

Florida Taxpayer Independence Day 2002



May
3rd
2002

Although the deadline for paying your taxes to the IRS was April 15, the average Floridian will not earn enough to pay his or her total tax bill for 2002 until 18 days after that. Friday, May 3 is Florida Taxpayer Independence Day 2002, estimates Florida TaxWatch. On that day, Floridians can take satisfaction in knowing they finally are earning money for themselves not the tax collector. This symbolic date assumes that every dollar earned since January 1 goes to pay federal, state and local tax obligations. **For the second year in a row, Floridians' personal income grew faster than the taxes they pay. The result is that it will take less time to earn enough to pay your taxes in 2002.**

This good news is tempered by the fact that this is largely due to a underperforming economy and slowed tax collections, not a big increase in personal income.

Florida Taxpayer Independence Day 2002 comes four days earlier than it did the year before and eight days earlier than in 2000. It fell on May 7 in 2001. Until last year, the trend has been for Taxpayer Independence Day to come later and later. This peaked in 1999 and 2000 when May 11 was Florida Taxpayer Independence Day. The earliest day Florida TaxWatch ever calculated was April 17 in 1983. **For the average Florida household, paying these taxes in 2002 takes 122 out of 365 days, just more than one-third of the year. However, this is four days less than last year.**

Fiscal Year 2002 marks the first time in at least 25 years that the total amount of taxes paid by Floridians decreased, falling 0.4%. Tax collections are supposed to rebound a bit in FY 2003, and this translates into the smallest calendar year tax growth in the history of Taxpayer Independence Day (1.07%). Tax cuts and the recession have lowered Floridians (and all Americans) tax burden. The economy also kept personal income down, as it also grew at its lowest rate in at least 25 years. Still, relatively small income growth of 4.2% exceeded total tax growth of 1.1% during 2002.

If working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:40 a.m. daily, five minutes less than last year. Federal taxes alone take up 1 hour and 52 minutes of the eight-hour workday. Add to this state and local tax obligations, and the average Floridian works 2 hours and 40 minutes daily just to pay the tax collector.

Taxes are the single largest expense incurred by citizens (See figure on last page.). By contrast, housing and utility costs take 1 hour and 20 minutes, health and medical care takes 55 minutes, and food requires 39 minutes.

Total Taxes Paid By Floridians in 2002 Fall for the First Time in the Tax Index's History

The 2002 Florida Tax Index climbed to 211.1, meaning that all

Highlights

\$ Florida Taxpayer Independence Day 2002 is May 3. Floridians must work more than one-third of the year, or 122 out of 365 days, to pay their taxes four days less than last year. Personal income growth should be small (4.2%), but taxes are expected to grow even slower (1.1%) during calendar year 2002. So, Taxpayer Independence Day 2002 comes earlier than last year, and eight days earlier than 2000.

\$ It takes 2 hours and 40 minutes of each 8-hour work day to pay taxes, workers' largest single expense. Federal taxes alone take up 1 hour and 52 minutes.

\$ The Florida Tax Index stands at 211.1 in FY 2002. This means that total taxes (federal, state and local) paid by Floridians have more than doubled, increasing 111.1% since FY 1990. However, 2002 marks the first time the Index has fallen, meaning that total taxes paid by Floridians actually decreased this year.

taxes paid by Floridians to federal, state and local governments have more than doubled since the base year of FY 1990 (Table 1). However, this marks the first year that the Tax Index has fallen, dropping from 211.8 in 2001, a decrease of 0.4%.

The index for total per capita taxes (Table 2) is at 163.7, meaning that these taxes are up 63.7% since 1990. This contrasts with inflation of 40.3% over this time. However, this is down 2.2% from 2001, and is the second year in a row that total per capita taxes for Floridians decreased. The FY 2002 taxes for each man, woman and child in Florida are projected at \$9,785.

Florida's FY 2002 total tax bill is estimated at \$162.0 billion, just more than one-third of the state's \$480.8 billion in personal income.

