

BUDGET & TAXES

# How to reform Wyoming's property tax to protect taxpayers and services

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## INTRODUCTION

Calls to abolish the property tax keep growing louder in the Wyoming legislature, as elected representatives respond to constituents' growing concern about ever rising property assessments and tax bills.

In the last year, legislators passed stopgap measures to lower residents' bills in the short term. They enacted a law to cut residential property taxes by 25 percent on the first \$1 million of value, for those who live in their homes for eight months or more each year. They also passed legislation to cut taxes by 50 percent for those over 65 who have lived in Wyoming for 25 years or more. But residents must apply for that refund, which only lasts two years. Rising assessments and local spending mean some people received higher bills this year, however, and the increasingly complex tax code makes it difficult for local governments – which receive 84 percent of their funding through property taxes – to estimate revenue and to budget.

The lack of meaningful and long-term reform, plus increasing assessments are leading people to seek eliminating the property tax in favor of a sales tax increase. In addition, more residents and their representatives are asking philosophical questions about the morality of taxing property repeatedly and why they should "pay rent to the government" in their opinion for property they supposedly own.

*Nationally, over 70 percent of local government revenue is raised through the property tax.*

## Abolish of reform property taxes?

People across the country are revolting against property taxes. Florida Gov. Ron DeSantis recently called for their removal. A state legislator in Pennsylvania introduced legislation to abolish them in his state and a group of Nebraskans recently tried and failed to eliminate all income, property and inheritance taxes and replace them with a statewide consumption tax. In Ohio, a campaign called “Axe the tax” hopes to repeal the property tax in the Buckeye State.<sup>1</sup>

People are rightly frustrated. Nationally, housing prices have risen 27 times faster than inflation since 2020. In Wyoming, housing prices rose 62 percent from 2014-2024.<sup>2</sup> And while inflation has caused the price of government services to go up, no one in the state would say that their local services have improved in tandem with rising bills.

To put things in perspective, people have been complaining about property taxes since ancient times, and in the U.S. since the colonial era, when nascent territorial governments used it to fund transportation networks to increase trade and commerce.<sup>3</sup>

While the complaints against the property tax are understandable, and there are significant ways to improve it—this paper explains why it is worth saving in Wyoming and how it can be reformed to address constituent concerns and the needs of counties and cities. The alternatives to it are worse for the economy and will make it significantly more difficult to fund roads, schools, fire and police departments and other core functions of local government.

As Manish Bhatt, a senior policy analyst at the Tax Foundation, said, “Nationally, over 70 percent of local government revenue is raised through the property tax. Eliminating it could compromise the services that residents depend on each day or force lawmakers to consider shifting to more economically harmful forms of taxation. These replacement revenue sources pose challenges of geographic distribution and can create perverse incentives for localities as they compete for additional state funding. Wyoming already boasts a competitive tax code, but the state does not have much revenue diversification. Generally, this has been good for taxpayers but narrowing the existing tax base could increase pressure on what

<sup>1</sup> “The Property Tax System Is Breaking—and Ohio Might Be Ground Zero,” August 1, 2025, available at <https://www.realtor.com/advice/finance/ohio-property-tax-crisis/>

<sup>2</sup> “Cities With the Largest Increase in Home Prices Over the Last Decade,” January 8, 2025, available at <https://constructioncoverage.com/research/cities-with-the-largest-home-price-growth-last-decade>

<sup>3</sup> “A History of the Property Tax in America.” in *Property Taxation and Local Government Finance*, Wallace E. Oates, ed. Cambridge: Lincoln Institute of Land Policy, pp. 123-147, 2001. Reprinted in *State Tax Notes*, 18, 23, May 29, 2000.

*One of the reasons people hate the property tax is the same reason it's better than other methods of raising revenue: everyone knows what they owe.*

remains taxable, possibly undermining the state's ability to maintain the lack of an income tax. In lieu of wholesale elimination, lawmakers would do well to consider neutral reforms to the existing property tax.”<sup>4</sup>

## STATE & LOCAL PROPERTY TAX COLLECTIONS PER CAPITA [FY2022]

Idaho	\$1,085
Montana	\$1,937
Washington	\$1,999
Wyoming	\$2,152
National Average	\$1,949

### The case for keeping the property tax in Wyoming

There are four main reasons why Wyoming should keep the property tax:

- It's transparent.
- It supports the local government services tied to the property.
- It's a stable, efficient and fair way to support local government services.
- It's a more economically efficient and less volatile tax than income and sales taxes, and doesn't deter people from moving to a particular area unlike the aforementioned taxes.

