

Florida Taxation and Budgeting Workshop

By Kurt Wenner

Director of Tax Research, Florida TaxWatch

April 2010



Florida Government

State

Local

Counties

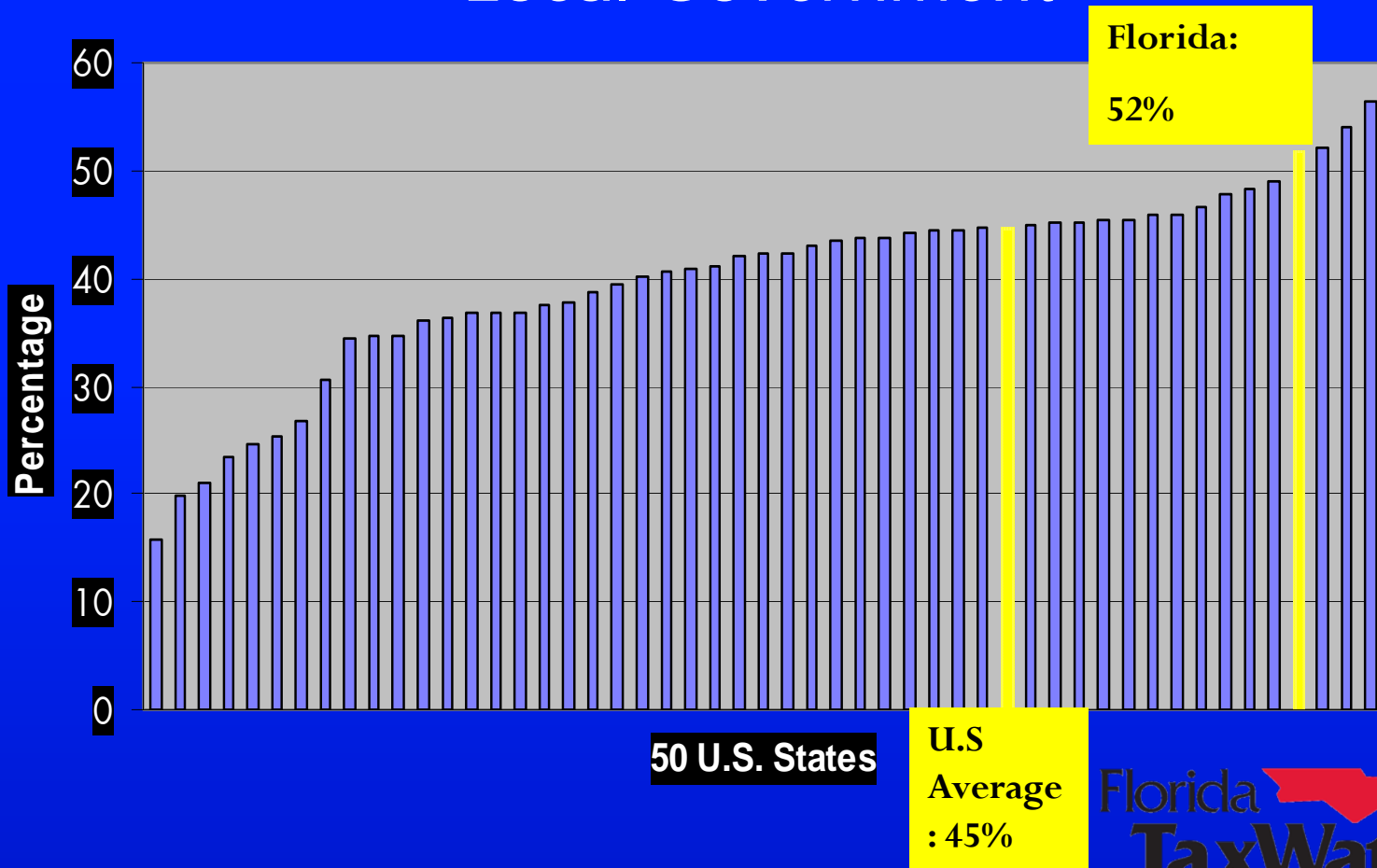
Cities

School Districts

Local Districts



Florida Has the 4th Highest Percentage of Total Revenue Provided By Local Government



Florida:

