

Research Report

December 2001



How Florida Compares

State and Local Taxes in Florida and the Nation

State Taxes - FY 2000 Local Taxes - FY 1999

Executive Summary

This is Florida TaxWatch's annual report of how Florida's state and local taxes compare with those of the other 49 states. State and local governments across the nation have largely been avoiding tax hikes, and Florida has been no exception. What tax growth there has been in recent years has been largely due to a strong economy. This edition of *How Florida Compares* finds that tax burdens have not increased significantly. In fact, when viewed in terms of percentage of personal income, tax burdens have been getting smaller, both nationally and in Florida.

After rising two spots in 1999, Florida's per capita state tax ranking fell four spots in 2000. Our combined state and local ranking is down five spots.

Relative to other states, Florida's state and local tax burden is lower than average. But Florida has a higher reliance on local governments than many states, so our local tax burden is relatively greater than our state burden.

State Taxes. Floridians' per capita state tax ranking now stands at 43rd, the lowest position since 1985. As a percent of personal income (5.9%), Florida ranks 45nd in state taxes, down two spots from the prior year.

Local Taxes. Floridians' per capita local tax ranking rose two spots in 1999 to 20th. The largest component of local taxes, the property tax, rose one spot to 17th. Floridians' property tax burden is slightly above the national average.

Note: Due to the availability of U.S. Census Bureau data for state governments, this report includes state tax collection data for FY 2000, but the latest available data for local governments is FY 1999. Also, historical data have been revised to reflect changing population data from the 2000 Census.

What's Next?

The 2001 Florida Legislature was the third consecutive to cut taxes. These cuts are beginning to be reflected in the 2000 tax rankings and will continue through the next couple editions of this report. A strong economy in the past few years has contributed to some growth in taxes, but, now that the economy is cooling considerably, state revenue growth will also slow. This impact on tax collections will likely be more pronounced in Florida than most states. Floridians' tax burden should remain relatively low through the next set of rankings, and, unless the Legislature enacts tax increases in response to current budget shortfalls, Florida's tax rankings will certainly not rise much in the near future.

Key Facts and Findings

- After rising two spots the previous year, Florida's per capita state tax ranking fell four spots in 2000. This ranking of 43rd is the lowest since 1985. Per capita collections rose only \$25 (1.6%), reaching \$1,553. This is still below the national average which stands at \$1,921.
- State and local governments have largely been avoiding tax hikes, so tax growth has been relatively slow. In fact, when viewed in terms of percentage of personal income, tax burdens are getting smaller, both nationally and in Florida.
- Florida's per capita combined state and local tax ranking fell five spots (2000 state data and 1999 local data) to 33th. These taxes total \$2,641, up \$78 from the previous year.
- Although the tax burden in dollars is smaller, Florida's local governments tax citizens relatively higher than state government when compared to the other 49 states. Floridians' had the nation's 20th largest per capita local tax burden in 1999 (latest available data).
- Florida's rankings for taxes as a percent of personal income are lower than its per capita rankings. State taxes take 5.9% of Floridians' personal income and state and local combine to take out 10.0%. This compares to 6.95% and 11.2%, respectively, nationally. 1999 marked the first time the percentage of Floridians' personal income taken up by taxes has fallen below 6% since 1992.
- Floridians' per capita burden for local government's largest tax source--the property tax--increased \$42 in 1999, to \$856. Florida's ranking is 17th, up one spot and our per capita burden is \$20 higher than the national average.
- Transaction taxes (general and selective sales taxes) account for 77% of all Florida's state tax collections. This compares to the national average of 46%. Florida has the fifth largest per capita general sales tax collections, and it increased by \$48 in 2000, reaching \$939. However, Floridians' selective sales