Tax growth during the 1990s was much slower than it was during the 1980s. And so far during the first decade of the new millennium, tax growth has been even slower. Total taxes paid by Floridians grew at an annual rate of 10.1% during the Eighties and 7.6% during the Nineties. In the two years since 2000, total taxes have grown an average of 0.6%. This is largely due to federal taxes, by far the largest component of Floridians' tax burden. Total collections for 2002 are \$1.8 billion less than they were in 2000. This is especially noteworthy since federal tax were the fastest growing level of taxation for Floridians during the last decade.

\$ On a per capita basis, the total tax bill for each Floridian reached \$9,785 in FY 2002. This is down 2.2% from 2001, and is the second year in a row that total per capita taxes for Floridians decreased.

\$ While total per capita taxation is down in FY 2002, it has still increased 63.7% since 1990, far exceeding inflation of 40.3%. During this time, per capita personal income has grown 49.2%.

\$ Tax cuts and the recession have lowered Floridians (and all Americans) tax burden. The economy also kept personal income down, as it also grew at its lowest rate in at least 25 years (4.2%), but this still outpaced growth in taxes during 2002.

\$ Even with low income growth, Floridians' Effective Buying Power (EBP) the amount of income left after taxes and inflation should rise 2.1% in 2002, the second largest increase since 1990. The small increase in taxes and continued low inflation lead to this rise in EBP.

Local Taxes Expected to be the Growth Leader in 2002

The slowed economy has not seemed to have had the effect on local property taxes as it has on state sales taxes and federal income taxes. Total local taxes are expected to increase by approximately \$1.4 billion, or 7.5%, in FY 2002, following 7.0% growth in 2001. After being the fastest growing level of taxation during the 1980s, it was the slowest in the 1990s.

Taxes paid to counties, cities and special districts are estimated to total \$19.7 billion in 2002, or \$1,190 per Floridian.

State Taxes Have Smallest Growth in Over 25 Years in 2002

After more than a billion dollars in tax cuts in the last two years, the recession kept Florida state tax collections down during FY 2002. These taxes grew only 2.1%, following 2.4% in 2001. This was led by the state's biggest revenue producer the sales tax which actually brought in less money in 2002 than the prior year. Sales taxes are forecasted to rebound in the next two years, with estimated growth rates of 3.8% in 2003 and 7.1% in 2004.

State tax collections are projected to rise to \$29.0 billion in FY 2002. That amounts to a tax burden of \$1,752 per Floridian.

Ten Years of Florida Taxpayer Independence Days

Past Taxpayer Independence Days have been revised to reflect changing estimates. All years cited in discussion of Tax Freedom Day are calendar. The Tax Index is on a fiscal year basis.

Year	Days	Date
2002	122	May 3
2001	126	May 7
2000*	131	May 11
1999	130	May 11

Federal Taxes Paid By Floridians Decrease for First Time

For the first time in the history of the Tax Index, federal tax collections declined, falling \$2.6 billion, or 2.2%. A series of tax cuts in 2001 and 2002, coupled with the economic downturn, led to this decrease. Nearly 70% of all taxes paid by Floridians to local, state and federal governments goes to Uncle Sam.

Federal tax collections are projected to fall to \$113.3 billion in FY 2002, or \$6,843 per Floridian.

1998	127	May 8
1997	124	May 5
1996*	122	May 3
1995	120	May 1
1994	119	April 30
1993	117	April 28

* leap year

Source: Florida TaxWatch, May 2002.