52%

50 U.S. States

U.S.
Average
: 45%

Florida
TaxWatch



Local Revenues - Constitutional

Property Taxes – \$28.1 billion

Fuel Tax - 2 cents - \$194 million

School Revenues - PECO

Gross Receipts - \$1.087 billion

Motor Vehicle Licenses - \$120 million



Local Revenues – Home Rule

Proprietary Fees

franchise, utilities and user fees

Regulatory Fees

*impact fees, building permits,
inspection fees, storm water fees*

Special Assessments

Local Revenues – State Shared

County Fuel Taxes – 1 cent - \$95 million

Local Gov Revenue Sharing - \$1.4 billion

County Revenue Sharing Program – cigarette and sales taxes - \$305 million

Municipal Revenue Sharing Program – sales and fuel taxes - \$289 million



Local Revenues – Legislatively Granted

Local Option Sales Taxes (8 types) -
\$2.5 billion

Communications Services Tax - \$830 million

Local Option Motor Fuels – up to 12 cents - \$750
million

Local Option Tourist Taxes – 4%-7% max - \$570
million

Local Business Taxes - \$120 million



Major State Taxes Sources

FY 2010

Sales Tax	\$17.835 billion
Motor Fuel Taxes	2.249
Motor Vehicles and Driver Fees	1.809
Corporate Income Tax	1.700
Tobacco Taxes	1.352
Gross Receipts Tax	1.087
Documentary Stamp Tax	1.030
Insurance Premium Tax	.811
Beverage Tax	.629
Court Fees	.670
Lottery	3.813



Florida State Tax Structure

- Floridians' state tax burden is well below average, but our local tax burden, fueled by property taxes, is higher
- Floridians' combined state and local tax burden now ranks 26th per capita and 36th as a percent of personal income
- When all “own source” revenue is considered, Floridians' relative burden gets larger. Florida's local rank for these revenues as a percent of income is 3rd and its combined state and local rank is 29th.
- Florida is one of seven states without a personal income tax
- Florida's general sales tax rate is one of the highest in the nation and its per capita collections are fifth largest, one and a half times the national average



Florida State Tax Structure

- Transaction taxes (general and selective sales) make up 84% of Florida's state tax collections, compared to the nation average of 48%
- Florida taxes purchases of alcoholic beverages, tobacco and utilities heavier than average and when local taxes are included, Florida's top gas tax rate is the nation's second highest.
- Florida relies more heavily than most states on local governments to fund the state's needs. 57% of Floridians' combined state and local tax burden is made up of local taxes, the 12th largest percentage in the nation
- Of Floridian's total tax burden, 17% is comprised of local taxes, 16% is comprised of state taxes and 67% is made up of federal taxes



State Taxes Prohibited / Limited by the Florida Constitution

- **State Property Tax (Article VII, Section 1)** *Thirteen states levy a state property tax on real estate and tangible personal property*
- **Inheritance Tax (Article VII, Section 5)** *Sixteen states impose both estate and inheritance taxes*
- **Personal Income Tax (Article VII, Section 5)** *Forty-three states levy a state personal income tax*
- **Corporate Income Tax (Article VII, Section 5)** *Legislature cannot raise rate above the current 5.5% without 3/5 vote*
- **Estate Tax (Article VII, Section 5)** *Limited to the amount allowed as a credit against federal estate taxes (eliminated in 2006)*
- **Intangibles Tax (Article VII, Section 2)** *Rate cannot exceed 2 mills*