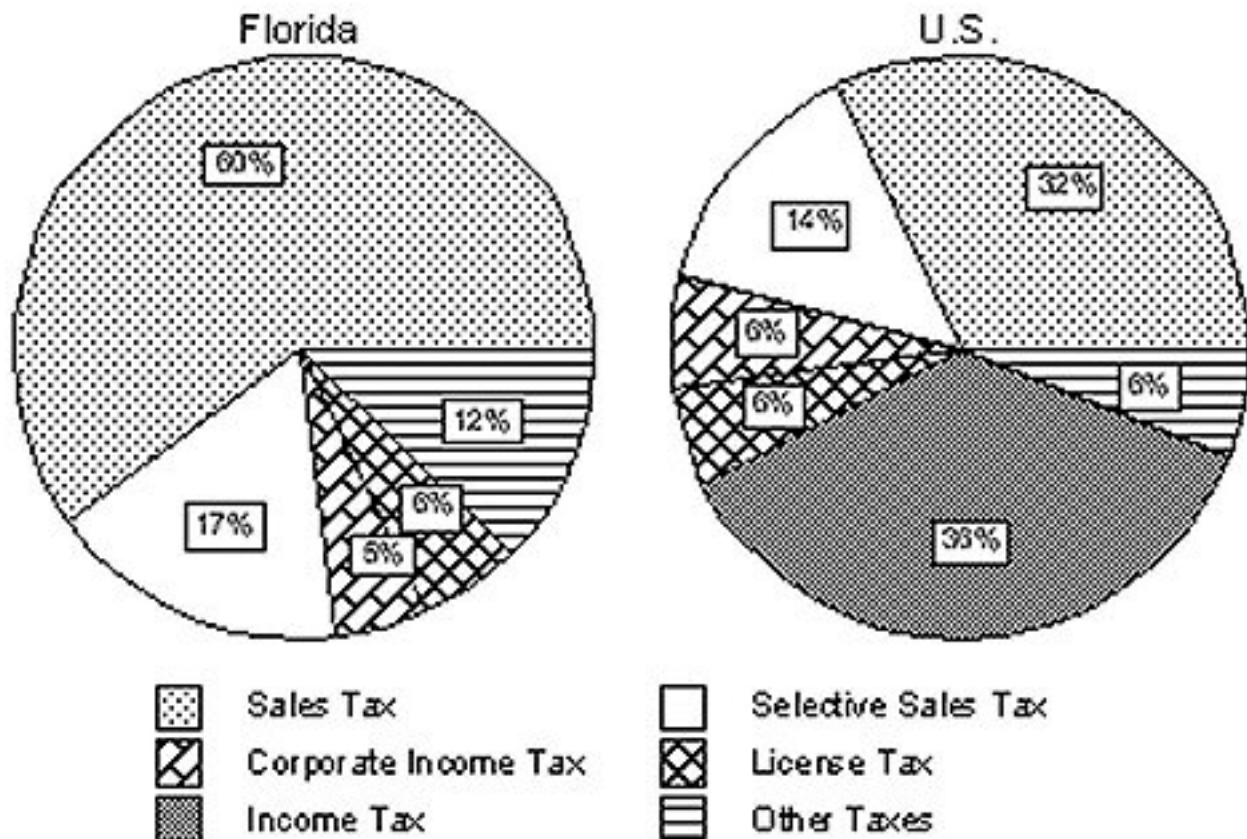
(tax on motor fuels, tobacco, alcoholic beverages, etc.) continued a trend of falling relative to other states. Floridians' ranking for these taxes now stand at 29th.

- Florida is one of seven states without a personal income tax. Of the four largest states, Florida and Texas have no personal income tax.

- Florida's state debt burden amounts to \$1,180 for each Floridian. This ranks Florida 37th, well below the national average of \$1,876. However, Florida's many local governments have debt totaling \$3,830 per Floridian, well above the national average.

The report contains tables ranking the fifty states on a variety of state and local tax measures and other information comparing Floridians' tax burden to those of taxpayers in other states. The following graphics are examples of the information in the report.

