

Taxpayer

Independence Day 2017

Monday, April 17 Florida TaxWatch joins the taxpayers in our state in celebrating Florida Taxpayer Independence Day 2017. On that day, Floridians are finally earning money for themselves—not for the tax collector. This symbolic date assumes that every dollar earned since January 1 goes to pay federal, state, and local tax obligations. This measure of tax burden is based on the relative size of all taxes paid in Florida to our state’s total personal income. In 2017, for the average Florida household, paying its taxes takes 107 out of 365 days, or more than three and a half months.

It will take the same number of days for Floridians to achieve taxpayer independence as it did last year, when the date was also April 17.¹ An improving economy in Florida is producing steady, but modest, growth in personal income. This economic activity is increasing tax collections as well, especially at the local level, as property values are rising again. Overall, the growth in income and taxes in 2017 is expected to be the same (4.7 percent), resulting in Taxpayer Independence Day arriving on the same date as last year.

Taxpayer Independence Day (TID) for Floridians arrives 11 days later than it did in 2009, when the Great Recession decimated government revenues. Despite the recent growth in tax revenue, tax independence still comes 11 days earlier than in 2006, the latest date for TID in the last 20 years. Taxpayer independence will come sooner in Florida than for the average U.S. taxpayer. Last year, the Tax Foundation estimates that the national “Tax Freedom Day” fell on April 24, a week later than Florida’s. They also estimated that if the federal debt—which represents future taxes—is included, the day would come 16 days later.

Evaluating Floridians’ tax burden on a daily basis, working 9:00 a.m. to 5:00 p.m., Floridians’ Taxpayer Independence Time falls at 11:21 a.m. daily. This symbolic time comes 15 minutes later than in 2009. Satisfying federal taxes alone requires 1 hour and 39 minutes of the eight-hour workday. Paying state taxes requires an additional 23 minutes, and 19 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 21 minutes every day of the year just to pay all their taxes, the single largest expense incurred by citizens—more than food, housing and clothing combined.²

Florida will contribute \$281 billion in taxes to federal, state, and local governments in 2017, \$13 billion more than last year.

¹ For consistency, leap years are also calculated using 365 days.

² Tax Foundation, Tax Freedom Day 2016. April 2016.

The Components of Floridians' Total Tax Burden

LOCAL TAXES – Local taxes are estimated at \$38.0 billion in 2017 and comprise 13.6 percent of the average Floridian's total tax burden. Florida relies more heavily on local governments than almost every other state. As a result, while Floridian's overall tax burden is lower than the national average, local taxes in Florida are higher than average³. The recession hit local governments especially hard and its revenue sources, especially property taxes, have been slower to rebound. In 2009, local governments collected more taxes than the state government. Now, the local tax burden is back to being the smallest of the three levels of government, but over the last three years local taxes have been the fastest growing level.

STATE TAXES – State taxes are estimated at \$46.2 billion in 2017 and comprise 16.5 percent of the average Floridian's total tax burden. Florida has one of the lowest state tax burdens in the nation⁴ and the commitment of the Governor and the Legislature to cut taxes in recent years has kept it low, even with an improving economy. Sales tax revenue—the state's largest revenue source—has been growing steadily since the Great Recession and is now well above the pre-recession high. Real estate transaction taxes (documentary stamp and intangibles taxes) are rebounding more slowly and are still well below the pre-recession high. State taxes have been the slowest growing component of Floridians' tax bills for three years in a row. Total state tax collections are estimated to rise by \$1.3 billion this year, or 2.7 percent.

FEDERAL TAXES – Federal taxes paid by Floridians are estimated to total \$196 billion in 2017 and comprise 70.0 percent of the average Floridian's total tax burden. Nationally, the Congressional Budget Office (CBO) expects federal revenues to rise by \$140 billion (4.2) percent in 2017—to \$3.4 trillion, or 17.8 percent of Gross Domestic Product (GDP)⁵. Income (individual and corporate) and payroll taxes make up 92 percent of all federal revenue. CBO projects income taxes will grow as a percentage of GDP due to expiring tax cuts and “real bracket creep.” This is where incomes rise faster than tax brackets because the brackets are indexed only to inflation and income growth should outpace inflation.

After-Tax Buying Power Expected to Increase

Florida TaxWatch projects that the average Florida household will see a 1.3 percent increase in its effective buying power (EBP) during 2017. EBP is after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have a bit more to spend in 2017 than it had in 2016. This is the third year in a row that EBP increased, following three straight years of decline. EBP is higher than it was ten years ago. Until last year, the combined effects of taxes and inflation had reduced Floridians' EBP below the 2008 level. These last three years of growth have now pushed EBP into the black (compared to 2008) and the EBP of Floridians has risen 3.6 percent over the last ten years. Of course, this is just an average. Varying tax bills and income will result in very different experiences.

Ten Years of Florida Taxpayer Independence Days

Year	Days	TID
2017	107	April 17
2016	107	April 20
2015	109	April 19
2014	109	April 19
2013	103	April 13
2012	99	April 9
2011	98	April 8
2010	100	April 10
2009	96	April 06
2008	103	April 13

3 Florida TaxWatch, 2017 How Florida Compares: Taxes, April 2017.

4 Florida TaxWatch, 2017 How Florida Compares: Taxes, April 2017.

5 Congressional Budget Office, The Budget and Economic Outlook: 2017-2017, January 24, 2017.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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