- 1) One of the reasons people hate the property tax is the same reason it's better than other methods of raising revenue: everyone knows what they owe.

Income taxes are deducted from each paycheck making them difficult to estimate over a year – especially when one is an hourly worker on different schedule or working multiple jobs – and it's virtually impossible to know how much one pays in sales taxes over the course of thousands of purchases each year.

In addition, as Joan Youngman writes in the 2016 book A Good Tax, “Because property tax bills send a visible sign concerning the cost of local public services, they provide vital information to the electorate.

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<sup>4</sup> Email to author, August 7, 2025.

*In Nebraska, advocates for eliminating the property tax estimated that it could be replaced with a 7.1 percent consumption tax.*

Hidden or unclear taxes reduce the accountability of public officials and diminish taxpayer oversight.”<sup>5</sup>

People may not like them, but they know what they are—and they give property owners a snapshot of how much it takes to pay for roads, schools, fire and police and other services in one’s community.

- 2) Unlike other types of things that can be moved or sold across the country, land and real estate are static and continually served by the government services within which borders they are contained.

As Youngblood writes, “Immovable property is a tax base well suited for local identification, administration, and decision making. More than a half century ago, in her survey of tax policy in the developing world, Ursula Hicks observed, ‘If local bodies are to play any significant part in economic or social development, they must clearly have access to adequate finance. If they are both to act responsibly and to show initiative, some, not negligible, part of this control over resources must be independent, in the sense that the local councils are free to choose the rates (and to some extent the conditions) of their taxes or service charges.’<sup>6</sup>

To those who complain that they never “own” their property because of property taxes, what would be the alternative?

As Jared Walczak writes in Confronting the New Property Tax Revolt, “Imagine a new community is formed in a place without government services. The best thing to do, presumably, is form a government, because some services are best provided or at least funded by governments. But if this were impossible for some reason, the private sector certainly *can* provide roads, schools, security services, firefighters, and the like. Imagine that homeowners enter contracts for some of these services, paying premiums for police and fire protection, or paying to ensure that their home is on the road grid. Would they value these services, and expect to pay for them, even though they already paid for their home? And would they, in fact, potentially value them more highly if their home has a higher value?”<sup>7</sup>

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<sup>5</sup> “A Good Tax: Legal and Policy Issues for the Property Tax in the United States,” Lincoln Institute of Land Policy, 2016: Page 14, available at [https://www.lincolnist.edu/app/uploads/legacy-files/pubfiles/a-good-tax-full\\_3.pdf](https://www.lincolnist.edu/app/uploads/legacy-files/pubfiles/a-good-tax-full_3.pdf)

<sup>6</sup> IBID. Page 15.

<sup>7</sup> “Confronting the New Property Tax Revolt,” Tax Foundation, November 5, 2024, available at <https://taxfoundation.org/research/all/state/property-tax-relief-reform-options>

*Because sales taxes are flat – meaning everyone pays the same rate regardless of income—lower-income residents must spend a higher proportion of their disposable income on essential items like housing, clothes and food than those making more money.*

Regardless of whether one pays for services via taxes or other means, a homeowner will need them continually, not just the year of purchase. Local governments are structured to provide stable services.

- 3) Nationwide, property taxes comprise 72 percent of local government funding. In Wyoming, the number is even higher – 84 percent. Replacing them with an alternative would require a massive hike in the sales tax (as Wyoming does not have an income tax) to make up the difference and almost instantaneously start pitting smaller revenue generating counties against those garnering more. For example, should Teton County, a tourist mecca, be forced to subsidize everyone else?

