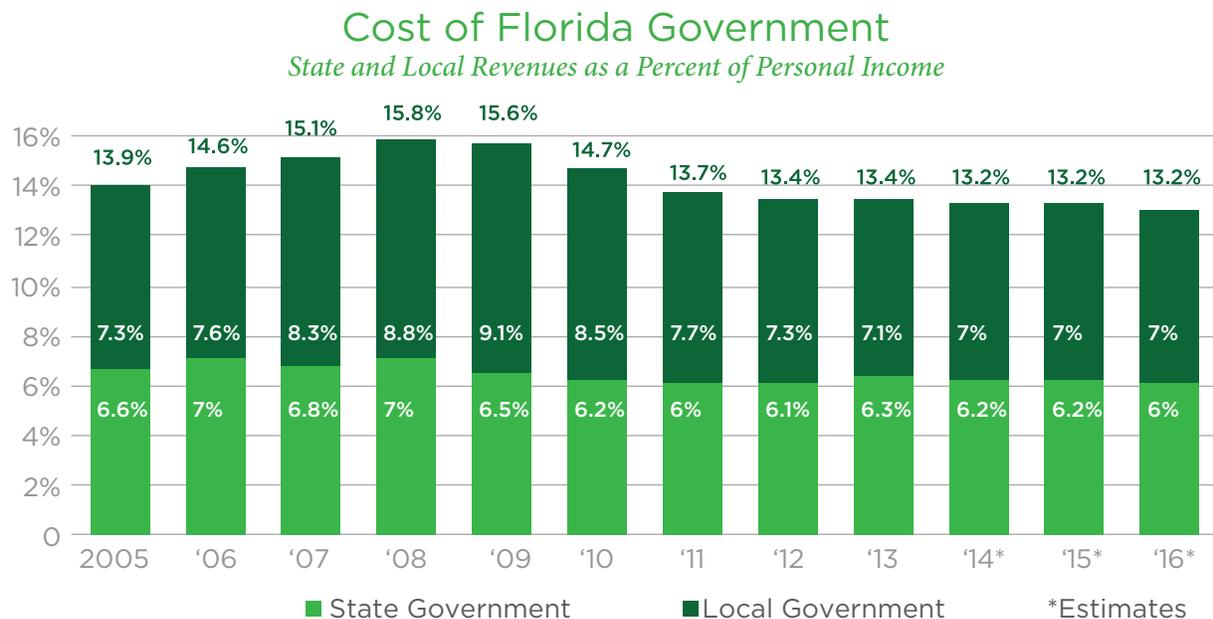


WHAT IS THE COST OF FLORIDA'S STATE AND LOCAL GOVERNMENT?

Florida has historically held the reputation of being a low-tax state, and that is largely true, especially at the state level. But taxes do not tell the whole story of what government costs its citizens. Taxes, especially those reported to the U.S. Census Bureau¹, exclude a large amount of revenue paid into government coffers by citizens. And that non-tax revenue accounts for a much higher portion of government total revenue in Florida than in the average state.

A better measure of the cost of government is “own source revenue,” which Florida TaxWatch has been tracking in its How Florida Compares series.² Own source revenue includes all direct revenue except for intergovernmental aid, revenue from government-owned utilities and other enterprises, and social insurance funds. It includes non-tax revenue such as fees, charges for services, special assessments, impact fees and net lottery revenue.



Source: Florida TaxWatch, using data from the U.S. Census Bureau. Estimates calculated by Florida TaxWatch using additional data from the Florida Office of Economic and Demographic Research. December 2015.

1 Most published tax burden rankings get their data from the U.S. Bureau of the Census, Government Finance series. <http://www.census.gov/govs/financegen/index.html>.

