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North Carolina needs smart property tax relief, not reckless revenue limits

Property taxes are the backbone of local government funding

- Property taxes are a stable funding source and the largest single source of revenue for local governments.
 - One-third of local revenue in NC comes from property taxes.
 - Local governments in NC have few options for raising revenue. They can't levy income taxes and have limited authority to raise sales taxes.
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Strict property tax limits mean more reliance on state funds and regressive fees

- Decades of evidence from other states show that tax limits lead local governments to rely more on unstable state funding.
 - In NC, over a decade of income tax cuts for the wealthy mean the state is facing its own revenue crisis.
 - The other option is to raise service fees or fines, with the impact falling hardest on people with the lowest incomes.
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Property tax limits are likely to lead to service cuts

- In states where property tax limits were put into place recently, local governments have closed community pools, considered deep cuts to emergency services, cut hours and staffing at libraries, and more.

Property tax caps deepen inequities instead of making our tax system fairer

- Property taxes are already regressive — lower-income households pay a higher share of their income in taxes.
- Research shows tax caps often benefit wealthier and white homeowners the most.
- Tax limits don't address racial inequities in property valuation.
- Wealthier municipalities are better able to override caps, widening gaps between communities.

Targeted property tax relief is a far better tool to address housing affordability

- The best policy to make sure property taxes are affordable is a statewide “circuit breaker” program that:
 - Caps property taxes as a share of income for low- and moderate-income households
 - Is administered through state tax filing
 - Supports both homeowners and renters
- Lawmakers could also expand existing, very limited, relief programs by making them available to more income levels and ages and reimbursing local governments for their costs.

Learn more at: <https://ncbudget.org/propertytax/>