In addition, ascertaining the proper sales tax replacement rate is very difficult and could lead to a fiscal crisis if improperly calculated. In Nebraska, advocates for eliminating the property tax estimated that it could be replaced with a 7.1 percent consumption tax. The Tax Foundation, however, estimated that it would have to be over 21 percent to achieve parity with property tax revenue. Nebraskans decided not to find out which estimate was correct as the measure in support of the change failed to make the ballot. Does conservative Wyoming really want to take the risk of falling off of a local government fiscal cliff?

Besides, hiking the property tax could also lead to unintended consequences in resident behavior. Those within close proximity to Montana, which has no sales tax, might shift the majority of their shopping to their neighbor to save money, even if it means driving farther. Those living close to other border states might also find it cheaper to regularly shop across state lines depending on the decided rate. Such behavior would lower revenue collected and potentially cause budget nightmares for the 23 counties in Wyoming.

None of these arguments even touch on the fact that sales taxes impact lower-income residents the most. Because sales taxes are flat – meaning everyone pays the same rate regardless of income—lower-income residents must spend a higher proportion of their disposable income on essential items like housing, clothes and food than those making more money. Hiking the sales tax could instantly make the state unaffordable to a vast number of retail and service workers who already struggle to make ends meet. Think of the retail and seasonal workers in Jackson who often commute hours each way to jobs in order to afford housing. A higher sales tax would be devastating to them.

*In one analyzing 21 Organization for Economic Co-operation and Development countries over more than 30 years, authors found that a 1 percentage point transfer from income taxes to consumption taxes, to which sales taxes belong, improved GDP by .74 percent.*

- 4) Notably, multiple studies show that property taxes are healthier for growth than income and sales taxes.<sup>8</sup>

In Indiana, a study analyzing the impact of replacing the property tax with the income or sales tax, found that gross state product would shrink under both scenarios: 2.8 percent and 2.7 percent, respectively. It also found that families' disposable income would decline 3.5 percent.<sup>9</sup>

A different study analyzing the Washington, D.C. metro area concluded that raising the sales tax one point higher would hamper employment growth over 2 percent. Conversely, it found that raising the property tax by one percentage point, including on commercial property, would increase employment slightly.<sup>10</sup>

International studies also prove the point. In one analyzing 21 Organization for Economic Co-operation and Development countries over more than 30 years, authors found that a 1 percentage point transfer from income taxes to consumption taxes, to which sales taxes belong, improved GDP by .74 percent. Moving from income to property taxes almost doubled the improvement with GDP rising 1.45 percent under that scenario.<sup>11</sup>

And while people often consider<sup>12</sup> income and sales tax comparisons when researching where or whether to move, property taxes rarely seem to deter people. Texas is a case in point. It has the 7<sup>th</sup> highest property taxes<sup>13</sup> in the nation, but is one of the top four<sup>14</sup> destinations for people moving domestically and internationally.

The data is available and clear: property taxes are both the most efficient way to raise local revenue, do the least harm, and can even help increase gross state and domestic product when taxes are shifted from income and sales taxes to property taxes.

### **What could Wyoming do better?**

Defending the property tax does not mean it could not be improved in Wyoming. The current system is a patchwork of complex and temporary

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<sup>8</sup> IBID.

<sup>9</sup> "The Economic Effects of Replacing the Property Tax with a Sales or Income Tax: A Computable General Equilibrium Approach," Ball State University, Department of Economics, Working Papers, June 2010.

<sup>10</sup> "The Influence of Taxes on Employment and Population Growth: Evidence from the Washington, D.C. Metropolitan Area," *National Tax Journal* 53:1 (2000): 119.

<sup>11</sup> "Tax Policy for Economic Recovery and Growth," *Economic Journal* 121:550 (2011): F59-F80.

<sup>12</sup> "Do People Really Move Because of Taxes?," Tax Foundation, October 27, 2023, available at <https://taxfoundation.org/blog/do-people-really-move-because-of-taxes>

<sup>13</sup> "Property Taxes by State and County, 2025," Tax Foundation, March 4, 2025, available at <https://taxfoundation.org/data/all/state/property-taxes-by-state-county>

<sup>14</sup> "Net Migration," accessed on August 20, 2025, available at <https://www.usnews.com/news/best-states/rankings/economy/growth/net-migration>

*Policymakers should focus on enacting levy limits and providing more transparency on the impact spending has on property taxes.*

exemptions that people must apply for and potentially unconstitutional rate cuts that treat people differently based on the type of property owned and the length of time spent in it each year. Worse, the most recent legislation does not address the biggest problem homeowners face: ever rising property values and their ensuing higher assessments upon which property taxes are based.<sup>15</sup> Even this year some homeowners faced higher property tax bills than last year because of the scenario described above—despite the new law.

