

Taxpayer

Independence Day 2021

On Friday, April 9, Florida TaxWatch joins the taxpayers in our state in celebrating Florida Taxpayer Independence Day 2021. On that day, Floridians are finally earning money for themselves—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. This measure of tax burden is based on the relative size of all taxes paid in Florida to our state's total personal income. In 2021, for the average Florida household, paying its taxes takes 98 out of 365 days, or more than three months.

It will take Floridians four more days to achieve tax independence than it did last year, when the date was April 5.¹ This follows Taxpayer Independence Day coming four days earlier in 2020² than in 2019, meaning that it will take Floridians (on average) the same number of days to earn enough to pay their taxes as it did in 2019—the year before the COVID-19 pandemic.

Taxpayer Independence Day (TID) for Floridians arrives three days later than it did in 2009, when the Great Recession decimated government revenues, and 13 days earlier than in 2006, the latest date for TID in the last 20 years.

Evaluating Floridians' tax burden on a daily basis (if working 9:00 a.m. to 5:00 p.m.), Floridians' Taxpayer Independence Time falls at 11:08 a.m. daily. This symbolic time comes four minutes later than in 2020. Satisfying federal taxes alone requires one hour and 29 minutes of the eight-hour workday. Paying state taxes requires an additional 21 minutes, and 18 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 8 minutes every day of the year just to pay all their taxes, the single largest expense incurred by citizens—more than food, housing and clothing combined.³

¹ Due to the new arrival of the COVID-19 virus, Florida TaxWatch did not attempt to calculate Tax Independence Day in 2020. <https://floridatxwatch.org/Research/Full-Library/ArtMID/34407/ArticleID/18868/Taxpayer-Independence-Day-2020>. In this report, using currently available data, we calculated a date for 2020.

² For consistency, leap years are also calculated using 365 days.

³ Tax Foundation, Tax Freedom Day 2019. April 2019.

The Pandemic's Impact on Taxes and Income

The economic impacts of the pandemic hit government revenues immediately, especially at the state and federal level; however, the magnitude and the duration of the revenue losses were not as bad as most expected.

Total Florida government state tax collections fell by almost four percent in FY 2019-20. Sales taxes and corporate income taxes—Florida's two largest General Revenue (GR) tax sources—were especially hard hit, causing GR collections to fall by 6.1 percent. Collections began to improve in FY 2020-21 as the economy began to open up and federal assistance flowed into the state.

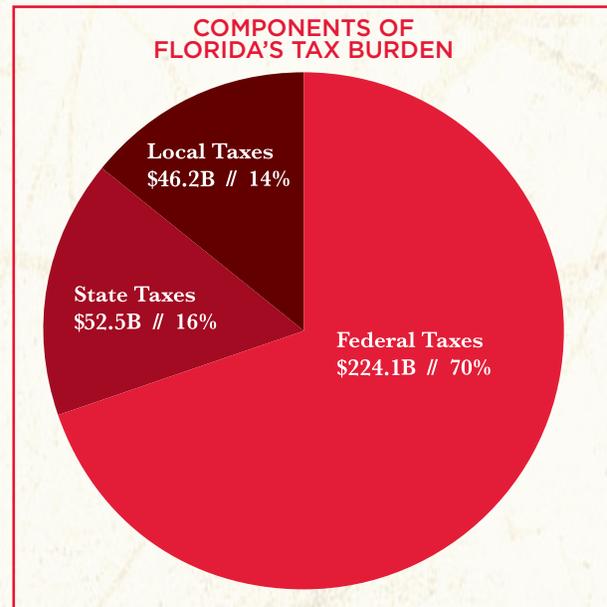
Federal tax collections also started to rebound in FY 2020-21, aided by stimulus spending, although tax relief provided by Washington helped to slow that growth. At the local level, taxes likely will not incur the large reductions that occurred at the federal and state level. Estimates of (property tax) taxable value predict steady growth right through the pandemic, with growth of 7.2 percent in 2020 and 3.5 percent in 2021. Further, local voters have been approving numerous sales and property tax increases for their local governments and schools.⁴

So, while total taxes paid by Floridians fell in 2020, they are growing again in 2021. In fact, taxes are expected to eclipse pre-pandemic levels this year.

Somewhat surprisingly, the other factor in calculating Taxpayer Independence Day—Floridians' personal income—continued to grow through the pandemic. Despite large job losses, the massive influx of federal stimulus and relief funds led to Florida personal income growth of 5.1 percent and 4.9 percent in fiscal years 2020 and 2021, respectively. The latest state estimates predict that in the first half of FY 2022 (the last half of calendar year 2021), income will decrease from the federal assistance-fueled levels, resulting in a drop in personal income of 1.1 percent in FY 2022.

As a result, while income growth outpaced tax growth in 2020, resulting in earlier tax independence, the reverse is true for 2021. Consequently, it will take the average Florida household four more days than last year to earn enough to satisfy their tax obligations.

Florida will contribute \$323 billion in taxes to federal, state and local governments in 2021, \$16 billion (5.4 percent) more than last year.



TEN YEARS OF FLORIDA TAXPAYER INDEPENDENCE DAYS

Year	Days	Independence Day
2021	98	April 9
2020	94	April 5
2019	98	April 9
2018	100	April 11
2017	101	April 12
2016	103	April 14
2015	104	April 15
2014	103	April 14
2013	101	April 12
2012	95	April 6

⁴ Florida TaxWatch, A Decade of Self-Taxing, February 2021. <https://floridatxwatch.org/Research/Full-Library/ArtMID/34407/ArticleID/18979/A-Decade-of-Self-Taxing>

Facts About Florida's Tax Burden

- Floridians' tax burden (federal, state and local) totals \$323 billion, 26.6 percent of personal income or 32.0 percent of the state's gross domestic product (GDP).
- Federal taxes make up 70 percent of Floridian's total burden, state taxes account for 16 percent, and local taxes make up 14 percent.
- For the average Florida household, earning enough to pay its taxes takes more than three months. Looking at it another way, you have to work approximately 2 hours and 8 minutes of each 8-hour workday to earn enough to pay taxes.
- Taxes are a family's single largest expense—more than food, housing and clothing combined.
- Florida's tax burden is smaller than the average American, so Taxpayer Independence Day comes earlier in Florida than it does nationally.
- Florida's state government tax burden is one of the lowest in the nation, while the local government burden is much closer to the national average.
- If the more than \$3.5 trillion federal deficit for 2021—which represents future taxes—were included, Taxpayer Independence Day would come more than two months later.⁵

Floridians' After-Tax Buying Power Expected to Decrease in 2021

As the growth in taxes outpaces personal income growth, Florida TaxWatch projects that the average Florida household will see a 1.2 percent decrease in its effective buying power (EBP) during calendar year 2021. EBP is after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have \$1,215 less to spend in 2021 than it had in 2020. This is only the first annual decrease since 2012.

Despite the 2021 decrease, EBP is still up over the last ten years. Rising in eight of the ten years, EBP is now more than \$10,000 (13.6 percent) greater than in 2011. Of course, this is just an average. Varying tax bills and income can result in very different situations for individual Florida families. This is especially true during this pandemic when the economic experience of the “average” household is likely considerably different than those at either end of the spectrum.

⁵ This includes the \$1.2 trillion added to the deficit by the American Rescue Plan. Calculations by Florida TaxWatch using data from the Congressional Budget Office.

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 donations and private grants, and does not accept government funding. Donations 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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