The Florida Tax Index

Total Taxes Reach \$162 Billion

\$9,785 Per Person

TABLE 1
Taxes and Tax Indices in Florida, 1982-2002

FY	LOCAL		STATE		FEDERAL		TOTAL	
	Millions	Index	Millions	Index	Millions	Index	Millions	Index
1982	3,666	39.4	5,912	40.8	26,787	50.6	36,365	47.4
1983	4,110	44.2	6,885	47.5	26,834	50.7	37,829	49.3
1984	4,443	47.8	8,313	57.4	30,587	57.8	43,343	56.5
1985	5,099	54.8	8,934	61.7	34,437	65.0	48,470	63.2
1986	5,747	61.8	9,858	68.1	37,491	70.8	53,096	69.2
1987	6,566	70.6	10,891	75.2	42,400	80.1	59,857	78.0
1988	7,313	78.6	12,623	87.1	45,792	86.5	65,728	85.7
1989	8,277	89.0	13,647	94.2	51,102	96.5	73,026	95.2
1990	9,304	100.0	14,486	100.0	52,947	100.0	76,737	100.0
1991	10,533	113.2	15,216	105.0	54,236	102.4	79,985	104.2
1992	11,415	122.7	16,531	114.1	56,126	106.0	84,072	109.6
1993	11,699	125.7	18,759	129.5	61,000	115.2	91,458	119.2
1994	12,691	136.4	20,253	139.8	67,072	126.7	100,016	130.3
1995	13,341	143.4	21,023	145.1	72,408	136.8	106,772	139.1
1996	13,829	148.6	22,258	153.7	79,374	149.9	115,461	150.5
1997	14,647	157.4	23,512	162.3	87,229	164.7	125,388	163.4
1998	15,442	166.0	25,007	172.6	95,770	180.9	136,219	177.5
1999	16,446	176.8	26,397	182.2	103,714	195.9	146,557	191.0
2000	17,120	184.0	27,732	191.4	115,086	217.4	159,938	208.4
2001	18,319	196.9	28,398	196.0	115,830	218.8	162,547	211.8
2002	19,693	211.7	29,006	200.2	113,265	213.9	161,964	211.1

TABLE 2
Per Capita Taxes and Tax Indices in Florida, 1982-2002

FY	LOCAL		STATE		FEDERAL		TOTAL	
	Dollars	Index	Dollars	Index	Dollars	Index	Dollars	Index
1982	355	48.9	572	50.7	2,592	62.8	3,519	58.9
1983	387	53.5	649	57.5	2,529	61.3	3,566	59.7
1984	408	56.3	763	67.6	2,808	68.1	3,979	66.6
1985	456	62.9	798	70.7	3,076	74.6	4,330	72.4
1986	499	68.9	857	75.9	3,258	79.0	4,613	77.2
1987	555	76.6	920	81.6	3,583	86.9	5,058	84.6
1988	602	83.0	1,039	92.0	3,768	91.4	5,408	90.5
1989	664	91.6	1,095	97.0	4,099	99.4	5,858	98.0
1990	725	100.0	1,128	100.0	4,124	100.0	5,977	100.0
1991	801	110.5	1,156	102.5	4,122	99.9	6,079	101.7
1992	851	117.4	1,232	109.2	4,184	101.5	6,267	104.9
1993	858	118.5	1,377	122.0	4,476	108.5	6,711	112.3
1994	913	126.0	1,457	129.1	4,826	117.0	7,196	120.4
1995	939	129.6	1,480	131.2	5,098	123.6	7,517	125.8
1996	954	131.7	1,536	136.1	5,477	132.8	7,967	133.3
1997	989	136.4	1,587	140.6	5,887	142.8	8,463	141.6
1998	1,020	140.7	1,652	146.4	6,326	153.4	8,998	150.5
1999	1,062	146.6	1,705	151.1	6,699	162.4	9,466	158.4
2000	1,076	148.5	1,743	154.5	7,235	175.4	10,055	168.2
2001	1,127	155.6	1,748	154.9	7,129	172.9	10,004	167.4
2002	1,190	164.2	1,752	155.3	6,843	165.9	9,785	163.7

Florida TaxWatch, U.S. Bureau of the Census, Florida Consensus Estimating Conference, United States Department of the Treasury, May 2002.

