, while intended to benefit non-homestead properties, and in particular, small businesses, Amendment 3's proposed 5 percent assessment limitation has the same distortionary "lock-in effect" associated with most assessment limits, though in practice, a 5 percent cap on commercial property appreciation has nowhere near the effect of the current residential cap at the lesser of 3 percent or inflation. Still, businesses seeking to expand or relocate would experience assessment resets to just value following ownership changes, creating incentives to remain in existing facilities rather than pursue growth opportunities.

These effects extend beyond property owners themselves. If housing costs rise for renters and recent homebuyers while business tax burdens increase, employers could face greater challenges attracting and retaining workers. Over time, the cumulative effect could weaken Florida's competitive position for workforce recruitment, investment, and economic growth.

Many Local Governments Could Raise Property Tax Rates

Florida law incorporates a rollback requirement under which the millage rate is adjusted to a level that would generate the same revenue from existing property as was collected in the prior year, excluding revenue attributable to new construction.²³ The intent of the rollback rate is to prevent local governments from receiving a windfall due to rising property values without taking formal action to increase taxes. Local governments may exceed the rollback rate, but doing so generally requires a supermajority vote of the governing body, with higher thresholds for larger revenue increases.²⁴

²³ Fla. Stat. § 200.065(1).

²⁴ Fla. Stat. § 200.065(5).

If Amendment 3 passes, however, local governments would collect less revenue from existing property owners because a larger share of residential value would be exempt from taxation. As a result, the roll-back mechanism itself would not prevent local governments from increasing millage rates to offset some or all of the revenue loss associated with the expanded homestead exemption. Over time, as the amendment is fully phased in and its effects are incorporated into annual tax rolls, a new revenue baseline would be established for future rollback calculations.

Because the property tax is the most stable and significant source of local government revenue, local governing boards would likely evaluate the feasibility of potential millage rate increases before pursuing service reductions or relying on more volatile sources of revenue.

The ability to offset lost property tax revenue through higher millage rates depends largely on a jurisdiction's existing millage rate and the amount of remaining tax authority available. The Florida Constitution limits county and municipal millage rates to 10 mills each for general operating expenses, meaning \$10 for every \$1,000 of taxable value.²⁵ A higher rate is temporarily allowed if approved by a majority of voters. Counties and municipalities already levying rates at or near their authorized limits have little to no ability to replace lost property tax revenue through rate increases without having to seek voter approval. In contrast, jurisdictions with rates moderately to substantially below their authorized limit have a greater ability to increase rates, thereby shifting a portion of the tax burden onto the remaining taxable value.

Tables 1 through 4 identify the Florida counties and municipalities with the highest and lowest general operating millage rates, while Tables 5 and 6 illustrate the statewide distribution of millage rates.²⁶ The data reveals substantial variation across jurisdictions, though most jurisdictions have enough fiscal capacity under the 10 mill cap to adopt revenue-neutral rate increases if they choose to do so.

Table 1. Counties with the Highest General Operating Millage Rates, 2025

County	Millage Rate
Bradford	10.0000
Dixie	10.0000
Lafayette	10.0000
Union	10.0000
Calhoun	9.9000
Holmes	9.4916
Liberty	9.2240
Gadsden	9.0000
Glades	8.9967
Sumter	8.9000

Note: Duval County operates under a consolidated Jacksonville-Duval government structure. Significant general government millage is reported by DOR in the less than county-wide county operating category rather than the county-wide county operating category and is 11.0123.
Source: Florida Department of Revenue.

²⁵ Fla. Const., Art. VII, § 9(b).

²⁶ Florida Department of Revenue, Data Book, "Millage Taxes Levied Report" and "Municipal Report," 2025, <https://floridarevenue.com/property/dataportal/Pages/default.aspx?path=/property/dataportal/Documents/PTO%20Data%20Portal/Databook%20Historical%20Data/2025DataBookFiles>.

Table 2. Counties with the Lowest General Operating Millage Rates, 2025

County	Millage Rate
Marion	4.0200
Okaloosa	3.8308
Lee	3.7623
Indian River	3.5475
Walton	3.5190
Sarasota	3.2273
Collier	3.2203
Volusia	3.2007
Brevard	2.8643
Monroe	2.6929

Source: Florida Department of Revenue.