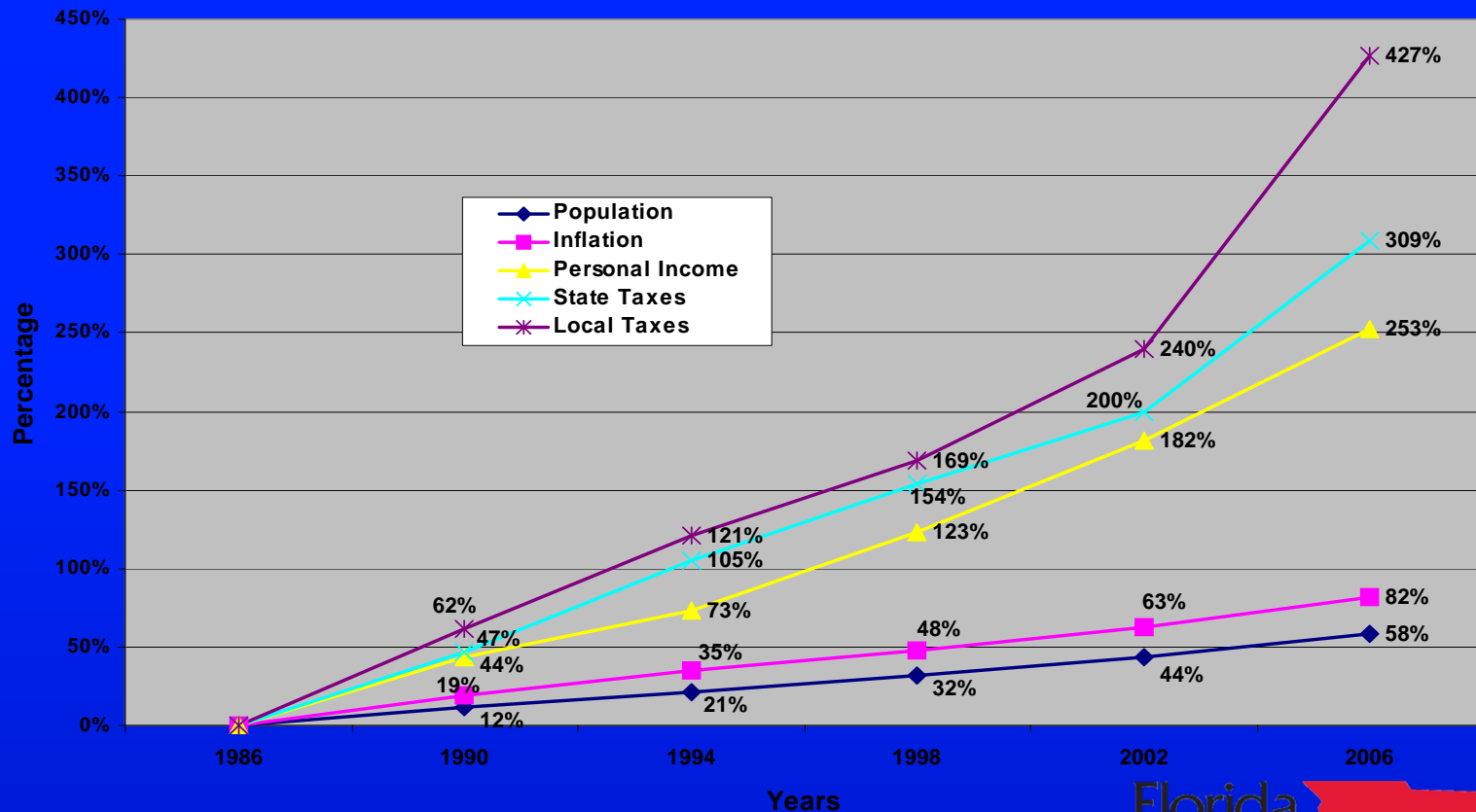
Constitutional Property Tax Limits

- Counties, cities and schools limited to 10 mills each
- Save Our Homes – limits homestead assessment growth to lower of 3% or inflation
- \$25,000 Homestead Exemption
- New \$25,000 Homestead Exemption (not schools)
- \$25,000 tangible personal property exemption
- Non-homestead assessment growth limited to 10% (not schools, expires 2019)

Other Constitutional Protections

- State Revenue Limit – never been triggered
- 2/3 vote for constitutional amendments that impose a new tax or fee

Growth in State and Local Taxes vs. Inflation, Population and Personal income *FY 1986 to FY 2006*



Florida's National Ranking Per Capita State and Local Spending

Total Spending	27 th
Public Safety	7 th
Environment	10 th
Transportation	17 th
Gov Administration	21 st
Interest on Debt	14 th
Capital Outlay	11 th