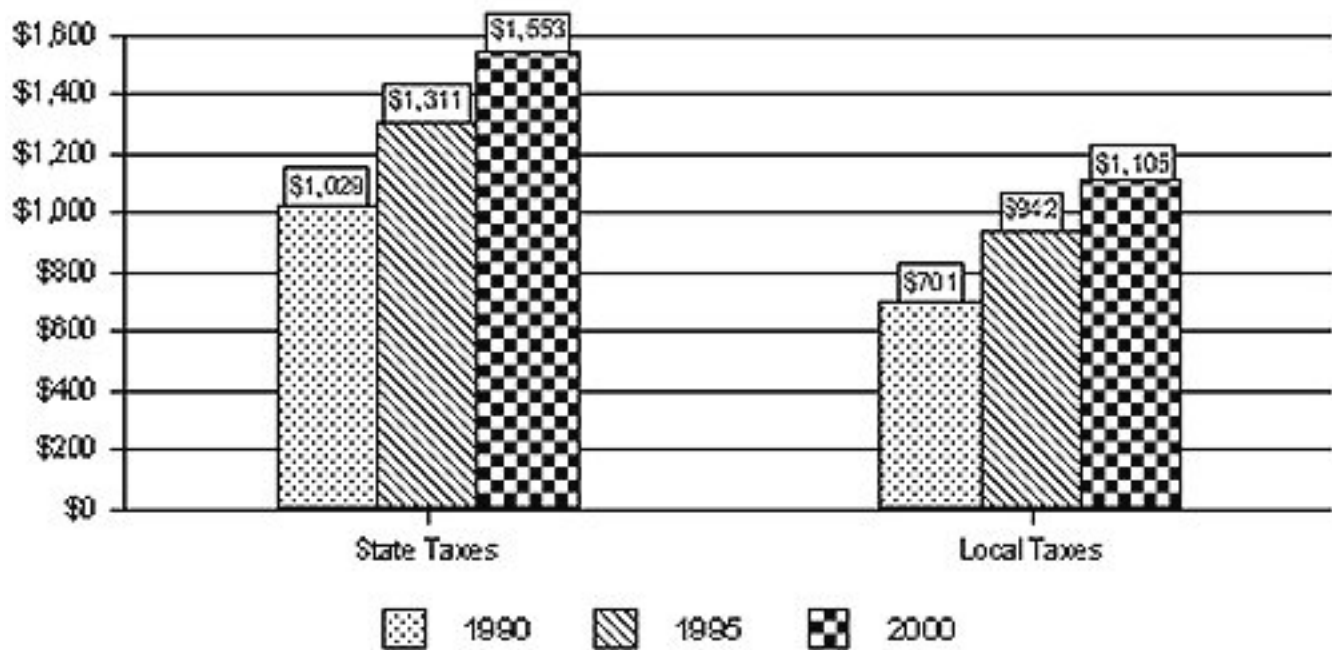
Percentage of Total State Taxes Provided by Each Source



Transaction Taxes = Sales Tax + Selective Sales Tax
Florida = 77% U.S. = 46%

Source: U.S. Department of Commerce and Florida TaxWatch, December 2001.

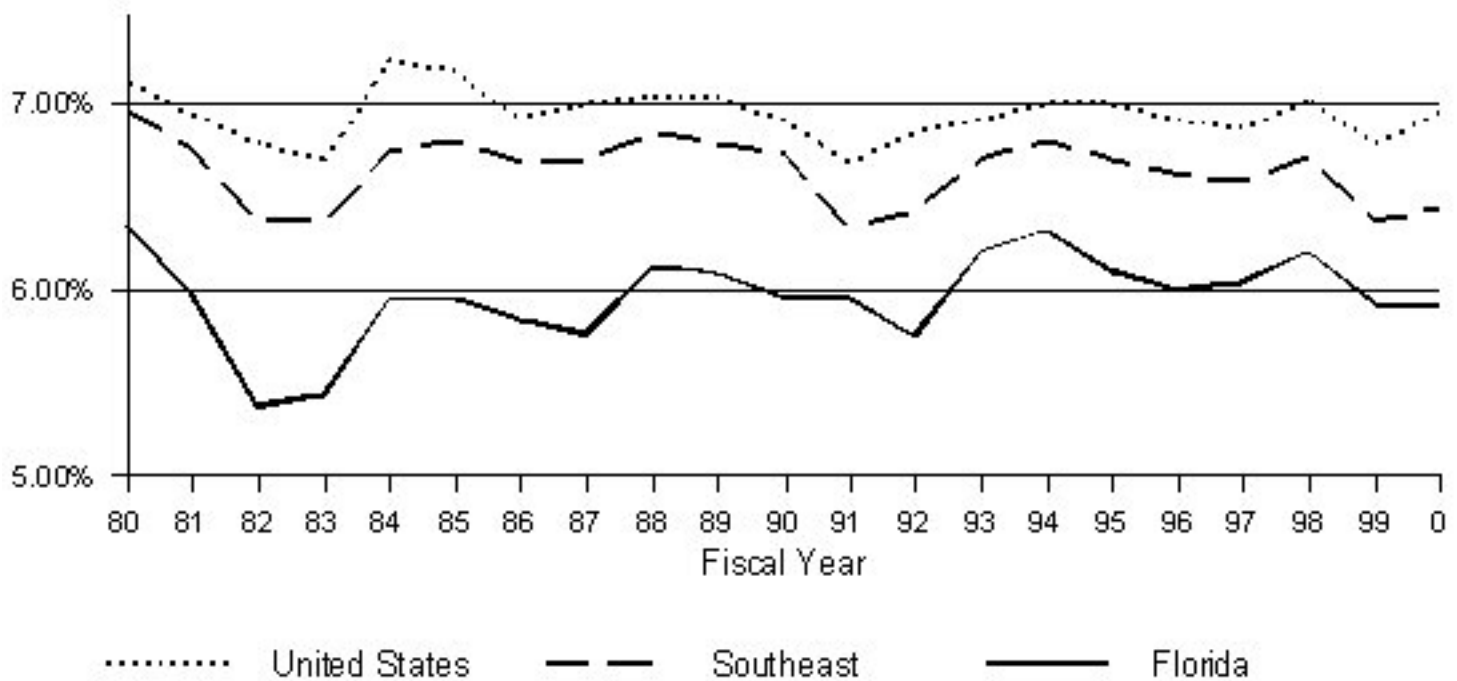
Florida's Per Capita Tax Growth 1990-2000



Note: 2000 Local Taxes are estimated.

