

Florida Taxpayer Independence Day 1999!

**May
6
1999**

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 1999 until three weeks after that. Thursday, May 6 is Florida Taxpayer Independence Day 1999, estimated by Florida TaxWatch. On that day, Floridians can take satisfaction in knowing they are finally 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. Although a strong economy has increased the amount of taxes Floridians pay, income has risen a bit more in 1999. So this year it will take a little less time to earn enough to pay your taxes.

Florida Taxpayer Independence Day comes one day earlier than it did the year before. Florida Taxpayer Independence Day fell on May 7 in both 1998 and 1997. This recent trend comes after Floridians' saw Taxpayer Independence Day coming later and later during the 1990s. May 7 was the latest Florida Taxpayer Independence Day. The earliest of the 23 days Florida TaxWatch has calculated was April 12 in 1983. **For the average Florida household, paying these taxes in 1999 takes 125 out of 365 days, or more than one-third of the year. However, this is one day less than last year.**

The "hold the line" policy on taxes at all three levels of government has led to earlier independence. The federal tax hikes of the early 1990s dramatically increased tax burden. Recently, while Floridians have not been subject to major tax increases, a booming economy has still meant significant increases in tax collections. However, this year, income growth exceeded tax growth. With the total tax burden on the average household increasing 2.8% in 1999, and their income going up 3.8%, it is going to take them a little less time to earn enough to satisfy their tax obligations.

If working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:44 a.m.

Highlights

● Florida Taxpayer Independence Day 1999 is May 6. Floridians must work more than one-third of the year or 125 out of 365 days to pay their tax bills, one day less than last year. Since personal income grew a bit more (5.8 %) than taxes (4.7%) during calendar year 1999, Florida Taxpayer Independence Day 1999 comes earlier than last year.

● It takes 2 hours and 44 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 182.0 in FY 1999, meaning total taxes (federal, state and local) paid by Floridians have increased 82.0% since FY1990. These taxes grew 5.1% from 1998 to 1999.

● On a per capita basis, the total tax bill for each Floridian has increased from \$5,918 in FY 1990 to \$9,073 in FY 1999. This 53% rise compares with inflation of 29.9% during this time, meaning the real increase per Floridian is 18% during the 1990s.

● Total per capita taxation is expected to rise 3.3% in FY 1999, compared with inflation and per capita personal income which are expected to grow 1.9% and 4.0%, respectively.

● Tax growth at all levels of government has slowed in the 1990s, compared to the decade of the 1980s. This decade, state taxes have risen at an average annual rate of 7.0%, local taxes 6.5% and federal taxes 6.9%. This compares to average annual growth in the 1980s of 11.4% for state taxes, 13.8% for local taxes and 11.1% for federal taxes.

● Floridians' Effective Buying

daily, almost two minutes less than last year. Federal taxes alone take up 1 hour and 52 minutes of the eight hour work day. Add to this state and local tax obligations, and the average Floridian works 2 hours and 44 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 16 minutes, health and medical care takes 50 minutes, and food requires 41 minutes.

Strong Economy Has Provided Governments With Increased Revenues Without Tax Hikes

The 1999 Florida Tax Index climbed to 182.0, meaning that all taxes paid by Floridians to federal, state and local governments have grown 82.0% since the base year of FY 1990 (Table 1), an average annual growth of 6.8%. This rise outpaces combined population and inflation growth in Florida of 53.8% (average annual growth of 4.9%).

The index for total per capita taxes (Table 2) is at 153.3, meaning these taxes are up 53% since 1990. This contrasts with inflation of 30% over this time. Each Floridian's tax burden grew 3.3% this year. The FY 1999 taxes for each man, woman and child in Florida are projected at \$9,073.

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
1999	125	May 6
1998	126	May 7
1997	126	May 7
1996*	124	May 4
1995	121	May 2
1994	120	May 1
1993	118	April 29
1992*	114	April 24
1991	113	April 24
1990	113	April 24

* leap year

Source: Florida TaxWatch, May 1999

Florida's FY 1999 total tax bill is estimated at \$137.9 billion, more than one-third of its \$394.1 billion personal income.

Even with all three levels of government generally avoiding tax increases, Floridians' total tax bill grew 5.1% in FY 1999, a little less than in 1998 (5.3%). Even though this growth of nearly \$7 billion is significant, it is the smallest annual percentage increase since 1992. Tax growth slowed considerably in the 1990s. This decade, Floridians' total tax burden has averaged annual growth of 6.8%. In the 1980s average annual growth was 11.4%. This trend is true for all three levels of government. The following is the average annual growth in the 1980s and the 1990s, respectively: local (13.8% and 6.5%); state (11.4% and 7.0%); and federal (11.1% and 6.9%).