Policymakers should focus on enacting levy limits and providing more transparency on the impact spending has on property taxes. This would shift the focus from assessments to the revenue needed to effectively run local government. Mill rates would be set to achieve a particular dollar goal—say inflation plus any new growth -- and could be lowered or raised depending on local government needs or proposed special projects. This change would both provide a stable funding formula for local government while also holding its spending in check. Besides, just because one's house value doubles doesn't mean government spending should rise in tandem—the two should be considered separate items and not married to one another.

When paired with a reform known as Truth in Taxation, residents would be able to meaningfully constrain their bills.<sup>16</sup> These laws require local governments to advertise proposed tax increases with detailed information and adequate time for public input and comment.

The Salt Lake Tribune described Utah's Truth in Taxation law this way:<sup>17</sup>

“This law sets up a system that allows taxing jurisdictions (think cities, counties, school districts, water districts) to receive only the amount of revenue they collected the year before, plus whatever taxes they got from new development in their jurisdiction. Because of those constraints, when property values in a jurisdiction rise, tax rates automatically adjust downward to offset the additional revenue that the taxing entity would have collected from appreciation. If a taxing jurisdiction wants to create additional revenue to pay for things like new public safety services or water infrastructure, officials in that jurisdiction would need to hold a truth-in-taxation hearing.”

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<sup>15</sup> Enrolled Act 60 in Wyoming Senate, 2025, available at <https://www.wyoleg.gov/2025/Enroll/SF0069.pdf>

<sup>16</sup> “Bring greater transparency to property taxes with Truth in Taxation,” Mountain States Policy Center, September 11, 2023, available at <https://www.mountainstatespolicy.org/bring-greater-transparency-to-property-taxes-with-truth-in-taxation>

<sup>17</sup> “Here's why your property tax bill went up so much, and how you can lower it,” Salt Lake Tribune, August 22, 2022, available at <https://www.sltrib.com/news/2022/08/22/utah-property-taxes-101-why-your>

*A targeted circuit breaker could provide relief to low-income and fixed-income homeowners of any age in combination with the levy limits and Truth in Taxation legislation noted above.*

Utah requires local taxing entities to follow specific steps and timelines regarding public notice and meetings before they can increase taxes. In addition to Utah, which passed the reform in 1985, Iowa, Kansas, Nebraska and Tennessee have adopted the reform.

### **Targeted property tax relief options**

To aid lower-income people of all ages, Wyoming legislators could also pass what are known as circuit breakers. Generally, there are two types. One offers relief when property taxes surpass a certain income percentage and is known as a “threshold” circuit breaker. The other basis discounts on a “sliding scale” of different income levels.<sup>18</sup>

As Jared Walczak writes in Confronting the New Property Tax Revolt, “Many states establish eligibility based on age as well as income, but... Many retirees are wealthy and should not receive targeted relief merely due to their age, while at the same time, many families well under retirement age face financial difficulties. A circuit breaker that grants eligibility based on either age *or* income is unnecessarily broad, while one that makes age-based eligibility a prerequisite fails to help many households in need.”<sup>19</sup>

A targeted circuit breaker could provide relief to low-income and fixed-income homeowners of any age in combination with the levy limits and Truth in Taxation legislation noted above.

Instead of swapping a property tax system that has worked well for decades with an unproven and unreliable one destined to create animosity and infighting between different localities, why not improve the current one with reforms proven to guarantee both taxpayer relief and stable government revenue?

### **Don’t follow the bad example of California**

Legislators should avoid any reform that forces localities to rely on other, less stable forms of revenue to support government services, like California’s Proposition 13, which passed in 1978. That law caps property taxes at 1% of the assessed value, which is determined initially by the sale price. Taxes cannot increase more than 2% each year and can decline if the market goes down.