Source: U.S. Department of Commerce and Florida TaxWatch, December 2001.

State Taxes as % of Personal Income Florida, Southeast, United States



Southeastern states are Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee.

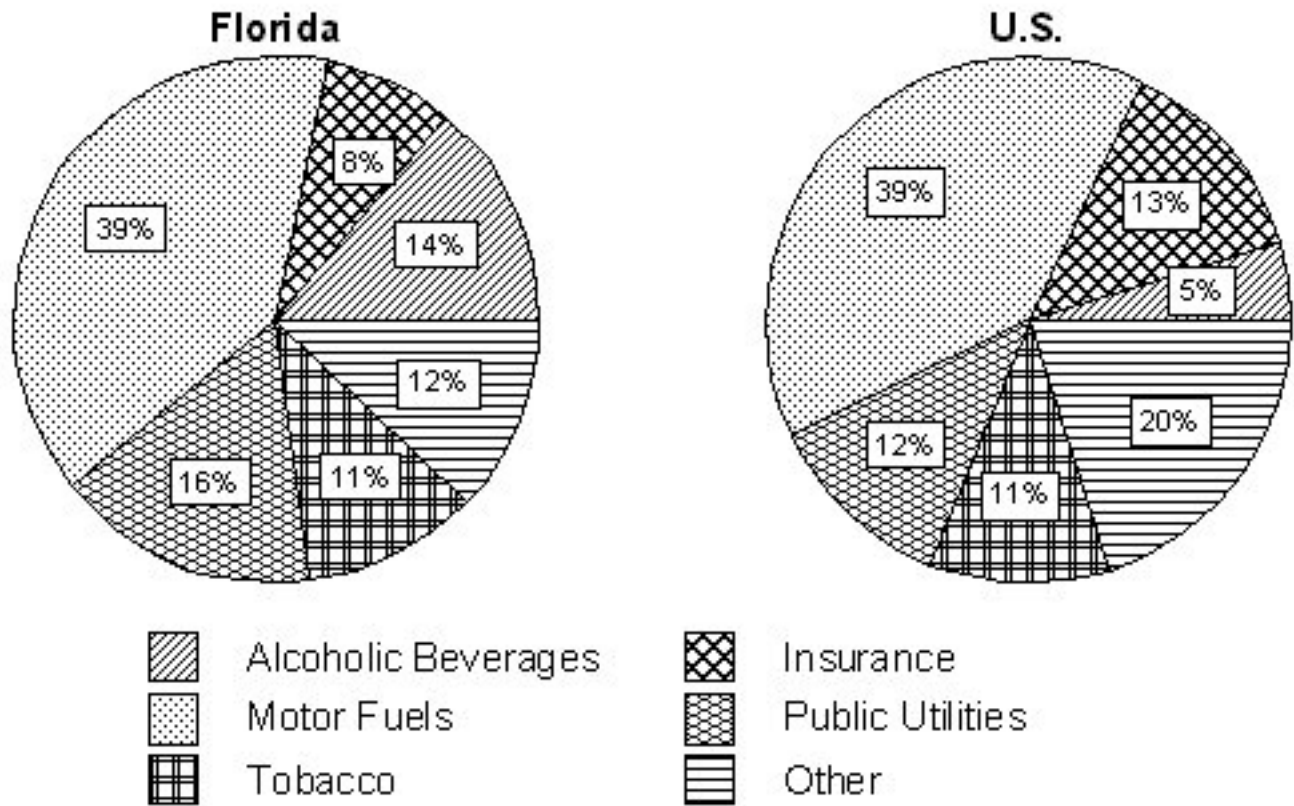
Source: U.S. Department of Commerce and Florida TaxWatch, December 2001.