Local Tax Growth Has Slowed Considerably

Until 1992, the largest growth in taxes for Floridians were coming from local governments. Annual increases of 12%-15% were the rule. This growth has slowed considerably since then, so much so that local government tax growth is smaller than that of both state and federal governments during the 1990s.

Property tax millage rates have remain fairly stable this decade. The 21.88 average millage in 1999 is 1% greater than in 1998, but approximately the same as it was in 1995. Still, growth in new construction and property

values will help bring in \$1 billion in additional property taxes for local governments in 1999. The Legislature has mandated a \$281 million rollback in property taxes for next year.

Taxes paid to counties, cities and special districts are estimated to total \$16.4 billion in 1999, or \$1,076 per Floridian.

Economic Growth Allows Legislature to Cut State Taxes

The Florida Legislature has largely been able to avoid tax increases for several years now. In fact, it passed a \$1 billion tax reduction for FY 2000. Despite this, the economy's strength has resulted in solid tax growth. Collections are expected to rise 5.2% in FY 1999, following 7.4% in 1998. Sources sensitive to the economy such as sales, corporate income and those tied to the housing and mortgage markets have all benefitted.

State tax collections are projected to rise to \$26.6 billion in FY 1999. That amounts to a tax burden of \$1,747 per Floridian.

Growth in Federal Taxes Outpace Groth of the Economy

Most of the taxes (69%) Floridians pay go to the federal government. The tax increases of the early 1990s led to rapid tax growth as the economy prospered during the decade. This is why Taxpayer Independence Day came later and later. In 1998 and 1999, federal tax growth is expected to slow, increasing less than 5% in both years. This compares with average growth of 9.3% over the previous five years.

Federal tax collections are projected to rise to \$95.0 billion in FY 1999, or \$6,249 per Floridian.

The Florida Tax Index

Total Taxes Reach \$138 Billion \$8,405 Per Person

TABLE 1
Taxes and Tax Indices in Florida, 1979-1999

	LOCAL		STATE		FEDERAL		TOTAL	
FY	Millions	Index	Millions	Index	Millions	Index	Millions	Index
1979	\$2,542	27.3	\$4,757	32.8	\$18,398	35.3	\$25,697	33.8
1980	2,577	27.7	5,168	35.7	19,186	36.8	26,931	35.4
1981	2,971	31.9	5,605	38.7	22,973	44.0	31,549	41.5
1982	3,666	39.4	5,912	40.8	25,896	49.6	35,474	46.7
1983	4,110	44.2	6,885	47.5	25,429	48.7	36,424	47.9
1984	4,443	47.8	8,313	57.4	29,819	57.1	42,575	56.0
1985	5,099	54.8	8,934	61.7	33,177	63.6	47,210	62.1
1986	5,747	61.8	9,858	68.1	35,440	67.9	51,045	67.2
1987	6,566	70.6	10,891	75.2	40,820	78.2	58,277	76.7
1988	7,313	78.6	12,623	87.1	45,687	87.5	65,623	86.4
1989	8,277	89.0	13,647	94.2	49,468	94.8	71,392	94.0
1990	9,304	100.0	14,486	100.0	52,191	100.0	75,981	100.0
1991	10,533	113.2	15,216	105.0	53,616	102.7	79,365	104.5

1992	11,415	122.7	16,522	114.1	55,363	106.1	83,300	109.6
1993	11,699	125.7	18,749	129.4	60,800	116.5	91,248	120.1
1994	12,691	136.4	20,241	139.7	66,240	126.9	99,172	130.5
1995	13,341	143.4	21,010	145.0	71,165	136.4	105,516	138.9
1996	13,829	148.6	22,240	153.5	78,838	151.1	114,907	151.2
1997	14,548	156.4	23,494	162.2	86,514	165.8	124,556	163.9
1998	15,246	163.9	25,236	174.2	90,672	173.7	131,154	172.6
1999	\$16,359	175.8	\$26,558	183.3	\$94,988	182.0	\$137,906	181.5

