

TAXPAYER INDEPENDENCE DAY

INDEPENDENCE COMES FOUR DAYS LATER THAN 2011

APRIL 20, 2012

Friday, April 20, is **Florida Taxpayer Independence Day 2012**, 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. This measure of tax burden is based on the relative size of all taxes paid in Florida to our state's total personal income. Although Floridians' personal income is starting to grow again, Floridians' total tax bill (especially federal) is expected to rise faster, meaning it will take more time for Florida's workers to pay their tax bills this year.

Beginning in 2007, the trend had been toward an earlier Taxpayer Independence Day (TID). This was due federal tax cuts and a recession that decreased government tax revenues faster than it decreased families' income. TID fell on May 2 in 2006. By 2009, 16 days were shaved off the length of time it takes Floridians to pay their taxes, and independence came on April 16. The next two years both saw TID coming on April 17. This year it takes four days more to earn the money for the tax bill (although because it is a leap year it is only three days later on the calendar). This four-day increase in tax burden is the largest since 2005. And while this year's TID comes later than last year, it is still 11 days earlier than it was in 2006. Floridians' latest Taxpayer Independence Day came in 1998, when it fell on May 8.

Floridians will contribute \$234 billion in taxes to federal, state and local governments in 2012, \$16 billion more than last year. In 2012, for the average Florida household, paying their taxes takes 110 out of 366 days, or more than three and a half months.

Evaluating Floridians' tax burden on a daily basis, working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:24 a.m. daily. This symbolic time is six minutes later than it was last year, but 15 minutes earlier than in 2006. Satisfying federal taxes alone requires one hour and 40 minutes of the eight-hour workday. Paying state taxes requires an additional 24 minutes, and 20 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 24 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 110 out of 366 days (leap year) to pay their taxes – four days later than last year. This date is latest tax independence has come since 2006, but it is 11 days sooner than in 2006.
- It takes 2 hours and 24 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 40 minutes.
- The individual tax burden began falling in 2007, when the recession caused tax collections to drop even faster than Floridians' personal income. Now, the tax burden is beginning to rise again, as a slowly recovering economy begins to boost tax collections, especially at the federal level.
- This year, the average family's growth in after-tax personal income is not expected to exceed inflation, causing the effective buying power (EBP) of Floridians to decrease by 1.1%.

The Components of Floridians' Total Tax Burden

LOCAL TAXES – Local taxes had been the fastest growing level of taxation in Florida, culminating in 2008 when total local collections exceeded state government taxes for the first time ever. It took a little longer for the recession to affect local tax revenues, but as property values started to decline (property taxes are local governments' major tax source), so did tax revenues. Floridians' local tax bill fell by more than \$4 billion by 2012. The revenue decline was even larger than that of state government, and the level of local taxation is again smaller than the state. Local taxes comprise 14 percent of Floridians' total tax bill. Property values are expected to start rising again and local governments should see positive revenue growth next year.

STATE TAXES - At the state level, Florida had never had an annual decrease in tax collections until FY 2007, when a string began where collections fell in three straight years. Spurred by an almost \$1 billion tobacco tax hike and a \$850 million highway safety fee increase, state taxes began to rise again in FY 2010. Then, without raising taxes, a slowly rebounding economy increased taxes by 8 percent over the next two years. State taxes comprise 17 percent of Floridians' total tax bill.

FEDERAL TAXES – These taxes comprise the lion's share (69%) of Floridians' tax burden. Growth in federal personal and corporate income taxes is the major reason TID is coming later this year. Despite some tax cuts, federal taxes grew by approximately 6.5 percent in both 2011 and 2012. If Congress does not act to continue \$500 billion in tax cuts that expire on January 1, 2013, taxpayer independence will take a serious hit. The Tax Foundation estimates the expiring tax cuts would require eleven more days to pay your tax bill.