Florida Has Highest Beverage Tax in the Nation, Tobacco Falls Below U.S. Average for First Time *(per capita dollars - FY 2000)*

Source	Florida	Rank	U.S. Average
Motor Fuels*	\$100.61	40	\$107.24
Utilities	\$41.68	16	\$33.01
Alcoholic Beverages	\$35.99	1	\$14.61
Tobacco	\$27.69	24	\$29.84
Insurance	\$22.25	45	\$34.70
Parimutuels	\$3.09	6	\$1.20

* Includes only state motor fuel taxes. When local taxes are considered, Florida's top gas tax rate is the fourth highest in the nation.

Percent of Selective Sales Taxes Provided by Source

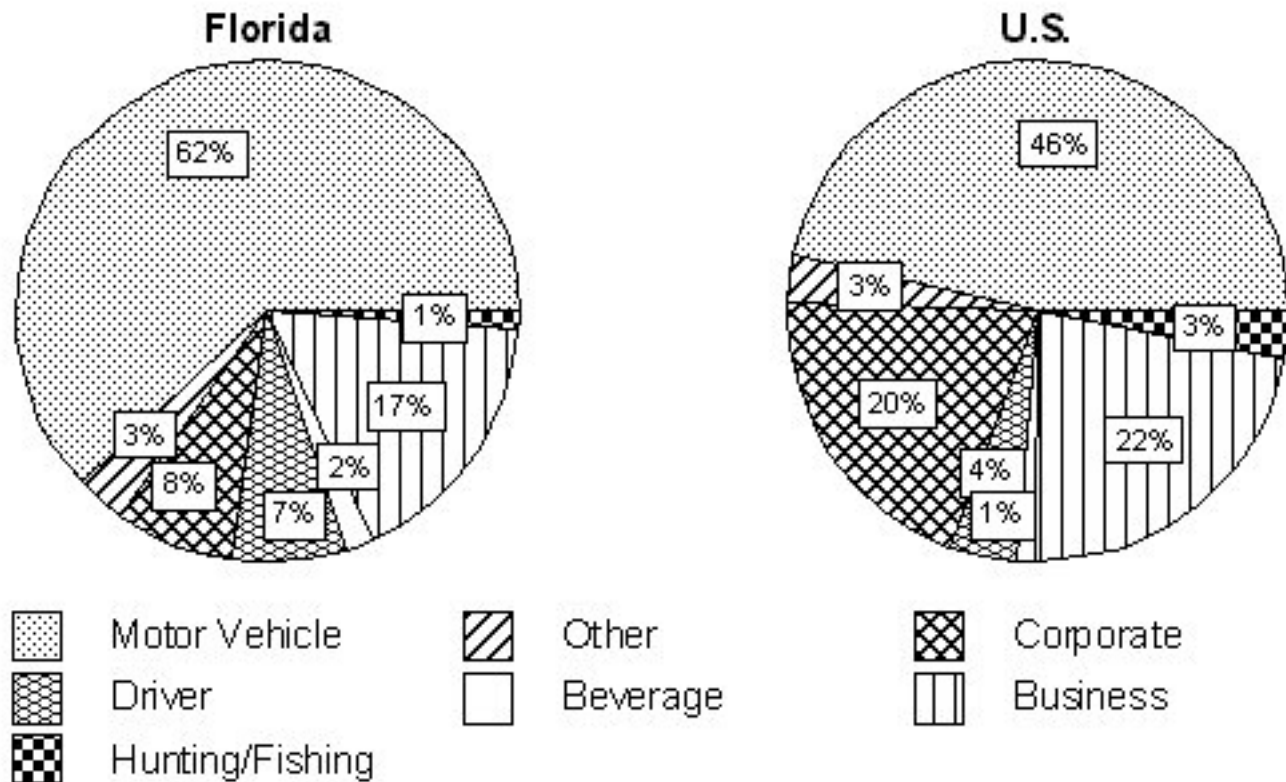


Source: U.S. Department of Commerce and Florida TaxWatch, December 2001.

What Makes Up Florida's \$94.17 Per Capita License Tax Burden?

License	
Motor Vehicle Tags	\$58.00
Business Licenses	\$15.85
Corporate Fees	\$7.57
Driver Licenses	\$7.05
Beverage Licenses	\$1.91
Hunting and Fishing Li	\$0.88
Other Licenses	\$2.91
TOTAL	\$94.17

Percent of Total License Taxes by Source



Source: U.S. Department of Commerce and Florida TaxWatch, December 2001.

This Executive Summary and the full report were written by Kurt Wenner, Senior Research Analyst under the direction of Keith G. Baker, Ph.D., Senior Vice President and Chief Operating Officer T. O'Neal Dougals, Chairman; Dominic M. Calabro, President and Publisher

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