

Florida Taxpayer Independence Day 2000!



**May
9th
2000**

Although the deadline for paying your taxes to the IRS was April 17, the average Floridian will not earn enough to pay his or her total tax bill for 2000 until three weeks after that. Tuesday, May 9 is Florida Taxpayer Independence Day 2000, 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 first time in recent years, Floridians' personal income grew faster than the taxes they pay. The result is, in 2000 it will take a little less time to earn enough to pay your taxes than it did in 1999.

Florida Taxpayer Independence Day 2000 comes two days earlier than it did the year before. Florida Taxpayer Independence Day fell on May 10 in 1999 and May 9 in 1998 (Since 2000 is a leap year, the day falls only one day earlier on the calendar, but is actually two days less.). Until this year, Floridians have seen Taxpayer Independence Day coming later and later during the 1990s. May 10 was the latest Florida Taxpayer Independence Day. The earliest day Florida TaxWatch ever calculated was April 16 in 1983. **For the average Florida household, paying these taxes in 2000 takes 129 out of 366 days, or more than one-third of the year. However, this is two days less than last year.**

Federal tax hikes in the early 1990s increased Floridians' tax burden, and, even with all three levels of government avoiding tax increases in recent years, taxes paid by Floridians have still been growing faster than their income. Without an income tax, Floridians' state and local tax collections have often had smaller annual increases than personal income. However, federal taxes they comprise a majority of total taxes have consistently outpaced personal income. However, this year, income growth of 6.8% exceeded tax growth of 5.6%.

If working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:50 a.m. daily, almost three minutes less than last year. Federal taxes alone take up 2 hours and 1 minute of the eight-hour workday. Add to this state and local tax obligations, and the average Floridian works 2 hours and 50 minutes daily just to pay the tax collector.

Taxes are the single largest expense incurred by citizens (See the time chart at end of this report.). By contrast, housing and utility costs take 1 hour and 19 minutes, health and medical care takes 55 minutes, and food requires 44 minutes.

Highlights

\$ Florida Taxpayer Independence Day 2000 is May 9. Floridians must work more than one-third of the year, or 129 out of 366 days, to pay their taxes two days less than last year. Since personal income should grow a bit more (6.8 %) than taxes (5.6%) during calendar year 2000, Taxpayer Independence Day 2000 comes earlier than last year.

\$ It takes 2 hours and 50 minutes of each 8-hour work day to pay taxes, workers' largest single expense. Federal taxes alone take up 2 hours and 1 minute.

\$ The Florida Tax Index stands at 200.1 in FY 2000. This means that total taxes (federal, state and local) paid by Floridians have doubled, increasing 100.1% since FY 1990. These taxes grew 6.0% from 1999 to 2000.

\$ On a per capita basis, the total tax bill for each Floridian has increased from \$5,977 in FY 1990 to \$9,873 in FY 2000. This 65% increase compares with inflation of 32.8% during this time, meaning that the real increase per Floridian is 24% during the 1990s.

\$ Total per capita taxation is expected to rise 3.9% in FY 2000, compared with inflation and per capita personal income, which are expected to grow 2.4% and 4.7%, respectively.

\$ Tax growth at all levels of government has slowed during the last ten years, compared to the decade of the 1980s. This is especially true at the state and local level. Since 1991, state taxes have risen at an average annual rate of 6.5%, local taxes 5.6% and federal taxes 8.1%. This compares to average annual growth in the 1980s of 11.1% for state taxes, 13.5% for local taxes and 8.4% for federal taxes.

\$ Floridians' Effective Buying Power (EBP) -- the amount of income left

All Levels of Government Have Continued to Avoid Tax Hikes, So Tax Growth Has Slowed

The 2000 Florida Tax Index climbed to 200.1, meaning that all taxes paid by Floridians to federal, state and local governments have doubled since the base year of FY 1990 (Table 1), an average annual growth of 6.3%. This rise outpaces a combined population and inflation growth in Florida of 60.9% (average annual growth of 4.9%).

The index for total per capita taxes (Table 2) is at 165.2, meaning that these taxes are up 65.2% since 1990. This contrasts with inflation of 32.8% over this time. Each Floridian's tax burden grew 3.9% this year. The FY 2000 taxes for each man, woman and child in Florida are projected at \$9,873.

