

# Taxpayer

Florida  
**TaxWatch**

# Independence Day 2014

*Tuesday, April 22* is Florida Taxpayer Independence Day 2014, as estimated by Florida TaxWatch. 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. In 2014, for the average Florida household, paying its taxes takes 111 out of 365 days, or more than three and a half months.<sup>1</sup>

Taxpayer independence for Floridians comes three days later than it did last year, mostly due to increasing federal taxes and a slowly recovering economy that is starting to grow state and local tax collections again. Although Floridians' personal income is also increasing, Floridians' total tax bill is expected to rise faster.

2014 marks the third straight year that Taxpayer Independence Day (TID) comes later than the year before. Over the last ten years, the latest TID came on April 27 in 2005. Then a four year period began that saw TID come earlier each year, reaching April 12 in 2009. This was due to federal tax cuts and a recession that decreased government tax revenues faster than it decreased income. As Florida's economy started to improve again, taxes—especially federal—exceeded growth in income and in 2012 TID began coming later. TID 2014 is 10 days later than it was in 2011, but it is five days earlier than in 2005. Historically, Floridians' latest Taxpayer Independence Day came in 1998, when it fell on May 7.

Florida will contribute \$260 billion in taxes to federal, state and local governments in 2014, \$18 billion more than last year.

Evaluating Floridians' tax burden on a daily basis, working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:26 a.m. daily. This symbolic time is four minutes later than it was last year, and 10 minutes later than in 2011. Satisfying federal taxes alone requires one hour and 43 minutes of the eight-hour workday. Paying state taxes requires an additional 24 minutes, and 19 minutes is needed for local tax obligations.

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<sup>1</sup> This measure of tax burden is based on the relative size of all taxes paid in Florida to our state's total personal income.

Overall, the average Floridian works 2 hours and 26 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.

## *Highlights*

- Floridians must work 111 out of 365 days to pay their taxes – five days later than last year. This date is latest tax independence has come since 2007, and it is ten days later than in 2011. This is the third year in a row Taxpayer Independence Day has come later than the prior year.
- It takes 2 hours and 26 minutes of every eight-hour workday to pay taxes, five minutes a day more than last year. Taxes are workers' largest single expense. Federal taxes alone take up one hour and 43 minutes.
- Federal taxes make up the majority (70 percent) of a person's total tax burden. These taxes are expected to increase by 9 percent this year, and this is the major driver for later tax independence. The improving economy and slowly rebounding property values have led to state and local taxes increasing in 2014. Florida's total tax bill now stands at \$262 billion.
- Even though tax growth is expected to exceed income growth in 2014, the average family's growth in after-tax personal income is expected to exceed low inflation, causing the effective buying power (EBP) of Floridians to increase slightly, by 1.03 percent. This follows two years of declining EBP.

## *The Components of Floridians' Total Tax Burden*

**LOCAL TAXES**—Florida relies on local government to fund a larger share of government services than almost every other state, so Floridian's local tax burden is higher than the average state. Property taxes are local governments' biggest tax source, so the housing bubble caused local tax collections to exceed state collections for the first time in 2008. However, the Great Recession caused local tax revenues to fall faster than state government revenues and property values were slow to respond when the economy started improving. Local government tax collections have moved back below state taxes and currently account for 13 percent of Florida's total tax burden. Local taxes are estimated at \$35.8 billion in FY 2014-15. Even with the four straight years of decline, local government taxes have increased \$10 billion in ten years,

**STATE TAXES**—State taxes are driven by sales and other transaction taxes, so the recession hit collections quickly and deeply. Florida had never experienced an annual decrease in tax collections until FY 2007, when a string began where collections fell in three straight years. State taxes began to rise again in FY 2010, but that was due largely to an almost \$1 billion tobacco tax hike and an \$850 million highway safety fee increase. Then, without raising taxes, a slowly rebounding economy has increased tax collections by 18.3 percent over the last four years. State taxes comprise 17 percent of Floridians' total tax bill.

**FEDERAL TAXES**—Federal taxes are expected to increase by 9 percent in 2014, due largely to the improving economy and the expiration of a number of temporary tax cuts in 2013 and 2014 such as the two year reduction in social security taxes and an accelerated depreciation deduction for businesses. The Affordable Care Act will also contribute to the growth in federal taxes, although those will be partially offset by tax credits to buy insurance. Federal taxes comprise the lion's share (70 percent) of Floridians' tax burden. Taxpayer Independence Day calculations do not consider the annual federal deficit. Even though the annual deficit is expected to decline again in 2014, the Tax Foundation estimates that the deficit would delay tax freedom for all Americans by 15 days.

## *Floridians' After-Tax Buying Power Expected to Increase Slightly in 2014*

Florida TaxWatch projects that the average Florida household will see a small increase in its effective buying power (EBP) during 2014. EBP is after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have approximately 1.0% more to spend in 2014 than it had in 2013.

This follows two straight years of declining EBP. However, EBP has increased over the last ten years. Despite relative slow growth in personal income, even slower tax growth and low inflation have allowed the EBP of Floridians to rise 4.7 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**

<i>Year</i>	<i>Days</i>	<i>TID</i>
2014	111	April 22
2013	108	April 19
2012	103	April 14
2011	101	April 12
2010	101	April 12
2009	101	April 12
2008	108	April 19
2007	114	April 25
2006	115	April 26
2005	116	April 27

### **Since 2004, per household**

Inflation Up 25.9%

Personal Income Up 33.6%

Taxes Up 32.0%

## 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 for the last 33 years.

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FOR MORE INFORMATION: [WWW.FLORIDATAXWATCH.ORG](http://WWW.FLORIDATAXWATCH.ORG)

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