

*Taxpayer**Independence Day* 2024*On Thursday, April 18,*

Florida TaxWatch joins our state's taxpayers in celebrating Florida Taxpayer Independence Day 2024. On that day, "average" 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 2024, on average, it takes Florida 107 out of 365 days¹ to pay its taxes, or three and a half months. This is one day longer than last year.

Although Floridians had to file their 2023 federal tax returns by Monday, April 15, it will take an estimated two more days to earn enough to pay Florida's total 2024 tax bill. 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. And of course, our state government's big money-maker, the sales tax, can be an everyday affair.

Two years ago, spurred by a big jump in federal tax collections, Taxpayer Independence came on April 23, the latest date since 2006. Last year, as growth in those taxes slowed, independence came six days earlier—April 17. This year, growth in Florida's total tax bill is expected to outpace personal income, pushing Taxpayer Independence Day one day later – April 18.

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 2002. A relatively small change in federal taxes or personal income, because they are such large numbers, can move the data 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).

When the pandemic reduced both federal and state tax revenues in FY2019-20, without a corresponding slowdown in Floridians' personal income, Taxpayer Independence Day 2020 came on April 8, the earliest date since the Great Recession. However, the pandemic's negative impact on revenues was short lived, and taxes paid by Floridians entered a two-year period of unprecedented growth in 2021 and 2022, pushing Taxpayer Independence Day more than two weeks later, reaching April 23 in 2022.

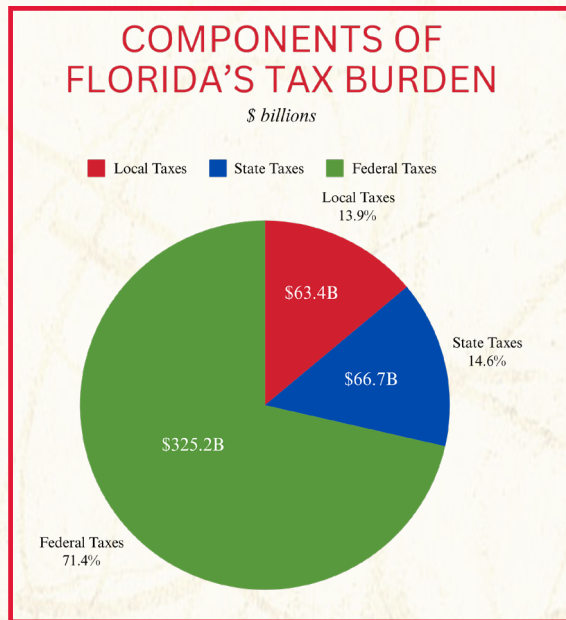
¹ Although 2024 is a leap year (366 days), for comparability from year to year, leap years are disregarded. In calculating Taxpayer Independence Day, all years have 365 days.

Looking forward, the Congressional Budget Office projects federal tax collections will show little growth in 2025 (1.2 percent). State economists predict that, after falling slightly in 2024, state tax collections will resume modest growth in 2025. Local tax collections will likely continue to grow at the highest rate of the three levels of government, since property values are expected to continue to climb. With Florida's personal income growth projected to continue, even if modest, tax independence could come sooner for Florida taxpayers in 2025.

Note: On a daily basis (if working 9:00 a.m. to 5:00 p.m.), Floridians' Taxpayer Independence Time falls at 11:21 a.m. each day. This symbolic time comes seven minutes earlier than in 2022. Satisfying federal taxes alone requires one hour and 40 minutes of the eight-hour workday. Paying state taxes requires an additional 21 minutes, and 20 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 21 minutes every day of the year just to pay all their taxes, the single largest expense incurred by citizens.

