

## Taxpayer

## Independence Day 2025

*Monday, April 21,*

Florida Taxpayer Independence Day 2025. Florida TaxWatch joins the state's taxpayers in celebrating the symbolic date that we have earned enough to fulfill our tax obligation to federal, state, and local governments.<sup>1</sup> Of course, everyone's tax and income situations are different, but on this day, the "average" Florida household is finally earning money for themselves—not the tax collectors. 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 2025, on average, it will take Floridians 110 out of 365 days to pay its taxes, or a little bit more than three and a half months.

The good news is Taxpayer Independence Day is not coming later this year, it also came on April 21 in 2024. This is five days earlier than in 2022, but 13 days later than in 2020. While Floridians, on average, saw their income grow enough to meet the tax bills, rising prices and insurance premiums have squeezed paychecks, and many are finding it more difficult to pay taxes.

April 21 may be the symbolic day Floridians have earned enough for their tax obligations, but paying taxes is a year-round effort. Local governments start receiving property tax payments in the fall, and the payment season stretches into the next year. Federal taxes are taken out of every paycheck all year long, and paying our state government's big money-maker, the sales tax, can be an everyday affair.

Another way to look at tax freedom is on a daily basis. If someone works from 9:00 a.m. to 5:00 p.m., **Floridians' Taxpayer Independence Time falls at 11:24 a.m. each day.** This symbolic time comes ten minutes earlier than in 2022. Satisfying federal taxes alone requires one hour and 45 minutes of the eight-hour workday. Paying state taxes requires an additional 20 minutes, and 19 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 all their taxes, the single largest expense incurred by citizens.

In 2021 and 2022, all three levels of government enjoyed remarkable growth in their tax collections, as the economy rebounded from a pandemic and the toll it took on tax revenue. In 2022, Taxpayer Independence Day came on April 26, the latest date since 2006. Federal and state tax collections then started to slow, and independence came seven days earlier in 2023—April 19.

This year, growth in Florida's total personal income is expected to match tax growth (both around five percent), keeping Taxpayer Independence Day the same as last year—April 21.

Over the last 25 years, the date for taxpayer independence has fluctuated up and down but it has stayed within the 20-day stretch of April 6 - 26. In fact, this year's Taxpayer Independence Day falls on the same day it did in 2007. A relatively small change in federal taxes or personal income, because they are such large numbers, can move the date by several days from year to year. But total taxes in Florida—as a percent of total personal income—have been fairly consistent, averaging 29 percent, ranging from a high of 31.7 percent (2006) to a low of 26.0 percent (2011).

**STATE TAXES** – Better than anticipated revenue collections have continued unabated in Florida for more than four years. Initially, the pandemic resulted in a sharp decline in state tax revenue in FY 2019-20. However, revenue quickly rebounded in the second half of 2020, growing by 37.7 percent in just three years. There were several reasons for this. Federal pandemic aid put money in consumers' pockets and helped keep businesses afloat. Floridians also began spending the record savings that they had been building up, and their spending mix moved more heavily to taxable goods and away from exempt services. In addition, inflation raised prices, which also increased taxes. This all helped Florida's sales tax to grow at an unprecedented pace. Corporate income tax collections increased even faster, rising from \$2.2 billion in FY2017-18 to \$5.7 billion in FY2023-24. This was due to the tax base expansion measures passed by Congress and largely adopted by the Legislature.

This revenue growth continued to surprise everyone, including the state's forecasters. Even with the Legislature significantly cutting taxes year after year and the General Revenue Estimating Conference increasing its projections ten times, actual collections beat those estimates for 54 straight months. In January, the streak was broken, as collections came in \$31.4 million below the estimate for the month. However, the estimate was topped again in February.