Table 3. Municipalities with the Highest General Operating Millage Rates, 2025

Municipality	Millage Rate
Marineland	10.0000
Highland Park	9.9759
Mangonia Park	9.9000
Otter Creek	9.7662
Biscayne Park	9.3000
Live Oak	9.2500
Greenville	9.0772
Opa-locka	8.9797
Crescent City	8.7164
Lauderdale Lakes	8.6000

Note: Marineland spans Flagler and St. Johns counties. Its rate is reported under Flagler County. Its population of 15 includes 12 residents in Flagler County and three in St. Johns County.

Source: Florida Department of Revenue.

Table 4. Municipalities with the Lowest General Operating Millage Rates, 2025

Municipality	Millage Rate
Century	0.9204
Noma	0.8790
St. Leo	0.8665
Bonita Springs	0.8470
Ocean Breeze	0.7665
Estero	0.7300
Orchid	0.7000
Hillcrest Heights	0.6786
Belleair Shore	0.5345
Brooker	0.2370

Source: Florida Department of Revenue.

Table 5. County General Operating Millage Rate Ranges, 2025

Range	Counties	Share of Counties
Below 5 mills	16	23.9%
5 to 7 mills	19	28.4%
Above 7 mills	32	47.8%

Source: Florida Department of Revenue.

Table 6. Municipal General Operating Millage Rate Ranges, 2025

Range	Municipalities	Share of Municipalities
Below 5 mills	190	48.0%
5 to 7 mills	147	37.1%
Above 7 mills	59	14.9%

Note: Rates for 396 of Florida's 411 municipalities were available from Department records.

Source: Florida Department of Revenue.

Florida's highest county operating millage rates are concentrated in rural areas in northern Florida, the Big Bend area, and the Panhandle. In contrast, the lowest-rate counties tend to be coastal jurisdictions with tax bases driven by tourism and high-value real estate. At the municipal level, the highest millage rates are split between small rural communities and urban South Florida cities, while the lowest municipal rates are concentrated among affluent coastal municipalities and a handful of very small towns.

More than half of Florida counties levy at rates below 7 mills. These counties generally have greater rate flexibility compared with higher taxing jurisdictions. The distribution is different for municipalities. Municipal rates are generally lower, with nearly one-half of Florida municipalities levying rates below 5 mills.

These patterns suggest that local governments would enter Amendment 3 from markedly different fiscal positions. Some jurisdictions already rely heavily on property taxation and have little remaining rate-raising capacity, while others maintain comparatively low millage rates and retain greater flexibility to raise rates. The extent to which local governments could offset revenue losses through future millage rate increases would vary significantly across jurisdictions, but overall, higher property tax burdens could potentially result across much of the state.

Where Would the Money for Public Services Come From?

Exempting a large portion of the property tax base does not exempt local governing boards from their responsibility to provide essential public services; it reallocates how they would pay for them.

Property taxes are the principal source of own-source revenue for Florida's local governments. As previously noted, they currently account for 41.5 percent of own-source local revenues and 75.8 percent of local tax collections.

While the amendment directs local governments to use property tax revenues for defined core services, no minimum funding levels are mandated. Depending on their existing millage rates and available taxing capacity, certain jurisdictions could potentially offset a substantial portion, or even all, of their revenue losses through millage rate adjustments.

In addition to utilizing unused millage capacity, they could turn to alternative revenue streams for funding. Like property taxes, local taxes and fees in Florida are authorized by the state. While local governments would face statutory constraints related to voter requirements, eligibility requirements, tax rates, and permitted uses of the funds, some local governments would likely turn to other existing local taxes and fees to offset some of the lost property tax revenue.

Florida's local option sales tax, known as the Discretionary Sales Surtax (DSS), is imposed at the county level and applies to transactions subject to the state sales and use tax. For sales of tangible property, it generally applies to the first \$5,000 of the sales price of each taxable item, although there is no cap for some service transactions.²⁷

In 2024, the DSS accounted for 5.1 percent of total local own-source general revenues and 9.4 percent of total local tax revenues.²⁸ Aside from property taxes, Florida's discretionary sales surtax is the state's largest locally imposed tax revenue source.²⁹

27 Florida Department of Revenue, "Discretionary Sales Surtax," <https://floridarevenue.com/taxes/taxesfees/Pages/discretionary.aspx>.

28 US Census Bureau, "State and Local Government Finances by Level of Government: U.S. and States: 2024," Table GS00LOCALFIN, Florida, <https://data.census.gov/table?q=GS00LOCALFIN:State+and+Local+Government+Finances+by+Level+of+Government:+U.S.+and+States:+2017-+2024&q=040XX00US12>.