Per Capita State and Local Spending Florida's National Ranking

Total Education 49th

K-12 41st

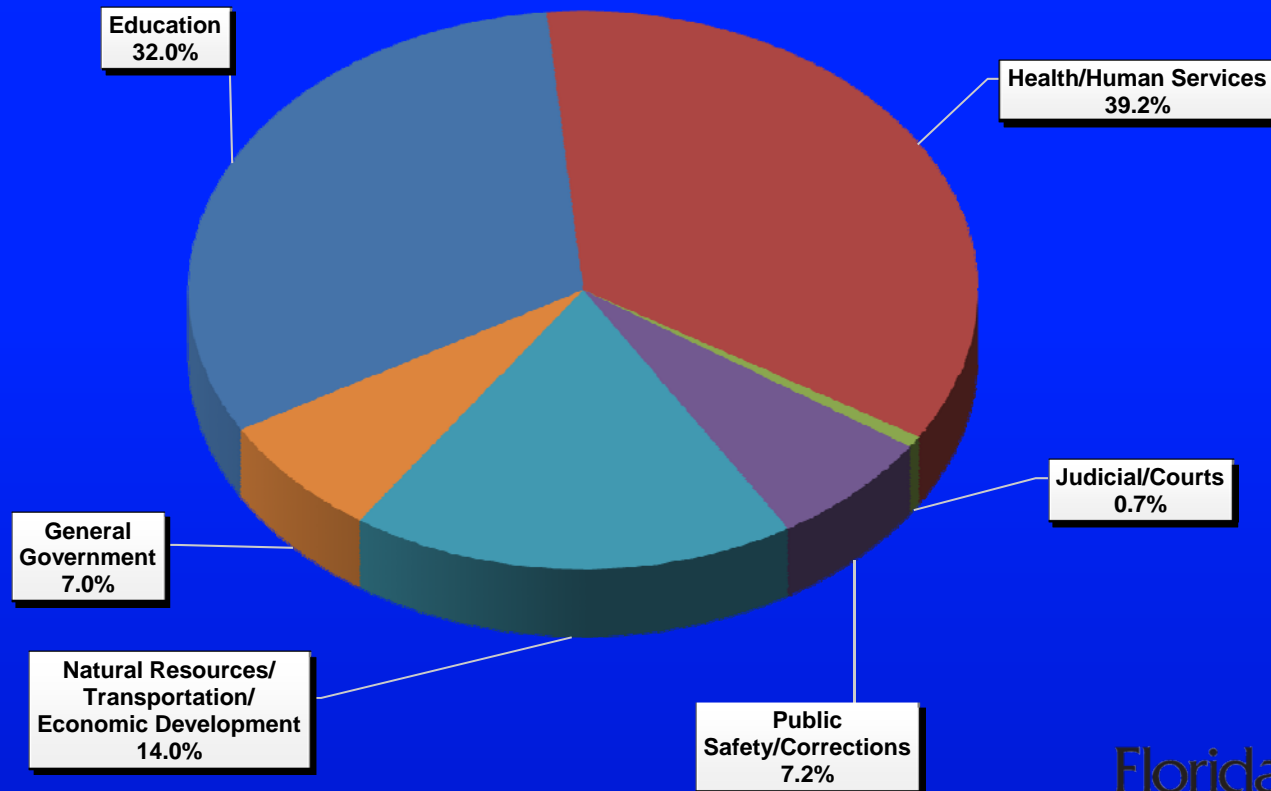
Higher Ed 50th

Social Services 35th



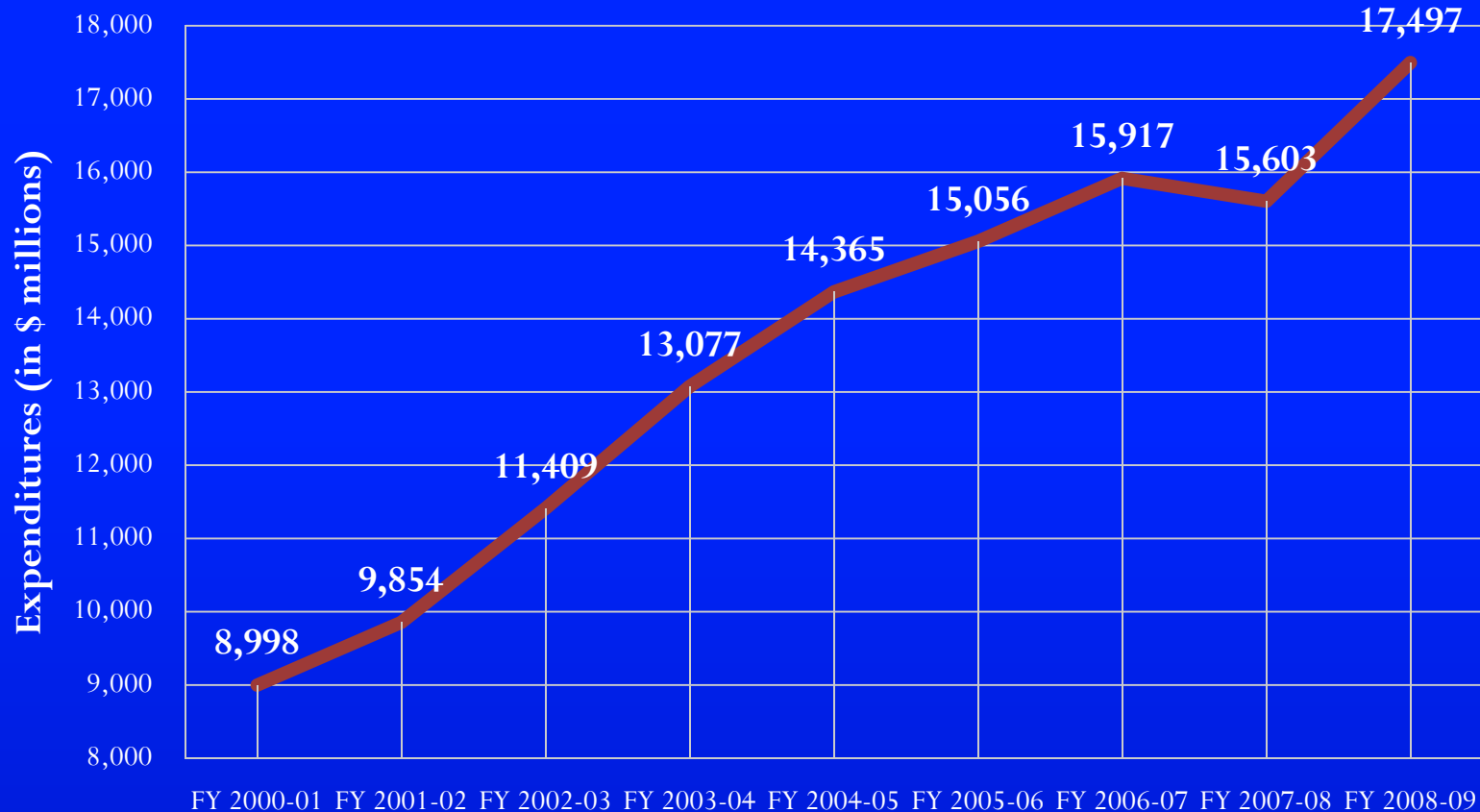
Total Spending by Program Area

FY 2009-10

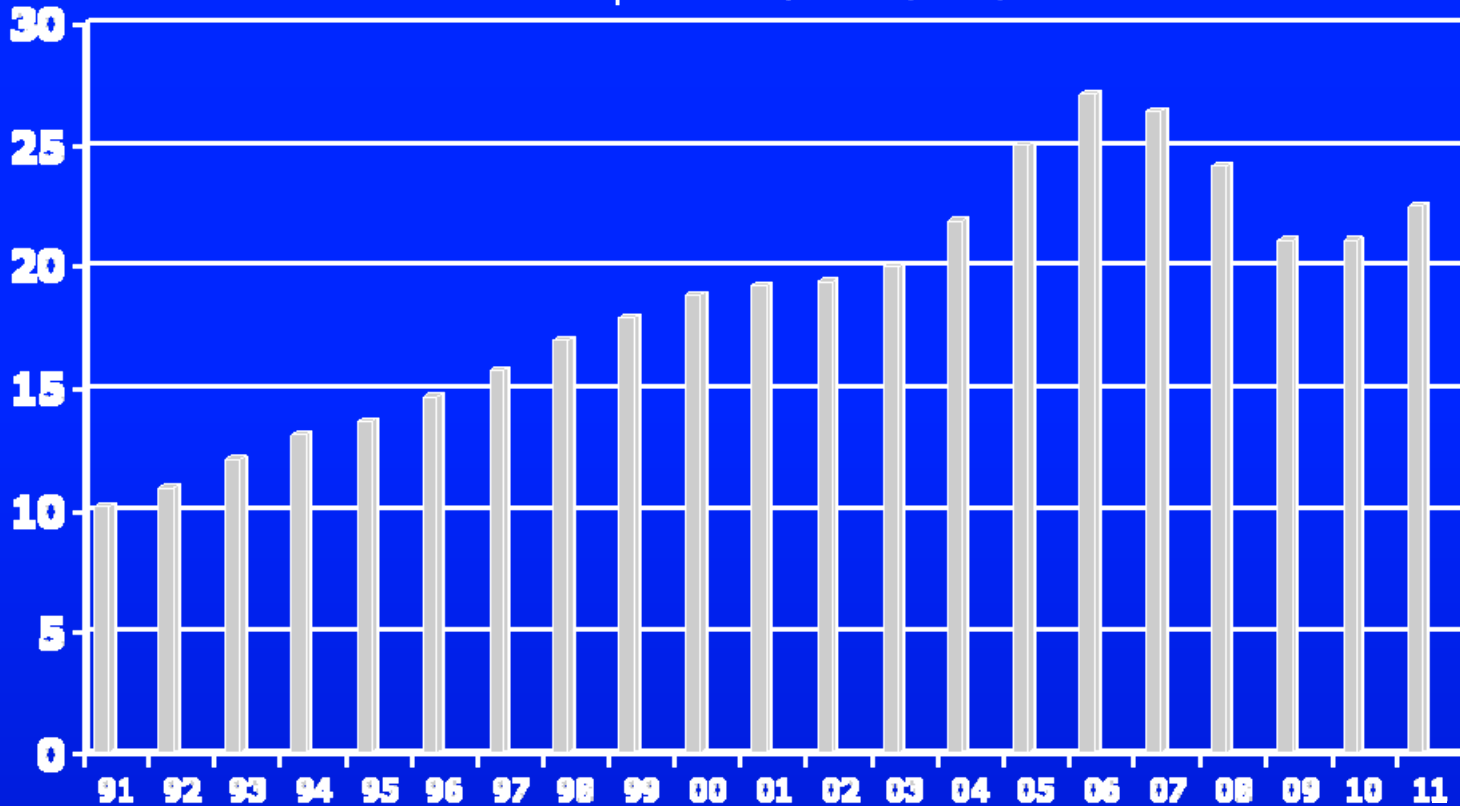


