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Property Tax Collections and Local Fiscal Health: Insights from City Fiscal Conditions 2025

Property tax is a key source of revenue for over 90 percent of local governments across the country. Across all state and local governments, property tax generates about 37 percent of total tax revenue. Most municipal governments rely heavily on property taxes to fund essential services such as education, schools, police and fire departments, public works and recreation and infrastructure. As of March 2026, property tax revenue collected by state and local governments rose for the ninth consecutive quarter.

The National League of Cities [City Fiscal Conditions 2025 \(CFC\) report](#) shows the overall picture of how cities' fiscal status fared in the past and in their most recent fiscal budget. Analysis on budget data from 213 cities for fiscal year 2025 shows a 3.4 percent increase in property tax collections. This growth largely reflects healthy housing market conditions post-COVID, not necessarily actions taken by local governments. Given this sustained growth, it is important to examine (using survey data from the most recent CFC report) how increases in property tax collections are contributing to local government fiscal health and enabling jurisdictions to mitigate reductions from other revenue sources.

The data collected from the CFC 2025 survey shows the increased property tax revenues which may or may not be due to actual increased rates. In total, 29 percent of the cities responded to the survey that they increased property tax collections in their municipalities (see Figure 1 below for more information). This trend is particularly noteworthy because, despite growth in property tax collections, cities overall anticipated a decline in total revenues, suggesting that rising property tax receipts helped offset reductions in other revenue sources rather than generating broad-based revenue growth.

[Continue reading.](#)

National League of Cities

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