Florida's FY 2000 total tax bill is estimated at \$153.5 billion, more than one-third of its \$423.6 billion personal income.

Floridians' total tax bill should grow an estimated 5.98% in FY 2000, rising \$8.7 billion to \$153.5 billion. This growth on a percentage basis is the smallest annual increase since 1990 and the fourth smallest since Florida TaxWatch began charting tax growth in 1977. The increase is due largely to federal taxes, which rose \$7.4 billion. Tax growth at all levels of government has slowed during the last ten years, compared to the decade of the 1980s. This is especially true at the state and local level. Since 1991, state taxes have risen at an average annual rate of 6.5%, local taxes 5.6% and federal taxes 8.1%. This compares to average annual growth in the 1980s of 11.1% for state taxes, 13.5% for local taxes and 8.4% for federal taxes.

Local Tax Growth Has Slowed Considerably

Local taxes are expected to increase by approximately \$900 million, or 5.5%, in FY 2000. This continues the fairly stable growth of 5%-6% of recent years, in sharp contrast to the double-digit growth of the 1980s and early 1990s. In fact, tax collections at the state and local level have grown by the same amount (84.8%) since FY 1990.

Local governments' largest revenue source is the property tax, which grew 4.7% in FY 2000. The statewide average millage rate in 2000 is 21.29 mills, down from 21.88 in 1999. In fact, the average millage rate has remained between 21 and 22 mills since 1991. The 1999 Legislature also mandated a \$281 million rollback in property taxes for 2000. Non-ad valorem assessments, however, have proliferated.

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

State Tax Growth in FY 2000 is the Smallest in the Index's History

State tax collections are expected to grow by only 1.3% in FY 2000. This increase is even smaller than population growth, which is estimated at 2.0%. This means that per capita state taxes decreased for the first time in the history of the index. A \$1 billion tax reduction passed by the 1999 Legislature helped. The 2000 Legislature is planning to cut taxes an additional \$500 million.

State tax collections are projected to rise to \$26.8 billion in FY 2000. That amounts to a tax burden of \$1,721 per Floridian.

Federal Tax Structure Reaps Benefits of a Strong Economy

Most of the taxes Floridians pay go to the federal government, and they are growing faster than state and local taxes. In fact, the portion of Floridians' taxes comprised of federal levies has grown from 66.7% in 1993 to 71.4% in 2000. The economic expansion has led to this rise as actual federal collections have far exceeded estimates in recent years.

Federal tax collections are projected to rise to \$109.6 billion in FY 2000, or \$7,046 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
2000*	129	May 9
1999	131	May 10
1998	130	May 9
1997	126	May 7
1996*	124	May 4
1995	122	May 3
1994	120	May 1
1993	118	April 29
1992*	115	April 25
1991	114	April 25

* leap year

Source: Florida TaxWatch, May 2000.

The Florida Tax Index

Total Taxes Reach \$153.5 Billion

\$9,873 Per Person

TABLE 1

Taxes and Tax Indices in Florida, 1979-2000

LOCAL			STATE		FEDERAL		TOTAL	
FY	Millions	Index	Millions	Index	Millions	Index	Millions	Index
1980	\$2,577	27.7	\$5,168	35.7	\$21,539	40.7	\$29,284	38.2
1981	2,971	31.9	5,605	38.7	25,550	48.3	34,126	44.5
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	14,564	156.5	23,512	162.3	87,229	164.7	125,305	163.3
1998	15,374	165.2	25,008	172.6	95,770	180.9	136,152	177.4
1999	16,305	175.2	26,420	182.4	102,143	192.9	144,868	188.8
2000	17,194	184.8	26,765	184.8	109,579	207.0	153,538	200.1

TABLE 2

Per Capita Taxes and Tax Indices in Florida, 1979-2000

LOCAL			STATE		FEDERAL		TOTAL	
FY	Dollars	Index	Dollars	Index	Dollars	Index	Dollars	Index
1980	\$267	36.8	\$534	47.4	\$2,228	54.0	\$3,029	50.7
1981	296	40.8	558	49.5	2,545	61.7	3,399	56.9
1982	354	48.8	570	50.6	2,585	62.7	3,509	58.7