2 Available at <http://www.floridatxwatch.org/library/periodicals/HowFloridaCompares.aspx>.

State & Local Own Source Revenue

\$ billions

	FY2012-13	FY2013-14	FY2014-15	FY2015-16
State Revenue				
Tax Revenue	\$35.378	\$36.616	\$38.703	\$39.709
Non-Tax Revenue	\$15.468	\$15.824	\$16.362	\$16.727
Total State Revenue	\$50.846	\$52.440	\$55.065	\$56.436
Local Revenue				
Tax Revenue	\$30.822	\$32.207	\$34.185	\$35.816
Non-Tax Revenue	\$26.981	\$27.602	\$28.540	\$29.177
Total Local Revenue	\$57.803	\$59.808	\$62.725	\$64.993
State & Local Revenue				
Tax Revenue	\$66.200	\$68.822	\$72.888	\$75.525
Non-Tax Revenue	\$42.449	\$43.426	\$44.902	\$45.903
Total State & Local Revenue	\$108.649	\$112.248	\$117.790	\$121.429

The distinction between “tax” and “fee” is likely sometimes lost on the average taxpayer, especially in cases like special assessments, which show up on their property tax bill. Or the \$1 billion (\$1 per pack) cigarette and tobacco surcharge passed by the 2009 Legislature, which is not reported to the Census Bureau as a tax.

When all revenue is counted, Florida TaxWatch estimates the total cost of state and local governments in Florida will exceed \$121 billion in FY2015-16. Citizens’ contributions to Florida government takes up 13.0 percent of Floridian’s personal income. To put it another way, 13 cents of each dollar of personal income goes to support state and local government.

While taxpayers will pay an estimated \$3.6 billion more for government in Florida during this year than last year, the cost of government (measured as a percent of personal income) will fall slightly in FY2015-16, as personal income growth should exceed tax growth. The cost of government was 13.2 percent in FY2014-15. This year sees the lowest cost over the last 12 years—back to FY2004-05. During this time period, the cost of Florida government peaked at 15.8 percent in FY2007-08. Personal income growth has at least kept pace with growth in revenue in every years since FY2008-09. This was led to a steady decline in the cost of government.

Local government in Florida costs more than the state, taking up 7.0 percent of Florida’s personal income in FY2015-16, compared to 6.0 percent for state government. Florida TaxWatch has reported before that Florida relies more on its local governments to fund the total cost of government than does any other state—54.8 percent in FY2012.³

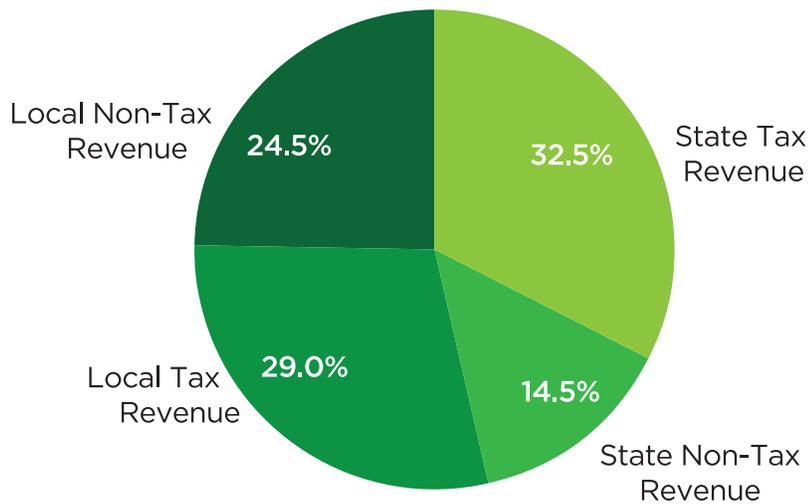
³ Florida TaxWatch, 2015 How Florida Compares, April 2015.

Non-tax revenue also makes up a larger portion of total state and local revenue in Florida than in most states. Florida's non-tax portion of 39.1 percent in 2012 was the sixth highest in the nation. That percentage is expected to fall to 37.8 percent in FY2015-16, as tax revenue--particularly property taxes--is rebounding from the Great Recession.

Florida TaxWatch will report the cost of government to taxpayers annually to provide a measure of the growth in government relative to its citizens' ability to pay.

Components of the Cost of Florida Government

5-year Average



Source: Florida TaxWatch, using data from the U.S. Census Bureau and the Florida Office of Economic and Demographic Research. December 2015.

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 donations and private grants, and does not accept government funding. Donations 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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The findings in this Report are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please feel free to contact us if you feel that this paper is factually inaccurate.

The research findings and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff, Executive Committee, or Board of Trustees; and are not influenced by the individuals or organizations who may have sponsored the research.

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