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State Taxes - FY 1996 Local Taxes - FY 1994

This is Florida TaxWatch's annual report of how Florida's state and local taxes compare with those of the other 49 states. Florida's per capita combined state and local tax ranking jumped three spots in 1994, rising from 32nd to 29th. These taxes totalled \$2,186 in 1994, up \$179 from the previous year. State and local taxes equalled 10.5% of Florida's personal income. This ranks Florida 40th, up three spots from the previous year.

Relative to other states, Florida's state and local tax burden is lower than average. But as cities and counties pick up more responsibility for providing services, the tax burden in Florida is shifting from state government to local governments. In FY 1984, local taxes comprised 35% of total state and local taxes in Florida. By 1994, that portion had increased to 42%. So while Floridians' state tax rankings remain relatively low, local -- and combined state and local -- rankings are moving closer to the national average.

State Taxes. After falling five spots in 1995, Florida's per capita tax collection ranking rose one place in 1996, reaching 40th. Florida's per capita state taxes totalled \$1,368 in 1996, up \$57 from 1995. As a percent of personal income (6.0%), Florida ranks 42nd in state taxes, down one rank from 1995.

Local Taxes. Floridians' per capita local tax ranking rose two rankings to 22nd in 1994. The largest component of local taxes, the property tax, held its rank of 19th, a bit above the national average.

Note: Due to an increase in the availability of U.S. Census Bureau data for state governments, this report includes state tax collection data for FY 1996, while last year's report had FY 1994 state data. Unfortunately, the latest available data for local

governments is FY 1994. So while state tax rankings are for 1996, any local tax ranking - or combined state and local ranking -- will be for 1994.

What's Ahead?

With no significant tax increases passed by the Florida Legislature in 1996 and 1997, per capita state tax collections will continue their moderate growth. Total state tax collections should increase 4% in FY 1997, leading to per capita growth of 2%. Local property taxes grew at a bit faster rate from 1994 to 1997 than they did from 1992 to 1994, but growth is much slower than it was in the 1980s. With some counties enacting or considering new local option tax levies, local taxes should continue steady, if unspectacular, growth. Growth in both state and local taxes should not exceed that of Floridians' personal income.

A Florida constitutional amendment -- the state revenue limit -- could also slow Florida's tax increases in the near future. With a "no-new taxes" mood prevailing in many states, a major move in Florida's tax rankings is unlikely.

Key Facts and Findings:

Florida's per capita combined state and local tax ranking jumped three spots in 1994, rising from 32nd to 29th. These taxes totalled \$2,186 in 1994, up \$179 from the previous year.

Per capita state tax collections, both nationally and in Florida, increased moderately in FY 1996. While per capita state tax collections grew 4.3% in Florida, nationally they increased only 3.9% - the smallest growth in five years. By comparison, personal income grew 5.8% in Florida and 5.2% nationally.

Florida's per capita state tax ranking rose one spot from 41st to 40th in 1996, after falling five spots in 1995. Each Floridian's state tax bill rose \$57 (4.4%) in 1996, reaching \$1,368. This is still below the national average which rose \$59 (3.9%) to \$1,581.

Florida's local governments tax citizens relatively higher than state government. Floridians' per capita local tax ranking rose two spots to 22nd in 1994 (latest available data).

When viewed in terms of percentage of personal income, Florida's tax rankings are lower than its per capita rankings. State taxes take 6.0% of Floridians' personal income, down from 6.1% in 1995. State and local combine to take out 10.5%. This compares to 6.9% and 11.4%, respectively, nationally. Florida's ranking for taxes as a percent of personal income: State - 42nd; Local - 23rd; and combined State and Local - 40th.

Floridians' per capita burden for local government's largest tax source -- the property tax - increased \$47 in 1994, to \$740. Florida's ranking stayed at 19th, slightly above the national average.

Transaction taxes (general and selective sales taxes) account for more than 3/4 (77%) of all Florida's state tax collections. This compares to the national average of 49%. Florida has the fourth highest per capita general sales tax burden, and that burden increased by \$41 in 1996, reaching \$794. Floridians' selective sales tax ranking stayed at 22nd for the third consecutive year. Per capita collections of these taxes now total \$265.

Florida's per capita corporate income tax collections increased less than 1% in 1996 (\$3). Florida's ranking for these collections stayed at 37th.

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

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