

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:

HIGH LOCAL PROPERTY VALUATIONS AND TAXES HURT NEBRASKA FAMILIES.

INTRODUCTION. High property valuations/taxes harm NE families by directly reducing disposable income, inflating monthly housing costs for owners and renters, increasing the cost of living, and decreasing purchasing power. Because homeowners must pay these taxes regardless of family income, they lead to tax burdens that disproportionately erode household budgets. Property valuations/taxes distort markets and violate the natural right to ownership, the right to control property free from perpetual government claim. Opinion surveys gathered by the National Council of State Legislatures in 2023 found that the property tax was the most hated tax in the nation because of the lump-sum payments involved and the lack of control by taxpayers over the degree of this liability. David Temko, president of C2 Financial Corporation, told Moneywise, a leading financial periodical, "Buyers make a purchase based on the mortgage, property taxes, insurance, and every other cost that comes with owning a home, which are all skewing higher in 2026." Homeowners in Douglas County, NE. face some of the highest property tax rates in the nation, caused mostly by local school district levies and recent spikes in home valuations.

DECREASED HOMEOWNERSHIP. High annual tax liabilities stemming from skyrocketing valuations lower purchasing power, making it more difficult for first-time buyers or growing families to afford a mortgage. The dream of owning a home by a young couple disappears as affordability becomes an issue with soaring property values. Skyrocketing appraisals push starter homes out of the financial reach of younger, first-time homebuyers, making it difficult for them to enter the housing market and begin building equity. Consequently, many aspiring homebuyers may find it almost impossible to afford homes, perpetuating a cycle of reduced affordability. American young adults, singles and couples, face a housing affordability crisis much more severe than the crisis facing older Americans. Among young adults under age 35, homeownership rates have fallen by almost half since the 1970s. Housing affordability is a serious problem for young people, and, consequently, they are increasingly moving away from unaffordable markets into more affordable ones outside NE.



DISPLACEMENT. When property valuations rise rapidly, property taxes skyrocket. If local levies not adjusted downward, families on fixed or declining incomes find themselves taxed out of their homes. Because property taxes often poorly align with actual family ability to pay, they can create significant financial and residential instability. Senior citizens and others with fixed incomes, such as the physically impaired, especially threatened. They have saved to purchase a home and paid off a mortgage but face a forced sale because of inability to pay higher property valuation-caused taxes. A rise in property tax can influence the decision-making process for

homeowners considering relocation because of both affordability and desirability of their current properties. Higher property taxes may prompt owners to explore relocation options in areas with lower tax burdens. Retirees, fixed-income households, and longtime residents who do not plan to sell often bear a higher financial burden simply because their surrounding housing market has greatly appreciated.

SQUEEZING BUDGETS. High property taxes act as a permanent, continuing cost that increases the overall burden of living costs. Because tax assessments stemming from high valuations often outpace wage growth and savings, the tax bill consumes a growing percentage of household income, leaving less money for daily necessities, education, health care, and savings.

HIGHER RENTS. Landlords generally pass along a portion of property tax hikes to renters. This action drives up the cost of living for renters, making it much tougher to save for a down payment and become homeowners. Housing affordability becomes exacerbated.

DISCOURAGES UPWARD MOBILITY. High valuations/taxes discourage families from moving, because buying newer or more expensive homes trigger higher assessments. Mobility destroyed.

HOUSING MARKET. Property tax hikes contribute to decreased demand and lower property values over time, affecting property owners in specific areas wanting to sell their properties. When homeowners experience significant hikes in property taxes, it often deters potential buyers from buying in their area, resulting in a decrease in home values. Areas with disproportionately high property tax rates compared to neighboring communities tend to experience more property value declines. Consequently, property owners find it challenging to sell their properties at desired prices. One

of the most controversial aspects of property taxes is their reliance on perceived market value rather than actual worth. This fact means homeowners taxed on the hypothetical worth of their property, not on the sale price desired. Your property actually valued and taxed at a financial gain that you will not realize.

MORTGAGE COSTS. For all property owners, valuation hikes translate into higher monthly mortgage payments and increased financial strain to maintain residence on their properties. For homeowners with a mortgage, higher assessed property values directly increase the tax portion of monthly escrow payments. This factor can cause significant jumps in monthly housing costs. Lenders incorporate property valuation/taxes into debt-to-income calculations when assessing mortgage eligibility. High property tax burdens can raise default risks, boosting loan terms or interest rates. Also, lenders differentiate between assessed value (for tax purposes) and market value (buyer/seller-driven). While high assessed values may reflect strong housing markets, excessive tax rates can deter buyers from accessing mortgages. Property valuation/tax spiking can affect ability to refinance a mortgage, increasing the cost of homeownership. Lenders consider property taxes when evaluating homeowner debt-to-income ratio, which can impact eligibility for refinancing.



EQUITY STRIPPING. When property taxes base on inflated assessments, they not only affect your monthly cash flow, they also erode the equity in your home. This equity, which should grow over time and serve as a foundation for retirement or a future sale, becomes a casualty of excessive taxation. Instead of building wealth, homeowners watch their nest egg diminish because of artificially high valuations.

FORECLOSURE. Property valuation/tax increases can lead to foreclosure for struggling homeowners facing financial strain. When property owners struggle to meet rising property tax bills stemming from valuation hikes, the risk of foreclosure becomes a genuine concern. Property tax liens also can lead to foreclosure if left unpaid. Therefore, property owners need to understand their property tax obligations and structure their budgeting to hopefully avoid foreclosure.

OTHER FACTORS. Property tax raises can indirectly impact the cost of home insurance options. Higher property taxes may lead insurers to perceive hot markets in specific areas, potentially resulting in higher insurance premiums. Homeowners may hesitate to invest in renovations if increased home values lead to higher taxes, yet a lack of investment can make homes less competitive in the market, potentially lowering their sales value.

INHERITANCE TAXES. When families pass a home down to children, the massive gain in assessed valuation since the original purchase can trigger heavy taxes upon the transfer.

TAKE ACTION NOW. There is a long list of reasons why skyrocketing property valuations and subsequent higher property taxes harm NE homeowners and prospective home buyers. Complaining and blaming will not solve this crisis. Only massive pressure by property owners of all ages statewide can force state senators to pass valuation and tax relief. Don't be one of the sheeple; be a taxpayer watchdog. Learn how to lobby, who to lobby, when to lobby, and where to lobby. Email netaxpayers@gmail.com for details on How to Lobby your State Senator.

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