nuveen
A TIAA Company

JULY 2026

Florida voters weigh historic property tax reform

Florida's November ballot could strip $8.4 billion in annual revenues from local governments statewide. House Joint Resolution 1F would expand homestead exemptions dramatically, delivering real savings to homeowners while forcing service cuts, constraining borrowing capacity and pressuring credit quality across Florida's municipal issuers.

What the ballot measure proposes

Florida lawmakers recently approved House Joint Resolution 1F, placing a property tax reform initiative on the state's November ballot. If approved by 60% of voters, the state constitution would be amended to dramatically expand property tax exemptions for homeowners, materially limiting local governments' ability to generate operating revenues and creating significant fiscal pressure for nearly all city and county governments statewide.

While homeowner savings would be widespread and immediate, the corresponding revenue decline would render cuts to certain public services a near-certainty. The degree of vulnerability to potential revenue losses will vary by issuer.

Key takeaways

- Florida's proposed amendment would cut local government operating revenues by an estimated $8.4 billion statewide after full implementation of the reform.
- General obligation bonds remain legally protected, but reduced taxable valuations will pressure credit quality and reshape how municipalities access capital markets.
- Smaller cities with primarily residential tax bases and lower home values face the most acute fiscal exposure under the proposed changes.

The implications run deep and wide

If approved, this would represent the most significant structural change to Florida local government finance in decades — effectively and permanently reducing the ad valorem tax base for all non-school district local governments, with disproportionate impact on smaller municipalities and counties with primarily residential tax bases.

School districts are unaffected, as their property tax levies would be exempt from the reform. General obligation (GO) bond legal pledges and debt service levies remain intact and would not be impaired; however, credit quality is expected to be pressured for the most exposed issuers.

Sweeping exemption would reshape local revenues

The amendment expands the homestead exemption from \$50,000 to \$150,000 beginning 01 January 2027, and subsequently to \$250,000 beginning 01 January 2028, for all non-school property tax levies. Homes valued at or below \$250,000 would be relieved of all property tax obligations outside of exempt levies for debt service and school purposes, while higher-value residences would be taxed only on the incremental value exceeding \$250,000.

Residents with a primary Florida homestead established on or before 01 January 2027 would receive the full exemption upon implementation; those establishing a primary homestead after that date would be required to demonstrate five years of Florida residency to qualify.

The proposal also reduces the annual assessment growth cap on non-homestead properties from 10% to 5%. The amendment would further restrict cities and counties to using property tax revenues only to fund public safety, infrastructure, debt service and a small number of other enumerated categories. Perhaps most significantly, it creates a legislative pathway toward the eventual full elimination of homestead property taxes — achievable through future legislation without the need for a subsequent constitutional amendment or ballot measure.

Bondholders face real, layered downstream risks

The implications for municipal bondholders are significant. Investors holding bonds secured by property taxes have the keenest interest in the outcome, as the measure may directly impact their source of pledged revenue.

GOs currently outstanding would remain legally protected, but the law could have downstream consequences on future tax rates and how municipalities issue debt. The proposal does not cap millage rates for debt service — instead, it reduces the allowable property valuation subject to the tax, requiring higher mill rates to generate equivalent revenue.

This dynamic applies to both existing and future property tax-secured obligations: As total taxable value contracts, the tax rate levied on properties could be increased as much as necessary to satisfy debt service requirements.

Future GO bond issuance would also be affected. Restricting the permissible uses of ad valorem tax revenues — including those pledged to voter-approved debt — would narrow the range of projects cities and counties could finance with GO Unlimited Tax bonds.

We anticipate municipalities would increasingly rely on a "non-ad valorem revenue" pledge — a common structure in the state encompassing virtually all legally available revenues other than property taxes — to finance projects falling outside the bill's permitted uses. This shift could divert revenues needed to support operating expenses toward debt service, pressuring operating budgets. Increased issuance of sales tax-secured bonds is also possible, though sales tax rates are constrained by state law.

More broadly, the general credit quality of all city and county issuers warrants careful review, as fiscal pressure would likely extend well beyond property tax-backed obligations. Passage of HJR 1F may also reshape municipal supply dynamics and influence the security structures Florida local governments employ when accessing the tax-exempt market.