State Taxes — Florida's state government tax revenue has been going through an unprecedented period of growth. Initially, the pandemic resulted in a drop in state tax revenue in FY 2019-20. Starting in the second half of 2020, revenue quickly rebounded. From that point, total state taxes collections grew by 44.6 percent in just three years, rising from \$47.7 billion in FY2019-20 to \$69.0 billion in FY2022-23. There were several reasons for this. Federal pandemic aid put money in consumers' pockets and helped keep business 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. Then inflation raised prices which also increased taxes. All these factors led to Florida's sales tax collections growing a staggering 49.3 percent in three years. Corporate income tax collections also increased significantly, due to the tax base expansion measures passed by congress and largely adopted by the Legislature. This all happened even with the Legislature cutting taxes year after year. Despite the General Revenue Estimating Conference increasing its projection eight times, actual collections have beat those estimate for 43 straight months (and counting).

Although the recession many expected did not materialize, state economists say economic disruption is still evident, including depletion of savings, increased use of credit, and strong inflationary pressures on households, not to mention a volatile global picture. The latest estimates predict Florida will bring in a little less revenue this year, with slow but steady growth resuming in FY2024-25.



10 YEARS OF FLORIDA TAXPAYER INDEPENDENCE DAYS

YEAR	DAYS	INDEPENDENCE DAY
2024	107	APRIL 18
2023	106	APRIL 17
2022	112	APRIL 23
2021	105	APRIL 16
2020	97	APRIL 8
2019	98	APRIL 9
2018	101	APRIL 12
2017	103	APRIL 14
2016	104	APRIL 15
2015	105	APRIL 16

Local Taxes — Rising property values, coupled with not enough local government rolling back millage rates, shielded most local governments from revenue losses during the pandemic. Property taxes continued to rise, and collections have grown 52.5 percent from FY2018-19 to FY 2023-24. Further, local voters have been approving numerous sales and property tax increases for their local governments and schools.² Voters approved \$2.7 billion in new or extended taxes from 2020 to 2022. 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 10 years. Florida proposed constitutional amendment going to the voters in November 2024 could slow that growth. The amendment would annually increase the value of the homestead exemption by inflation. Again, what local governments do with millage rates will decide the impact of the amendment if it passes.

Federal Taxes — Federal tax collections have the biggest impact on Taxpayer Independence Day since they comprise 71 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 rose significantly in 2022 (21.0 percent), fell in 2023 (-9.3 percent), and are expected to rise again in 2024 (11.2 percent). This seesaw growth is due to Uncle Sam postponing some tax payments from 2023 to 2024, distorting actual growth. Also impacting the drop in 2023 was the decline of capital gains from historic highs. After holding steady in 2025, the Congressional Budget Office predicts growth of 7.1 percent in 2026, due to expiring tax relief provisions. These include reduced tax rates, allowable deductions, the increased child tax credit, the 20 percent deduction for certain business income, and raising the income levels at which the alternative minimum tax takes effect.

Facts About Florida's Tax Burden

- Florida's total tax burden (federal, state and local) totals an estimated \$455 billion in 2024, or \$19,815 per capita. This is 29.3 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 10 years, the total taxes paid by Floridians have increased by 90.0 percent. Local taxes have grown the most (105.0 percent), followed by federal taxes (96.5 percent), and state taxes (54.7 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 21 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.

Floridians' After-Tax Buying Power Falls Slightly in 2024

With tax growth exceeding personal income growth, couple with the effects of inflation, Florida TaxWatch projects that the average Florida household will see a slight decrease in its effective buying power (EBP) during calendar year 2024. This drop of 0.8 percent is only the second annual decrease in the last 10 years. EBP is after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have \$959 less to spend in 2024 than in 2023.

Despite the small drop this year and a big drop in 2022, the steady gains between 2014 and 2021 result in EBP experiencing significant positive growth over the last 10 years. EBP is now nearly \$16,802 (21.0 percent) greater than in 2014. Of course, this is just an average. Varying tax bills and income can result in very different results for individual Florida families. The mixed economic environment we are in creates major disparities between the experience of the "average" household and those at either end of the spectrum.

² Florida TaxWatch, Florida Voters Continue to Say Yes to Proposed Tax Increases, January 2023. <https://floridatxwatch.org/Research/Full-Library/florida-voters-continue-to-say-yes-to-proposed-tax-increases>

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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
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