29 US Census Bureau, "State and Local Government Finances by Level of Government," Table GS00LOCALFIN.

Although the DSS could be an alternative revenue option for Florida's local governments, it faces notable limitations as a substitute for lost property tax revenue. Revenues from the DSS are generally restricted to specific purposes, such as infrastructure, transportation, health care, and schools. While counties may impose more than one surtax, they must observe applicable combined rate limits. Individual rates are typically capped between 0.5 percent and 1 percent, with combined rates currently ranging from 0.5 percent to 2.0 percent.³⁰

Eligibility to impose a particular DSS varies based on criteria such as charter or consolidated-government status, population size, and other statutory criteria. While many require voter approval and are frequently adopted with sunset provisions, specific requirements vary.³¹ The most widely used ones include the Local Government Infrastructure Surtax, and among eligible jurisdictions, the Small County Surtax.³²

Florida local governments also have access to several business-related taxes and fees. One example is the Local Business Tax, which counties and municipalities may levy for the privilege of operating a business within their jurisdictions.³³ Because counties and municipalities may independently impose the tax, a business located within a municipality may be subject to it at both the county and municipal levels. Rates vary according to business classification and other characteristics, while state law establishes requirements governing rate structures and subsequent rate increases. Numerous statutory exemptions narrow the tax base.

Local government revenues also include taxes and fees specific to various services. Municipalities may impose the Municipal Public Service Tax (MPST) on specified utility services, including electricity, natural gas, and water.³⁴ Counties and municipalities may impose a Communications Services Tax (CST) which applies broadly to a variety of modern communications technologies. Currently, state law prohibits increases in local CST rates that were in effect on January 1, 2023, until January 1, 2031.³⁵ Fees may also be imposed to support services such as wastewater management, solid waste collection, and parking.

Many local governments impose a variety of local option tourist taxes, and while tourism is important to Florida, the revenues from these taxes are heavily restricted and limited to only certain parts of the state.

Impact fees are another source of local revenue, but their use is typically limited more specifically to finance facilities and infrastructure necessitated by new development.³⁶ Due to this limitation, they generally cannot substitute for revenues used to fund ongoing local government general operations. An increase in impact fees could, however, increase the cost of new development and contribute to higher prices for newly constructed housing and commercial development.

Local governments may also utilize special assessments to finance certain improvements or services that

30 Florida Department of Revenue, *Discretionary Sales Surtax Information for Calendar Year 2026*, Form DR-15DSS, November 2025, https://floridarevenue.com/Forms_library/current/dr15dss_26.pdf.

31 Fla. Stat. §§ 212.054-212.055.

32 Florida Legislature, Office of Economic and Demographic Research, *2026 Local Discretionary Sales Surtax Rates*, Sep. 11, 2026, <https://edr.state.fl.us/Content/local-government/data/county-municipal/2026LDSSrates.pdf>.

33 Fla. Stat. §§ 205.032-205.1975.

34 Florida Department of Revenue, "Municipal Public Service Tax," <https://floridarevenue.com/taxes/governments/Pages/mpst.aspx>.

35 Florida Department of Revenue, "Communications Services Tax," <https://floridarevenue.com/taxes/taxesfees/Pages/cst.aspx>; Florida Department of Revenue, *Communications Services Tax Rates: Local Rate Increases Prohibited January 1, 2023, Through December 31, 2030*, Tax Information Publication no. 25A19-01, Jul. 22, 2025, https://gas.floridarevenue.com/taxes/tips/Documents/TIP_25A19-01.pdf.

36 Fla. Stat. §163.31801.

provide a distinct benefit to assessed properties.³⁷ Special assessments are commonly used for things like sidewalk improvements, lighting of pedestrian areas, stormwater systems, sewer improvements, fire protection, and parking facilities. While special assessments are permitted, a property must receive a specific benefit from the improvement or service, and the amount charged cannot exceed its proportional share of the benefit received.

Local governments must follow specific procedures when looking to impose a special assessment, particularly providing public notice and holding a public hearing for property owners to attend. While some improvements do require voter approval, many only require approval by local governing boards. If millage increases and existing revenue sources prove insufficient to offset revenue losses, local governments could increasingly rely on special assessments to finance specific services and infrastructure improvements.

While this is not a complete list of all local taxes and fees imposed by Florida's local governments, it illustrates both some of the alternatives available to them along with their limitations. Like millage rates, the extent to which these alternatives could replace lost property tax revenue would vary significantly across jurisdictions. While Florida has substantial non-property-tax local revenue options, many are not general-purpose replacements for the property tax.