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<sup>18</sup> “Property Tax Circuit Breakers,” Lincoln Institute of Land Policy, May 2009, available at <https://www.lincolnlinst.edu/publications/policy-focus-reports/property-tax-circuit-breakers/>

<sup>19</sup> “Confronting the New Property Tax Revolt,” Tax Foundation, November 5, 2024, available at <https://taxfoundation.org/research/all/state/property-tax-relief-reform-options>

*Another proposal to avoid is what is known as a homestead exemption. It removes a set amount from the value of a primary residence, which favors primary residences over vacation homes.*

This distorts the market by discouraging homeowners from selling because if they move, their property tax bill could be significantly higher each year based on the price of the new home. It also benefits long-term homeowners at the expense of new arrivals and causes problems for local governments, which must find other revenue to streams to adequately fund local services.

Another proposal to avoid is what is known as a homestead exemption. It removes a set amount from the value of a primary residence, which favors primary residences over vacation homes. And as Jared Walczak writes in Confronting the New Property Tax Revolt, it also “favors homeowners over renters, and residential property over commercial...and has no connection to the property or the ability to pay. Moreover, it does not change the marginal rate of taxation.”<sup>20</sup>

### **Conclusion**

Skyrocketing property taxes that have outpaced wage growth and inflation in recent years have rightly frustrated homeowners and made them question the system. Lawmakers in Wyoming have thus far responded with short-term legislation to temporarily reduce the pain, but that can’t solve the problem of rising housing prices and assessments.

While calls for scrapping the system are understandable, studies show the alternative – moving to a higher sales tax or imposing an income tax – will hurt the economy and job growth, provide inadequate funding, generate animosity between counties and potentially deter people from moving to Wyoming.

Policymakers should instead move to foster fairness, stability, transparency, and fiscal restraint through the proven concepts of levy limits paired with Truth in Taxation legislation and potentially circuit breaker relief to help lower-income homeowners of all ages. In doing so, Wyoming would pave the way for many other states facing property tax revolts to chart sustainable and sound paths forward through an emotionally charged issue.

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<sup>20</sup> IBID.

# SUMMARY & KEY FACTS

Rising assessments and temporary, inconsistent tax relief have fueled calls to abolish Wyoming's property tax, but doing so would destabilize local governments and harm the state's economy. Property taxes remain the most transparent, dependable, and economically efficient way to fund essential services compared to volatile or regressive alternatives like a higher sales tax. Instead of elimination, Wyoming should adopt levy limits, Truth in Taxation reforms, and targeted circuit breakers to provide sustainable homeowner relief while protecting local revenue.

1. **84% of Wyoming's local government revenue comes from property taxes**, far higher than the national average of 72%.
2. **Housing prices in Wyoming rose 62% from 2014–2024**, driving assessments sharply upward.
3. Replacing the property tax would require a **massive sales tax increase**, potentially exceeding 20% based on comparisons to Nebraska.
4. Studies show that **property taxes do the least economic harm** compared to income or sales taxes, and shifting away from them reduces economic growth.
5. **Levy limits combined with Truth in Taxation** provide proven, transparent mechanisms to control tax growth and give residents meaningful oversight without damaging local services.

## ABOUT THE AUTHOR

Marta Mossburg is a research fellow with MSPC, based in Wyoming. She has spent her career investigating government corruption, advocating for transparency and school choice and demystifying laws and legal policy in print and on radio and television.

Her work has appeared in The Wall Street Journal, The Washington Post, National Review, The Baltimore Sun, Real Clear Politics, The American Spectator, The American Conservative and Cowboy State Daily, among other papers. She was a regular on local television and radio in Baltimore from 2006-2016 during her tenure there and co-hosted the top-rated morning radio show in Chattanooga, TN, from 2016-2018.

She holds an M.S. in Journalism from Northwestern University and a B.A. in English Literature from the University of Virginia. She and her family moved to Wyoming in 2021. She loves Latin, and she and her husband Dave classically homeschool their three children. In her spare time she enjoys hiking, skiing and exploring the beautiful Mountain West. She is currently serving a three-year term on the Fremont County Library Board.