Ten Years of Florida Taxpayer Independence Days

| | | |
|-------|-----|----------|
| 2012* | 110 | April 20 |
| 2011 | 106 | April 17 |
| 2010 | 106 | April 17 |
| 2009 | 105 | April 16 |
| 2008* | 113 | April 23 |
| 2007 | 119 | April 30 |
| 2006 | 121 | May 2 |
| 2005 | 118 | April 29 |
| 2004* | 112 | April 22 |
| 2003 | 108 | April 19 |
| 2002 | 112 | April 23 |

* Leap Years

Since 2002 (per household)

| | |
|--------------------|-------|
| Inflation Up | 26.8% |
| Personal Income Up | 35.3% |
| Taxes Up | 33.3% |

Floridians' After-Tax Buying Power Expected to Fall in 2012

Florida TaxWatch projects that the average Florida household will see a decrease in its effective buying power (EBP) during 2012. EBP is after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have approximately 1.1% less to spend in 2012 than it had in 2011. EBP has also 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 7.4% over the last ten years.

Of course, this is just an average. Varying tax bills and income will result in different experiences and this average EBI means nothing to the large number of Floridians who are still out of work.

This report was researched and written by Kurt R. Wenner, Vice President of Tax Research
Marshall Criser, III, Chairman; **Dominic M. Calabro**, President, Publisher & Editor
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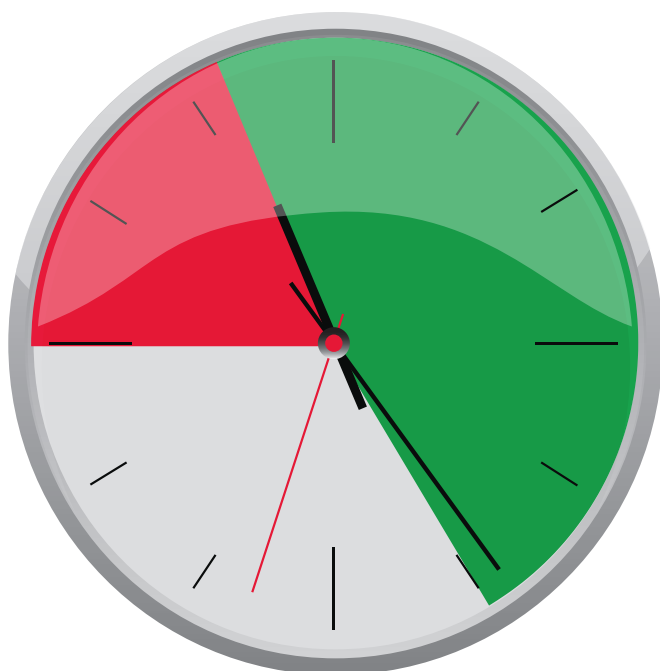
TAXPAYER INDEPENDENCE DAY



INDEPENDENCE COMES FOUR DAYS LATER THAN LAST YEAR

April 20, 2012

WITH A 9-5 WORKDAY,
THE AVERAGE FLORIDIAN WORKS
UNTIL 11:24AM EVERY DAY OF THE YEAR
JUST TO PAY ALL OF THEIR TAXES



THE AVERAGE FLORIDIAN WORKS
110 OUT OF 366 DAYS THIS YEAR
JUST TO PAY ALL OF THEIR TAXES

January

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|----|----|----|----|----|----|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

February

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|----|----|----|----|----|----|----|----|
| | | | | 1 | 2 | 3 | 4 |
| | | | 5 | 6 | 7 | 8 | 9 |
| | | 10 | 11 | 12 | 13 | 14 | 15 |
| | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 | |

March

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|----|----|----|----|----|----|
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| 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | |

April

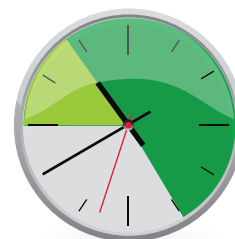
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| 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | | |



PAYING **STATE** TAXES
TAKES **24 MINUTES** OF
EACH 9-5 WORK DAY



PAYING **LOCAL** TAXES
TAKES **20 MINUTES** OF
EACH 9-5 WORK DAY



PAYING **FEDERAL** TAXES
TAKES **1 HR & 40 MINUTES**
OF EACH 9-5 WORK DAY

FOR MORE INFORMATION ABOUT 2012 TAXPAYER INDEPENDENCE DAY
SEE THE FULL REPORT AT WWW.FLORIDATAXWATCH.ORG