1983	387	53.4	649	57.5	2,528	61.3	3,563	59.6
1984	408	56.2	762	67.6	2,805	68.0	3,975	66.5
1985	454	62.6	795	70.5	3,065	74.3	4,313	72.2
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	92.1	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	802	110.6	1,158	102.6	4,128	100.1	6,088	101.9
1992	854	117.8	1,237	109.6	4,198	101.8	6,289	105.2
1993	863	119.0	1,383	122.6	4,498	109.1	6,744	112.8
1994	919	126.8	1,467	130.0	4,857	117.8	7,243	121.2
1995	947	130.7	1,493	132.3	5,141	124.7	7,581	126.8
1996	964	133.0	1,552	137.5	5,533	134.2	8,049	134.7
1997	995	137.3	1,606	142.4	5,959	144.5	8,561	143.2
1998	1,030	142.1	1,675	148.5	6,415	155.5	9,119	152.6
1999	1,070	147.6	1,733	153.6	6,702	162.5	9,505	159.0
2000	1,106	152.6	1,721	152.5	7,046	170.9	9,873	165.2

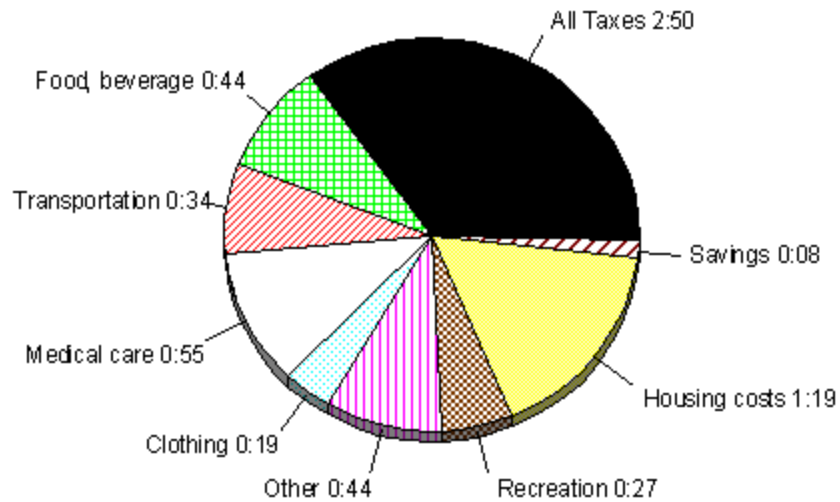
Source: Florida TaxWatch, U.S. Bureau of the Census, Florida Consensus Estimating Conference, United States Office of Management and Budget and The Tax Foundation, Inc., May 2000.

Continued Low Inflation Allows Floridians' Buying Power To Keep Rising

With growth in personal income (6.4%) exceeding that of taxes (5.6%) in calendar year 2000, 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 2000 for the eighth straight year. Effective buying power is after-tax income adjusted for inflation. The 2000 increase is estimated at 2.6%, the largest increase this decade. These eight years of increasing EBP followed a period during which Floridians' buying power fell in three straight years.

After paying all taxes and adjusting for inflation, the average Florida household will have approximately \$1,140 more to spend in 2000 than it had in 1999. With Florida's total personal income up an estimated 5.8%, the average household brought in 4.9% more than last year.

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



Average Expenditures in Hours : Minutes

Source: Florida TaxWatch and Tax Foundation, May 2000

This was still enough to cover inflation of 2.8%. Tax growth of 3.6% on that same household also ate into this income growth, but not enough to stop the average Florida household from enjoying increased buying power.

Since 1990

Inflation Up 31.4%

Personal Income Up 47.7%

Taxes Up 67.5%

Despite rising in eight straight years, the effective purchasing power of Floridians has risen only 5.5% over the last ten years, meaning annual increases have been small.

In 1990, the average Florida household earned \$47,976. After all taxes were paid, \$32,983 was left. In 2000, that household earned an estimated \$70,847 but its tax now stands at \$25,118, leaving \$45,729. When adjusted for inflation, Effective Buying Power is up \$1,140 from 1990, and up \$1,824 from 1999.

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 3.1% in 2000 or 42.7% since 1990, the combined effects of taxation and inflation have likely reduced your effective buying power and standard of living.

This report was researched and written by Kurt Wenner, Senior Research Analyst under the direction of Dr. Keith G. Baker, Senior Vice President and Chief Operating Officer.

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