**LOCAL TAXES** – Property taxes are local governments' largest tax source, providing over 80 percent of the tax revenue for counties, cities, school districts, and special districts. Revenue from this source has been skyrocketing, thanks to escalating property values. While statewide average millage rates have been decreasing slightly, local governments have not been rolling back rates enough to avoid big property tax increases. Collections have increased by almost 40 percent in just three years. As a result, property taxes have become the largest tax source for all of Florida government, both state and local. The state sales tax has always been the biggest source, but the local property tax eclipsed it in FY 2021-22. Property taxes now stand at \$55.1 billion, 24.3 percent larger than the \$40.8 billion sales tax.

Further, local voters have been approving numerous sales and property tax increases for their local governments and schools. Voters approved \$4.6 billion in new or extended taxes from 2020 to 2024.<sup>2</sup> As a result, Floridians' local tax burden has been the fastest growing of the three levels of government, increasing 105.0 percent over the last ten years.

**FEDERAL TAXES** – Federal tax collections have the biggest impact on Taxpayer Independence Day since they comprise 72 percent of all taxes paid by Floridians. Personal income and payroll taxes (Social Security and Medicare) provide more than 80 percent of all federal tax revenue. Federal taxes have also been volatile, rising 44.7 percent in two years (2020 to 2022), only to fall in 2023 by 3.4 percent. This was due to the postponement of some tax payments from 2023 to 2024. The Congressional Budget Office predicts federal tax revenue will increase by 5.0 percent in 2025 and 8.1 percent in 2026. This growth is attributed to rising gross domestic product (GDP), wages, corporate profits, and high asset values – which lead to more capital gains and taxable distributions from retirement accounts.<sup>3</sup>

### *Facts About Florida's Tax Burden*

- Florida's total tax burden (federal, state and local) totals an estimated \$499.9 billion in 2025, or \$21,495 per capita. This is 30.2 percent of personal income.
- Federal taxes make up 71 percent of Floridian's total burden, state taxes account for 15 percent and local taxes make up 14 percent.
- Over the last ten years, the total taxes paid by Floridians have increased by 97.2 percent. Local taxes have grown the most (105.3 percent), followed by federal taxes (103.3 percent), and state taxes (66.1 percent).
- For the average Florida household, earning enough to pay its taxes takes a little more than three and a half months. Looking at it another way, you have to work approximately 2 hours and 24 minutes of each 8-hour workday to earn enough to pay taxes.
- Taxes are a family's single largest expense.
- 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.

<sup>1</sup> The calculation of Taxpayer Independence Day assumes that every dollar earned since January 1 goes to pay federal, state, and local tax obligations.

<sup>2</sup> Florida TaxWatch, Florida Voters Continue Their Generosity, Approving \$1.9 Billion in Local Tax Increases and

Almost \$1.0 Billion in Bond Issues, December 2024. <https://floridatxwatch.org/Research/Full-Library/florida-voters-continue-their-generosity-approving-19-billion-in-local-tax-increases-and-almost-10-billion-in-bond-issues>

<sup>3</sup> Congressional Budget Office, The Budget and Economic Outlook: 2025 to 2035, January 2025.

## *Floridians' After-Tax Buying Power Rises Slightly in 2025*

When the percentage growth in personal income keeps pace with tax growth, as it is expected to do in 2025, there is more after-tax income remaining. Even after adjusting for inflation, Florida TaxWatch projects that the average Florida household will see a slight increase in its effective buying power (EBP) during calendar year 2025. This small bump of 0.8 percent is the third smallest increase in the last ten years.

This is just an average. Varying tax bills and income can result in very different results for individual Florida families. The economic environment we are in can create major disparities between the experience of the “average” household and those at either end of the spectrum.

