



FLORIDA TAXPAYER INDEPENDENCE DAY 2010!

Independence Comes Five Days Later Than Last Year

April 16
2010

Friday, April 16, is **Florida Taxpayer Independence Day 2010**, as estimated by Florida TaxWatch. 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. Although Floridians' personal income is expected to start growing again in 2010, Floridians' total tax bill (especially federal) should rise faster, meaning it will take more time for Florida's workers to pay their tax bills this year – an estimated five days more than last year. Taxpayer Independence Day is based on the relative size of all taxes paid in Florida to our state's total personal income.

Last year's Taxpayer Independence Day – April 11, 2009 – was the earliest of the 34 Taxpayer Independence Days that Florida TaxWatch has calculated. This year's Taxpayer Independence Day comes five days later than last year, but it is still 11 days earlier than it was in 1998 when April 27 was the latest Florida Taxpayer Independence Day ever calculated. Independence in 2010 is also six days sooner than in 2006 – before the recession began. After 2006 and until 2009, the poor economy depressed tax collections even more than personal income. **For the average Florida household, paying their taxes in 2010 takes 105 out of 365 days, or three and a half months.**

The recession hit government coffers hard. However, the trend of declining tax collections is expected to end this year, leading to the delay in tax independence. At the state level, Florida had never had an annual decrease in tax collections until FY 2007, which began a string of three straight years where collections fell. State taxes are expected to rebound in FY 2010 with a small increase of less than 1%, with more familiar growth starting in FY 2011 (7%). At the local government level, although property values began to fall in FY 2008, tax revenues for cities, counties, school boards, and special districts did not begin to fall until FY 2009. This decline is expected to continue at least through FY 2010. But the real driver of Taxpayers Independence Day is taxes paid to the federal government, since these taxes comprise 67% of all the taxes paid by Floridians. These taxes fell slightly in FY 2008 and the combination of the recession and some temporary tax cuts lead to a huge drop of 17% in FY 2009. Substantial drops in corporate profits and taxable personal income led to declines in personal and corporate income taxes of 20% and 55%, respectively. Even Social Security and Medicare taxes fell for the first time since 1946 (1%). Federal revenues are also expected to begin rising again in FY 2010, increasing by a total of 27% over this year and next. This growing federal tax bill is the reason Taxpayer Independence Day comes later this year. These numbers assume current law and the expiration of a number of the tax cuts provided by Presidents Bush and Obama.

Evaluating Floridians' tax burden on a daily basis, working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:18 a.m. daily. This symbolic time is seven minutes earlier than it was last year. Satisfying federal taxes alone requires 1 hour and 32 minutes of the eight-hour workday. Paying state taxes requires an additional 24 minutes, and 22 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 18 minutes every day of the year just to pay all their taxes, the single largest expense incurred by citizens.

HIGHLIGHTS

- ◆ Florida Taxpayer Independence Day 2010 is April 16. Floridians must work 105 out of 365 days to pay their taxes – five days more than last year. This date is still 11 days earlier than it was in 1998 and six days sooner than in 2006.
- ◆ It takes 2 hours and 18 minutes of every eight-hour workday to pay taxes, Florida workers' largest single expense. Federal taxes alone take up 1 hour and 32 minutes.
- ◆ The recent trend of declining government tax collections is expected to begin to reverse the year. Until this year, the recession had caused tax collections to drop even faster than Floridians' personal income.
- ◆ This year, tax growth exceeded personal income growth, causing the effective buying power (EBP) of Floridians to fall by 2.8%. However, EBP has increased by 10.4% over the last ten years.

Floridians' Effective Buying Power Is Projected to Fall in 2010

After falling for a couple of years, Floridian household income is expected to increase in 2010 – if only slightly; however, as tax collections rebound, especially on the state and federal levels, tax growth will exceed income growth. Therefore, while inflation remains low, the income that the average Florida family has after taxes will fall in 2010, meaning Floridians' purchasing power will be extended a little more this year.

Therefore, Florida TaxWatch projects that the average Florida household will suffer a decrease in its effective buying power (EBP) during 2010. Effective buying power is the after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have approximately 2.8% less to spend in 2010 than it had in 2009.

Of course, this is just an average. Varying tax bills and income will result in different experiences and the number of Floridians out of work is at record levels.

Even though it is down a bit this year, EBP has increased over the last ten years. Despite relative slow growth in personal income, even slower tax growth and low inflation have caused the EBP of Floridians to rise 10.4% over the last ten years.

Since 2000 (per household):

Inflation Up	26.8%
Personal Income Up	34.6%
Taxes Up	22.3%

Ten Years of Florida Taxpayer Independence Days

Past Taxpayer Independence Days have been revised to reflect changing estimates. The calculation of Taxpayer Independence Day is based on calendar years.

Year	Days	Date
2010	105	April 16
2009	100	April 11
2008*	103	April 13
2007	108	April 19
2006	111	April 22
2005	110	April 21
2004*	103	April 13
2003	103	April 14
2002	107	April 18
2001	110	April 21

* leap year

Note: a change in methodology has resulted in estimates of past Taxpayer Independence Days coming earlier than previously projected.

Source: Florida TaxWatch, April 2010.

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