Florida Medicaid Budget

FY 2000-01 – FY 2009-10



Total General Revenue History 1990-2011 \$ in billions

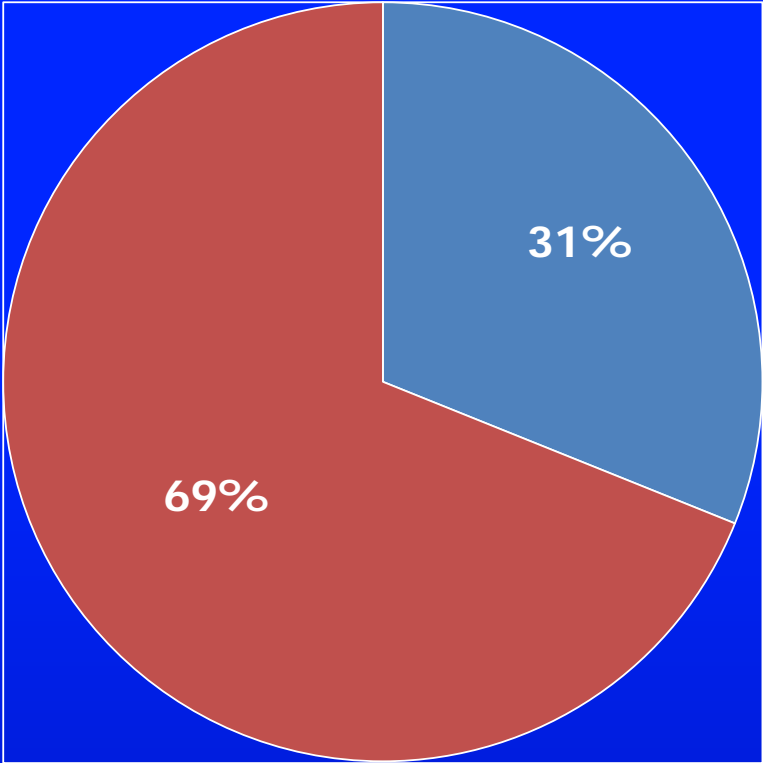


Florida State Budget Growth

	General		Combined	Personal
	Appropriations Act		Pop & Inflation	Income
FY	billion \$	Growth	Growth	Growth
2001-02	48.331			
2002-03	50.409	4.30%	4.70%	8.72%
2003-04	53.503	6.14%	4.79%	8.72%
2004-05	58.036	8.47%	5.38%	8.72%
2005-06	63.076	8.68%	6.24%	8.72%
2006-07	71.326	13.08%	4.16%	6.79%
2007-08	71.953	0.88%	4.17%	3.82%
2008-09	66.201	-7.99%	0.89%	0.51%
2009-10	66.536	0.51%	-0.75%	-0.40%