TABLE 2
Per Capita Taxes and Tax Indices in Florida, 1979-1999

	LOCAL		STATE		FEDERAL		TOTAL	
FY	Dollars	Index	Dollars	Index	Dollars	Index	Dollars	Index
1979	271	37.4	507	45.0	1,962	48.3	2,741	46.3
1980	267	36.8	534	47.4	1,984	48.8	2,785	47.1
1981	296	40.8	558	49.5	2,288	56.3	3,143	53.1
1982	354	48.8	570	50.6	2,499	61.5	3,423	57.8
1983	387	53.4	649	57.5	2,395	58.9	3,431	58.0
1984	408	56.2	762	67.6	2,735	67.3	3,905	66.0
1985	454	62.6	795	70.5	2,952	72.6	4,201	71.0
1986	499	68.9	857	75.9	3,079	75.7	4,435	74.9
1987	555	76.6	920	81.6	3,450	84.9	4,925	83.2
1988	602	83.0	1,039	92.0	3,759	92.5	5,399	91.2
1989	664	91.6	1,095	97.0	3,969	97.6	5,727	96.8
1990	725	100.0	1,128	100.0	4,065	100.0	5,918	100.0
1991	802	110.6	1,158	102.6	4,081	100.4	6,040	102.1
1992	854	117.8	1,236	109.5	4,141	101.9	6,231	105.3
1993	863	119.0	1,382	122.5	4,483	110.3	6,728	113.7
1994	919	126.8	1,466	129.9	4,798	118.0	7,183	121.4
1995	947	130.7	1,491	132.2	5,051	124.3	7,490	126.5
1996	964	133.0	1,550	137.4	5,495	135.2	8,009	135.3
1997	994	137.2	1,605	142.3	5,911	145.4	8,510	143.8
1998	1,021	140.9	1,690	149.8	6,073	149.4	8,785	148.4
1999	1,076	148.5	1,747	154.8	6,249	153.7	9,073	153.3

Note: The base year for the Florida Tax Index has been changed from 1977 to 1989.
Source: Florida TaxWatch, U.S. Bureau of the Census,
Florida Consensus Estimating Conference and the Tax Foundation, Inc., May 1999.

Floridians Enjoy Largest Increase In Buying Power This Decade

With growth in personal income (5.8%) exceeding that of taxes (4.7%) in calendar year 1999, coupled with continued low inflation, Floridians' paychecks should go farther than last year. Florida TaxWatch projects that the average Florida family's effective buying power (EBP) will increase in 1999 for the sixth straight year. Effective buying power is after-tax income adjusted for inflation. The 1999 increase is estimated at 2.1%, the largest increase this decade. These six years of increasing EBP followed a period during which Floridians' buying power fell in four straight years.

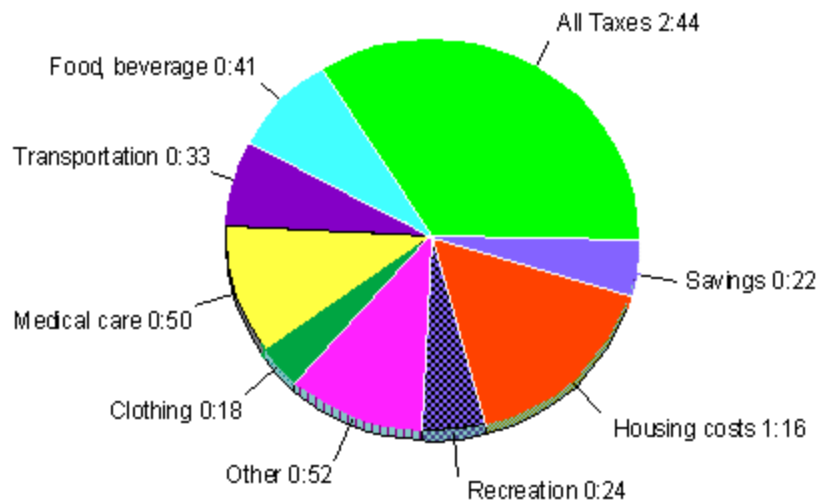
After paying all taxes and adjusting for inflation, the average Florida household will have approximately \$865 more to spend in 1999 than it had in 1998.

With Florida's total personal income up an estimated 5.8%, the average household brought in 3.8% more than last year.

This was still enough to cover inflation of 2.3%. Tax growth of 2.8% on that same household also ate into this income growth, but not enough to stop the average Florida household from enjoying increased buying power.

Despite the 2.1% increase in 1999, the effective purchasing power of Floridians has risen only 3.0% over the last ten years. Household taxes have outpaced both inflation and personal income since 1989.

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



Average Expenditure in Hours:Minutes

Source: Florida TaxWatch and Tax Foundation, May 1999

Since 1989	
Inflation Up	34.7%
Personal Income Up	45.1%
Taxes Up	59.2%

In 1989, the average Florida household earned \$46,109. After all taxes were paid, \$31,768 was left. In 1999, that household earned an estimated \$66,911 but its tax now stands at \$22,828, leaving \$44,083. When adjusted for inflation, Effective Buying Power is up \$962 from 1989, and up \$865 from 1998.

The Bottom Line . . . Where Do You Stand?

Of course, everybody's economic and tax situations are different. However, on the average, if your household income did not rise 2.5% in 1999 or 42.43% since 1989, the combined effects of taxation and inflation have likely reduced your effective buying power and standard of living.

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