



A property tax cap would harm municipalities, municipal residents and the State

[Click Here to Go Deeper On These Points](#)

Enactment of a property tax cap will have an immediate and lasting impact on local governments and residents that may include:

1. Expose local governments to legal and financial consequences for violating bond covenants and loan provisions. Reduce the value of a local government's pledge to guarantee timely repayment of debt; decreasing creditworthiness, downgrading credit ratings and increasing costs borne by municipal taxpayers going forward. Affect the state's creditworthiness and credit rating.
2. Constrain the largest and most stable source of local government revenue by knowingly tying the hands and intentionally hindering local governments ability to adapt to changing economic conditions, address unexpected but necessary needs, and to maintain a stable financial position.
3. Cause municipal residents to experience a diminished quality of life. Result in delays in needed maintenance on streets and infrastructure and the postponement of needed improvements or new construction of infrastructure and facilities. Compel residents to confront potential reductions in the level and quality of expected essential services and amenities.
4. Disproportionately affect smaller cities and towns, negating ongoing efforts to improve local economies and denying opportunities to residents.
5. Expose municipalities to fines, loss of revenues, loss of eligibility for federal and state grants and low interest loans, or to incur other penalties associated with failing to comply with federal and state mandates.
6. Present the possibility that municipalities would be unable to satisfy state maintenance of effort or contractual requirements and risk the state withholding other unrelated revenues or incurring other penalties.
7. Cause a municipality to adopt rate increases for other local taxes, levy new taxes that have been avoided, or to enact frequent increases in the property tax rate within the established limits. Result in residents and businesses paying more in total local taxes than they otherwise would have paid.

[Click Here to Go Deeper On These Points](#)