

Taxpayer

Independence Day 2015

Monday, April 20

Florida TaxWatch celebrates Florida Taxpayer Independence Day 2015: the day Floridians are finally earning money for themselves and not for the tax collector. This symbolic date assumes that every dollar earned since January 1 goes to pay federal, state, and local tax obligations. In 2015, for the average Florida household, paying its taxes takes 110 out of 365 days, or more than three and a half months.

Taxpayer independence for Floridians comes one day later than it did last year, mostly due to steady growth in the recovering economy, which is increasing tax collections. Although Floridians' personal income is also increasing, Floridians' total tax bill is expected to rise a bit faster. This will be the fourth year in a row Taxpayer Independence Day has come later than the prior year, despite a commitment by the Florida Legislature to reduce taxes.

Florida will contribute \$261 billion in taxes to federal, state and local governments in 2015, \$14 billion more than last year.

Evaluating Floridians' tax burden on a daily basis, working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:24 a.m. daily. This symbolic time is one minute later than it was last year. Satisfying federal taxes alone requires one hour and 40 minutes of the eight-hour workday. Paying state taxes requires an additional 24 minutes, and 20 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 24 minutes every day of the year just to pay their taxes, the single largest expense incurred by citizens—more than food, housing and clothing combined. The next page breaks down the components that make up Floridians' tax bills.

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The Components of Floridians' Total Tax Burden

LOCAL TAXES – Local taxes are estimated at \$35.8 billion in 2015 and comprise 13.7 percent of the average Floridian's total tax burden. Property taxes are local governments' biggest tax source. In 2008, local tax collections exceeded state collections for the first time, due to the run up in housing prices in 2008. However, the falling housing prices during the Great Recession caused local tax revenues to fall faster than state government revenues, and property values were slow to respond when the economy started improving. Today, Florida's local tax burden is back to being the smallest of the three levels of government, but after four consecutive years of decline, local tax collections are growing again and have increased an estimated 11 percent over the last two years.

STATE TAXES – State taxes are estimated at \$44.4 billion in 2015 and comprise 17.0 percent of the average Floridian's total tax burden. Despite a commitment by the Governor and the Legislature to cut taxes in recent years, a steadily recovering economy is resulting in increasing state government tax collections. Sales taxes, the state's biggest money-maker, are growing, especially recently, as low gas prices have freed up money for consumers to make other purchases. Total state tax collections are estimated to rise by just over \$1 billion this year, but this estimate does not account for the effect of new tax cuts proposed by the 2015 Legislature.

FEDERAL TAXES – Federal taxes paid by Floridians are estimated to be \$180 billion in 2015 and comprise 69.3 percent of the average Floridian's total tax burden. Nationally, federal taxes are expected to increase by 5.6 percent in 2015 and 8.5 percent in 2016. This growth is also mainly due continued steady economic growth, which is expected to result in increased individual income, corporate income, and payroll taxes. Effective tax rates should increase because as the economy grows, incomes rise faster than tax brackets, because the brackets are indexed only to inflation and income growth should outpace inflation.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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The findings in this *Report* are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please feel free to contact us if you feel that this paper is factually inaccurate.

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