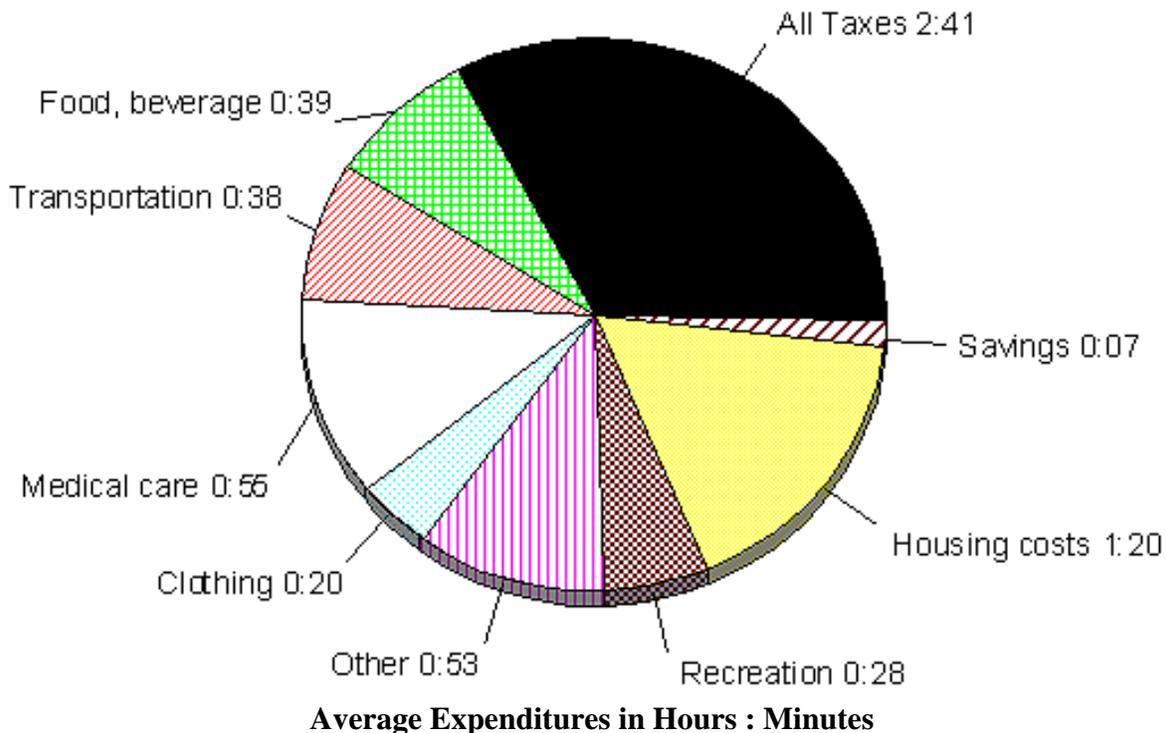
Low Tax Growth, Low Inflation Means Floridians' Paychecks Go Further in 2002

With growth in personal income (4.2%) exceeding that of taxes (1.1%) in calendar year 2002, coupled with continued low inflation, Floridians' paychecks should go further than last year. Florida TaxWatch projects that the average Florida household will enjoy the second straight increase in its effective buying power (EBP) in 2002. Effective buying power is after-tax income adjusted for inflation. The 2002 increase of 2.1% follows a rise of 3.3% in 2001, following two years of declining EBP.

After paying all taxes and adjusting for inflation, the average Florida household will have approximately \$989 more to spend in 2002 than it had in 2001.

Despite relatively low income growth, the smallest increase in taxes paid in the history of our Taxpayer Independence Day publication lead to this rise in EBP. Tax growth in calendar 2002 is estimated at 1.1%. This compares to an average growth of 7.2% over the last ten years.

Where your Workday Earnings Go: 8-Hour Workday of Florida Wage Earner



Source: Florida TaxWatch and Tax Foundation, May 2002

On a per household basis, taxes fell 0.7% in 2002. Since income had modest growth of 2.4% coupled with continue low inflation the average Florida household enjoyed an increase in buying power.

EBP has risen in six of the last ten years, and fallen in four. Most of the annual increases have been small. The effective buying power of Floridians has risen 7.3% over the last ten years.

Since 1992

Inflation Up 28.2%
Personal Income Up 42.9%
Taxes Up 55.0%

In 1992, the average Florida household earned \$51,889. After all taxes were paid, \$35,884 in disposable income was left. In 2002, that household earned an estimated \$74,142, but its tax now stands at \$24,803, leaving \$49,339. When adjusted for inflation, Effective Buying Power is up \$98 from last year, and up \$2,604 from 1992.

The Bottom Line . . .
Where Do You Stand?

Of course, everybody's economic and tax situations are different. However, on the average, your household income only had to rise 1.0% in 2002, or 36.5% since 1992, for your effective buying power and standard of living to keep pace with the combined effects of taxation and inflation.

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