The fiscal impacts imposed by Amendment 3 would force local officials to evaluate whether existing taxes and fees could be increased within current constraints and whether they should seek additional authority from the legislature to create new, or expand existing, revenue options.

Some local governments may decide that increasing millage rates or turning to other fees and taxes should not be the sole options for offsetting lost property tax revenue. They may instead defer capital investments, reduce services, or both. Over time, such reductions could affect public safety, infrastructure, and other attributes that contribute to Florida's desirable quality of life.

Ultimately, the fiscal effects of reduced property tax revenues would extend to all Floridians. Homeowners, renters, consumers, and businesses could all bear some portion of the adjustment through higher taxes, fees, and assessments; reduced services; or a combination thereof. Amendment 3 does not reduce the cost of providing local government services; it merely changes how those costs are distributed and who ultimately bears the burden.

The Consequences of Constitutional Tax Policy

Should major tax policy be embedded in Florida's constitution? Major tax policy is generally much easier to enact, amend, or repeal through legislation than through constitutional amendment. Laws can be enacted, amended, or repealed during a legislative session and generally take effect shortly thereafter. By design, legislation is more easily adaptable.

³⁷ Fla. Stat. §§ 170.01-170.21.

In contrast, amending the Florida Constitution is a lengthier and more difficult process. Whether legislatively proposed or citizen-led, constitutional amendments must satisfy extensive procedural requirements before they reach voters. Depending on when a proposal is initiated and when the next general election occurs, the process can take months or even years to complete. By design, constitutions are meant to be more enduring and are therefore much less adaptable.

Florida has embedded several major property tax policies in its constitution, including the homestead exemption, the SOH assessment limitation, and local government millage limitations. These provisions were adopted with the goal of protecting taxpayers from excessive taxation and substantial increases in taxable value. A consequence, however, is that policymakers have less flexibility when responding to changing economic conditions, housing market trends, fiscal emergencies, or shifts in public service needs.

If Amendment 3 is added to Florida's constitution, any change to the policy would be a major undertaking, requiring another statewide campaign and voter approval. Amendment 3 would fundamentally change Florida's local tax base. For this reason, it is important to get the policy right the first time.

A recent ballot measure in Missouri illustrates how voters often approach proposed policy changes with skepticism, particularly when there is too much uncertainty about how governments would replace lost revenue from major tax changes. In August, Missouri voters overwhelmingly rejected Amendment 5, a proposal to reduce and eventually eliminate the state individual income tax through the expansion of the sales and use tax.³⁸ There was no clearly defined plan as to how exactly the sales and use tax would be expanded. Voters had no way to know what the exact trade-off would be.

Florida voters will face a similar decision in November. Whether voters ultimately adopt or reject Amendment 3 will not necessarily be a reflection of whether they want property tax relief, but rather whether they think the long-term trade-offs of the proposal before them—and the many unknown factors associated with it—are worth it.

Conclusion

State legislators and governors across the country want to “fix” property tax burdens, but property tax bills reflect decisions made by locally elected officials. Commonly proposed fixes often make the underlying problems worse, as they commonly narrow tax bases through exemptions and assessment limitations, shifting burdens rather than reducing them.

Amendment 3 is not simply a tax cut. It represents a fundamental restructuring of local government finance. The primary beneficiaries of Amendment 3 would be homestead property owners, but those benefits would come with significant trade-offs. The cost of funding local government services would not disappear. Instead, burdens would shift to businesses, renters, new homebuyers, and other property owners through higher taxes, fees, and housing costs. Local governments would face increasing pressure to rely

38 Office of the Governor of Missouri, “Governor Kehoe Places Amendment 5 on August 4, 2026, Primary Election Ballot,” <https://governor.mo.gov/proclamations/governor-kehoe-places-amendment-5-august-4-2026-primary-election-ballot>; Jeanne Whalen, “Missouri Voters Defeat Measure to Abolish Income Tax,” *The Wall Street Journal*, Aug. 5, 2026, <https://www.wsj.com/politics/policy/missouri-voters-defeat-measure-to-abolish-income-tax-a3ca4225>.

on less stable and more constrained revenue sources. Over time, those trade-offs could erode Florida's fiscal stability and undermine the state's future economic competitiveness.

Florida's reputation as a nationally competitive, low-tax state depends not merely on keeping taxes low, but on maintaining a stable and sustainable revenue system capable of supporting future economic growth. Property tax reform should focus on achieving the best balance of affordability, predictability, and local fiscal stability. Amendment 3 fails to achieve that balance.