Not all municipalities face equal exposure

Florida local governments would lose an estimated $8.4 billion in operating revenues statewide after full implementation. The impact, however, would vary considerably across individual municipalities. Cities and counties with diverse tax bases — a mix of residential, commercial and industrial properties — would be better protected than communities dominated by residential properties, as the reform applies primarily to the latter.

The composition of each municipality's tax base becomes a more important credit consideration. Cities with a larger share of residential property, and especially those where more home values fall below the $150,000 and $250,000 exemption thresholds, are most vulnerable. Strong balance sheet reserves would become even more critical for governments navigating the transitionary period of revenue reduction.

Port St. Lucie and Miami tell two different stories

The two cities illustrate the reform's disparate impact (Figure 1).

Port St. Lucie has a primarily residential tax base, with property values skewing lower relative to neighboring communities. Property taxes account for about 50% of the city's operating budget. Under the proposed law, taxable valuation would decline by an estimated 39%, translating to a projected annual revenue loss of approximately $37 million — roughly 19% of the General Fund operating budget and $5 million more than the city's entire 2025 culture and recreation budget.

A loss of this magnitude would necessitate program and expenditure cuts. Absent offsetting reductions, funding the gap from reserves in a single year would draw fund balance down to $29 million, a reserve ratio of 15% of revenues, from a currently strong $65 million, or 35% of revenues. Port St. Lucie issued $24 million in GO bonds in July 2025, carrying a rating of Aa2/Stable from Moody's, which the agency continues to maintain as of the date of this report.

Miami is better positioned given its tax base diversification and higher home values. Approximately 55% of the city's valuation is residential, and a smaller share of that would be exempt under the proposed law. With a median home price exceeding $600,000, a substantial portion of Miami's residential tax base would remain taxable. The city faces a comparatively modest 6% loss in taxable valuation, translating to a 3% General Fund revenue loss.

If reserves were used to cover that gap, fund balance would fall modestly to a projected 17.4% of revenues from 20% after full implementation. Miami issued limited property tax-backed bonds in May 2024, carrying ratings of Aa2/Stable from Moody's and AA/Stable from S&P — both ratings remain on the bonds as of the date of this report.

Figure 1: Credit impact varies dramatically by city

Municipal credit impact comparison — $250K homestead exemption after full implementation

	Port St. Lucie	Miami
Total taxable assessed value	$25.6B	$103.5B
Estimated tax base loss	-$10.0B	-$6.2B
% Loss to total taxable values	39.2%	6.0%
Estimated annual revenue loss	~$37M	~$35M
% Budget gap	19%	3%
Operating reserves — current	$65M	$237M
Operating reserves — after revenue loss	$29M	$202M
Reserve ratio — after revenue loss	15%	17.4%

Data source: FL League of Cities (using FL DOR 2025 Real & Tangible Personal Property Tax Rolls), City of Port St. Lucie CAFR (FY 2024), City of Miami CAFR (FY 2024). Revenue loss estimates assume full $250K exemption with no offsetting millage increases or expenditure reductions.

Homeowner savings fade as property values rise

According to the Florida Legislature's Office of Economic and Demographic Research, approximately 28% of homes in the state carry a market value of $250,000 or less — and the share with taxable assessed values below that threshold is likely higher, given that assessed values in Florida are consistently lower than market values.

Homeowners with taxable assessed values at or below $250,000 could realize up to $4,000 in annual savings upon full implementation — a 71% reduction in their property tax liability (Figure 2). While the dollar savings figure remains constant as home values increase, savings as a share of an individual homeowner's total tax bill declines precipitously for higher-valued properties.

