



FLORIDA TAXPAYER INDEPENDENCE DAY 2009!

Independence Comes Four Days Earlier Than Last Year

**April 19
2009**

Sunday, April 19, is Florida Taxpayer Independence Day 2009, 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, 2009, goes to pay federal, state, and local tax obligations. Although Floridians' personal income is decreasing, the taxes they pay have been decreasing even more, meaning it will take less time for Florida's workers to pay their tax bills in 2009 than it did in 2008 – four days less to be exact. Taxpayer Independence Day is based on the relative size of all taxes paid in Florida to total Florida personal income.

April 19, 2009, shares the distinction of being the earliest of the 33 Taxpayer Independence Days that Florida TaxWatch has calculated (it was April 19 in 1983 also). This year's taxpayer independence day comes four days sooner than last year's, eight days earlier than in 2007, and is a full three weeks (21 days) earlier than it was in 1998 when May 10 was the latest Florida Taxpayer Independence Day ever calculated. **For the average Florida household, paying their taxes in 2009 takes 108 out of 365 days, or 30% of the year.**

Unfortunately, this reduction in tax burden is due more to a poor economy than a large increase in Floridians' personal income or tax cuts. The current state and national recession has reduced governments' tax collections even more than it has reduced taxpayers' personal income. Personal income growth in Fiscal Year (FY) 2009 is forecasted at only 0.5% and, in FY 2010, personal income growth is expected to actually decline (-0.4%), the first annual decline in recent history. However, total taxes (federal, state, and local) paid by Floridians is expected to fall 3.3% in 2009. The largest portion of Floridians' taxes – federal taxes – will be affected by the economy and the large temporary tax cuts contained in the American Recovery and Reinvestment Act of 2009 (the federal stimulus package). At the state level, tax collections have been enduring an unprecedented decline. Total state taxation has decreased for three years in a row and is expected to be down 18% over that time. Prior to this three-year period, Florida has never had an annual decline in state tax collections. Local tax collections have not fallen at a similar rate, and will experience their first annual decrease this year. The state was collecting \$11 billion more in taxes than Florida local governments just three years ago; however, this year, local governments are forecasted to collect \$4 billion more than the state.

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 is five minutes earlier than it was last year. Satisfying federal taxes alone requires 1 hour and 34 minutes of the eight-hour workday. Paying state taxes requires an additional 22 minutes 25 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 their taxes (federal, state, and local).

Taxes are still the single largest expense incurred by Florida citizens. By contrast, covering the cost of housing and utilities requires 1 hour and 19 minutes of work per day, health and medical care costs take 1 hour and 6 minutes per day, and food requires 46 minutes of each workday.

HIGHLIGHTS

- ◆ Florida Taxpayer Independence Day 2009 is April 19. Floridians must work 108 out of 365 days to pay their taxes—four days less than last year. This is the earliest of the 33 Taxpayer Independence Days that Florida TaxWatch has calculated (it was April 19 in 1983 also). It is also three weeks earlier than it was in 1998, when Taxpayer Independence Day fell on May 10.
- ◆ It takes 2 hours and 34 minutes of every eight-hour workday to pay taxes, Florida workers' largest single expense. Federal taxes alone take up 1 hour and 34 minutes.
- ◆ The economy has caused tax collections to drop even faster than Floridians' personal income.
- ◆ Overall, slow total tax growth, higher personal income growth and low inflation have caused the effective buying power of Floridians to rise 18.0% over the last ten years.

If You Are Lucky Enough to Avoid a Drop in Income in 2009, Your Effective Buying Power Should Increase

This calendar year, although the average personal income per Florida household is expected to fall slightly, the amount of total taxes paid by Floridians will fall significantly. Coupled with disinflation – i.e., a small drop in prices – the income the average Florida family has after taxes is increasing a bit, meaning Floridians' purchasing power will be extended a little more this year.

Therefore, Florida TaxWatch projects that the average Florida household will enjoy a small increase in its effective buying power (EBP) during 2009. Effective buying power is the after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have approximately \$945 more to spend in 2009 than it had in 2008.

Of course, this is just an average. Varying tax bills, such as huge discrepancies among many Floridians' property tax bills, also means many Floridians will not be so lucky as to enjoy an increase in EBP. And of course, for the thousands of Floridians who have lost their jobs, this projection is of little or no consolation.

Even though growth in recent years has been modest, EBP has increased steadily, if not spectacularly, over the last ten years. Overall, slow total tax growth, higher personal income growth, and low inflation have caused the EBP of Floridians to rise 18.0% over the last ten years.

Since 1999 (per household):

Inflation Up	27.1%
Personal Income Up	38.5%
Taxes Up	16.0%

Ten Years of Florida Taxpayer Independence Days

Past Taxpayer Independence Days may have been revised to reflect changing estimates. The calculation of Taxpayer Independence Day is based on calendar years.

Year	Days	Date
2009	108	April 19
2008*	112	April 22
2007	116	April 27
2006	117	April 28
2005	115	April 26
2004*	111	April 21
2003	110	April 21
2002	114	April 25
2001	121	May 2
2000*	128	May 8

* leap year

Source: Florida TaxWatch, April 2009.

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About Florida TaxWatch

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