Total \$66.5 Billion State Budget GR vs. Trust Fund

Trust Funds
\$45.3 Billion



General Revenue
\$21.2 Billion

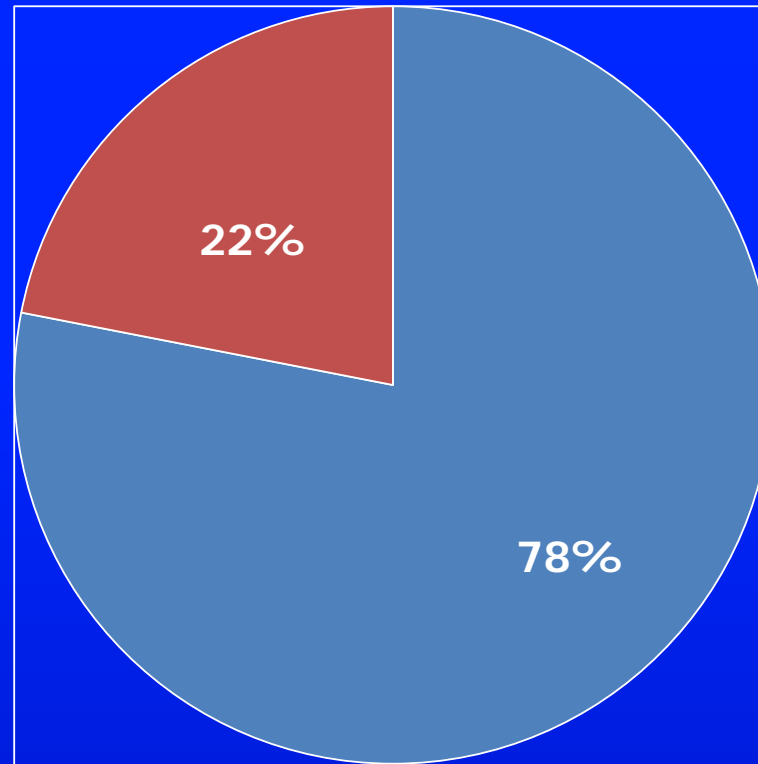
■ GR ■ Trust Fund



\$21.2 Billion GR Spending

Education/Health & Human Services vs. Other

Other GR
\$4.7 Billion

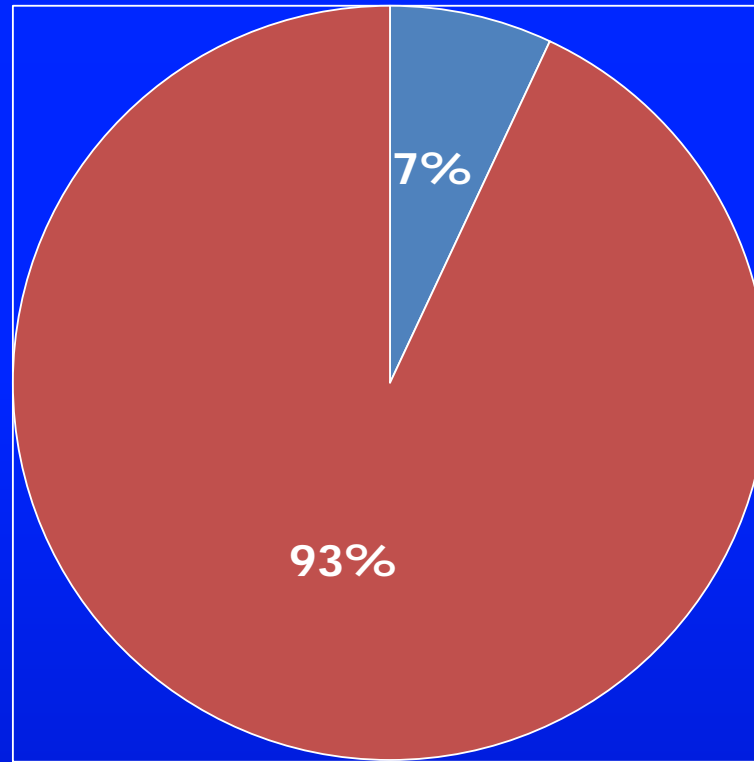


Education/HHS
\$16.5 Billion



Non-Education/Health and Human Services GR Spending as % of Total Budget

Total Budget
\$66.5 Billion



Non-Ed/HHS
GR Spending
\$4.7 Billion