Figure 2: Assessed value shapes tax savings

Homeowner tax savings under CS/HJR 1F (full implementation 01 Jan 2028)

	$250K assessed	$500K assessed	$1M assessed
Taxable value — current	$200,000	$450,000	$950,000
Taxable value — new	$0	$250,000	$750,000
City tax (10 mills) — current	$2,000	$4,500	$9,500
City tax (10 mills) — new	$0	$2,500	$7,500
County tax (10 mills) — current	$2,000	$4,500	$9,500
County tax (10 mills) — new	$0	$2,500	$7,500
Total non-school tax — current	$4,000	$9,000	$19,000
Total non-school tax — new	$0	$5,000	$15,000
Non-school savings	$4,000	$4,000	$4,000
Remaining school tax (7.0 mills)	$1,575	$3,325	$6,825
Total tax — current (incl. school)	$5,575	$12,325	$25,825
Total tax — new (incl. school)	$1,575	$8,325	$21,825
% Reduction in total tax bill	71.7%	32.4%	15.5%

Data source: exemption amounts: CS/HJR 1F, Article VII, Sections 6 and 9(b); millage cap (10 mills per municipality/county): FL Constitution Art. VII §9(b); school millage (7.0 mills): Illustrative estimate based on FL school district levy ranges.

Voters must choose between relief and fiscal reality

If approved, the reform would create immediate and lasting credit considerations for Florida local governments. With no revenue replacement mechanisms included in the bill, governments would be required to address budget gaps through expenditure reductions, use of reserves or alternative revenue sources. Municipal budgets fund a broad range of programs outside the bill's enumerated categories — parks, cultural programming and recreation among them — and absent legislative action on revenue replacement, service cuts are expected.

Given the broad public appeal of property tax relief, achieving the requisite 60% voter approval threshold is a viable outcome. Come November, voters will be asked to weigh immediate and meaningful homeowner savings against the likely consequences: service reductions and budget pressures across a wide segment of Florida municipal issuers and potentially higher borrowing costs for the local governments that serve them.

For more information, please visit nuveen.com.

Endnotes

Sources

FL League of Cities Analysis; "Fact-checking DeSantis: Would his plan exempt 60% of Florida homeowners from paying property taxes?" WLRN, 01 Jun 2026; Port St Lucie POS; Miami POS; Florida Property Tax Elimination: DeSantis Plan 2026 (Updated June 2026); Port St Lucie FY24 ACFR; Port St. Lucie FY25 Unaudited Report.

Any reference to credit ratings refers to the highest rating given by one of the following national rating agencies: S&P, Moody's or Fitch. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her financial professionals.

The views and opinions expressed are for informational and educational purposes only as of the date of production/writing and may change without notice at any time based on numerous factors, such as market or other conditions, legal and regulatory developments, additional risks and uncertainties and may not come to pass. This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition. Any changes to assumptions that may have been made in preparing this material could have a material impact on the information presented herein by way of example. **Performance data shown represents past performance and does not predict or guarantee future results.** Investing involves risk; principal loss is possible.

All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such. For term definitions and index descriptions, please access the glossary on nuveen.com. **Please note, it is not possible to invest directly in an index.**

Important information on risk

Investing involves risk; principal loss is possible. All investments carry a certain degree of risk and there is no assurance that an investment will provide positive performance over any period of time. Investing in municipal bonds involves risks such as interest rate risk, credit risk and market risk. The value of the portfolio will fluctuate based on the value of the underlying securities. There are special risks associated with investments in high yield bonds, hedging activities and the potential use of leverage. Portfolios that include lower rated municipal bonds, commonly referred to as "high yield" or "junk" bonds, which are considered to be speculative, the credit and investment risk is heightened for the portfolio. Bond insurance guarantees only the payment of principal and interest on the bond when due, and not the value of the bonds themselves, which will fluctuate with the bond market and the financial success of the issuer and the insurer. No representation is made as to an insurer's ability to meet their commitments. This information should not replace an investor's consultation with a financial professional regarding their tax situation. Nuveen is not a tax advisor. Investors should contact a tax professional regarding the appropriateness of tax-exempt investments in their portfolio. If sold prior to maturity, municipal securities are subject to gain/losses based on the level of interest rates, market conditions and the credit quality of the issuer. Income may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the state of residence. Income from municipal bonds held by a portfolio could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager.

Nuveen, LLC provides investment solutions through its investment specialists.

This information does not constitute investment research as defined under MiFID.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

nuveen
A TIAA Company

5574650 WF4789750