### *Looking Ahead*

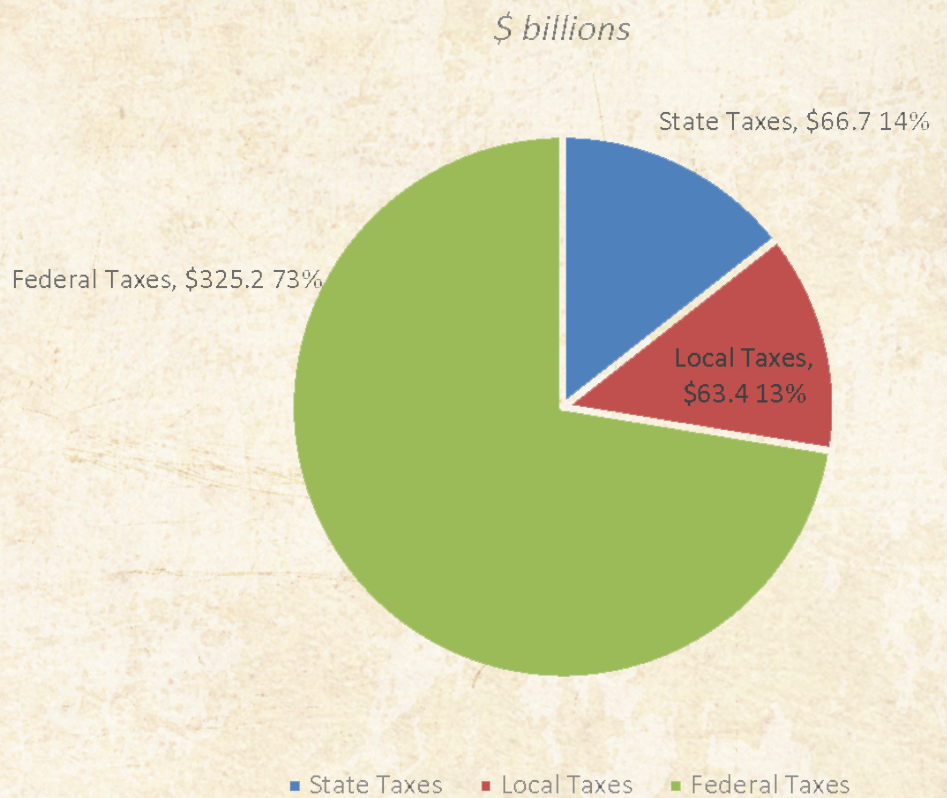
Federal tax collections are expected to show healthy gains in the next two years and state tax growth should be very modest. It is estimated that property values will keep rising, so local tax collections will likely continue to grow at the highest rate of the three levels of government. Florida personal income growth rates are forecast to grow in the five to six percent range for the next few years.

The actions of the 2025 Legislature may also have a big impact on when future Taxpayer Independence Days arrive. Florida lawmakers will be cutting taxes again this year, but the magnitude of those cuts is uncertain. Floridians will likely see record tax relief. The Senate is proposing a tax package centered around a \$900 million sales tax exemption for clothing and shoes. The total package would save taxpayers \$2 billion in the first year, with recurring savings of \$946 million. This would be a record amount of tax relief, but the House wants to go even further. It is recommending a .75 percent reduction in the sales tax (from 6.0 percent to 5.25 percent) worth \$5.4 billion in recurring savings. In addition, the House, Senate, and the Governor all want to reduce property taxes, with the possibility of even eliminating or replacing it. Nothing major on this front is expected this session, but it will be a future discussion.

#### 10 YEARS OF FLORIDA TAXPAYER INDEPENDENCE DAYS

	Days	Independence Day
2025	110	April 21
2024	110	April 21
2023	108	April 19
2022	116	April 26
2021	106	April 17
2020	97	April 8
2019	98	April 9
2018	101	April 12
2017	103	April 14
2016	104	April 15
2015	105	April 16

#### Components of Floridians' Tax Burden



#### ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers 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. 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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##### RESEARCH PROJECT TEAM

Kurt Wenner	<i>Senior VP of Research   Lead Author</i>
George Kantelis	<i>Director of Communications   Layout &amp; Design</i>

All Florida TaxWatch research is done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

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