

# FLORIDA TAXPAYER INDEPENDENCE DAY 2003!

APRIL  
26  
2003

Saturday, April 26 is Florida Taxpayer Independence Day 2003, estimates Florida TaxWatch. On that day, Floridians can take satisfaction in knowing they finally are earning money for themselves—not the tax collector. This symbolic date assumes that every dollar earned since January 1 goes to pay federal, state and local tax obligations. **For the third year in a row, Floridians' personal income grew faster than the taxes they pay. The result is that it will take less time to earn enough to pay your taxes in 2003. Most of this is due to the federal tax cuts of 2001 and 2002 and a slow economy, not a big increase in personal income.**

Florida Taxpayer Independence Day 2003 comes one day earlier than it did the year before and two weeks earlier than in 2000. It fell on April 27 in 2002. This is the third year in a row that the day has

come sooner in the year, reversing a trend that saw taxpayers taking longer and longer to earn the money to pay their tax obligations. This peaked in 1999 and 2000 when May 10 was Florida Taxpayer Independence Day. The earliest day Florida TaxWatch ever calculated was April 17 in 1983. **For the average Florida household, paying these taxes in 2003 takes 115 out of 365 days, or a little less than one-third of the year. This is one day less than last year.**

Since federal taxes make up the lion's share of taxpayers' burden, the income taxes paid by Floridians is the biggest factor in Taxpayer Independence Day. Along with poor economic performance, the federal tax cuts of recent years led to a rare occurrence—an actual reduction in total taxes paid. Total taxes fell 1.5% and 0.8% in calendar years 2002 and 2001. Taxes (and the economy) are expected to rebound a bit in 2003 and 2004, so it is estimated that total taxes will increase by 4.7% in calendar 2003. But since income growth—while relatively low—is expected to outpace that of taxes, Taxpayer Independence Day comes a little earlier this year as well.

## HIGHLIGHTS

Z Florida Taxpayer Independence Day 2003 is April 26. Floridians must work almost one-third of the year, or 115 out of 365 days, to pay their taxes—one day less than last year. Largely due to federal tax cuts, this is the earliest Taxpayer Independence Day has come since 1991. This is the third year in a row it was come earlier and is two weeks earlier than in 2000.

Z It takes 2 hours and 31 minutes of each 8-hour work day to pay taxes, workers' largest single expense. Federal taxes alone take up 1 hour and 42 minutes.

Z The Florida Tax Index stands at 209.9 in FY 2003. This means that total taxes (federal, state and local) paid by Floridians have more than doubled, increasing 109.9% since FY 1990. This is an increase from 201.6 in 2002, a year in which Floridians' total tax had the largest annual decrease in the Index's history.

Z On a per capita basis, the total tax bill for each Floridian reached \$9,538 in FY 2003. This is up 2.3% from 2002, following two straight years in which total per capita taxes for Floridians decreased.

Z Per capita taxation has increased 59.6% since 1990, far exceeding inflation of 43.5%. During this time, per capita personal income has grown 54.2%.

Z Tax cuts and the recession have lowered Floridians (and all Americans) tax burden. The economy also kept personal income down, as it also grew at a relatively low rate (5.1%), but this still outpaced growth in taxes during 2003.

Z Even with low income growth, Floridians' Effective Buying Power (EBP)—the amount of income left after taxes and inflation—should rise 1.3% in 2003, the fourth straight annual increase. Income growth exceeding tax growth and continued low inflation lead to this rise in EBP.

If working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:31 a.m. daily. Federal taxes alone take up 1 hour and 42 minutes of the eight-hour workday. Add to this state and- local tax obligations, and the average Floridian works 2 hours and 31 minutes daily just to pay the tax collector. Taxes are the single largest expense incurred by citizens (See figure on last page). By contrast, housing and utility costs take 1 hour and 20 minutes, health and medical care takes 58 minutes, and food requires 39 minutes.

## **AFTER FALLING FOR TWO STRAIGHT YEARS, TOTAL TAXES PAID BY FLORIDIANS SHOULD RISE IN FY 2003**

The 2003 Florida Tax Index climbed to 209.9, meaning that all taxes paid by Floridians to federal, state and local governments have more than doubled since the base year of FY 1990 (Table 1). However, tax growth has slowed considerably in recent years, and the Tax Index has only risen 0.7% since FY 2000.

The index for total per capita taxes (Table 2) is at 159.6 meaning that these taxes are up 59.6% since 1990. This contrasts with inflation of 43.5% over this time. Per capita taxes are expected to rise 2.3% this year. The FY 2003 taxes for each man, woman and child in Florida are projected at \$9,538.

**Florida's FY 2003 total tax bill is estimated at \$161.1 billion, just less than one-third of the state's \$507.2 billion in personal income.**

After averaging double-digit growth during the 1980s, tax burdens have been increasing at a much slower rate. Total taxes paid by Floridians grew at an annual rate of 10.1% during the Eighties and 7.6% during the Nineties. So far during the first decade of the new millennium, tax growth has been even slower. Since 2000, total taxes have grown an average of 0.25%, including two years of declining tax collections. Total collections for 2003 are \$6.41 billion more than they were in 2002, but only \$1.2 billion more than in 2000.

### ***Local Taxes Are Still the Fastest Growing Level of Taxation***

After being the slowest growing level of taxation in the 1990s, local taxes have assumed the growth leader position in recent years. This is not surprising since federal and state taxes have grown very little, and often local government must pick up some of the spending. Total local taxes should increase by approximately \$1.8 billion, or 8.8%, in FY 2003, following 9.4% growth in 2002. Property taxes have exhibited steady growth, and some counties have levied new local option taxes.

The growth in property taxes has been largely due to increased property values and new construction since statewide average millage rates have actually fallen from 21.11 in 2000 to 20.46 in 2003.

**Taxes paid to counties, cities and special districts are estimated to total \$21.8 B in 2003, or \$1,291 per Floridian.**

### ***State Taxes Have Smallest Growth in Over 25 Years in 2003***

More than a billion dollars in tax cuts, the recession and a largely no-new-tax stance by the Governor and the Legislature have resulted in historically low tax growth in recent years. In fact, growth of 2.3% in 2003 is the lowest in the history of the Tax Index—a period of more than 25 years. Although tax increases are doubtful during this year, the Governor and some in the Legislature have hinted that tax increases may be coming, particularly in light of new constitutional amendments requiring high speed rail and smaller classes.

**State tax collections are projected to rise to \$30.1 B in FY 2003. That amounts to a tax burden of \$1,783 per Floridian.**

### ***Federal Taxes: More Tax Cuts to Come?***

For the first time in the history of the Tax Index, federal tax collections declined in 2001 and they fell even further in 2002. Taxes are expected to increase 3.7% in 2003. However, President Bush is pushing for more tax cuts. Coupled with a slow economy, Floridians' federal tax burden should continue to grow slowly, if at all. Still, 68% of all taxes paid by Floridians to local, state and federal governments goes to Uncle Sam.

**Federal tax collections are projected to rise to \$109.2 B in FY 2003, or \$6,464 per Floridian.**

## **TEN YEARS OF FLORIDA TAXPAYER INDEPENDENCE DAYS**

Some past Taxpayer Independence Days may have been revised to reflect changing estimates. All years cited in discussion of Taxpayer Independence Day are calendar. The Tax Index is on a fiscal year basis.

<b>Year</b>	<b>Days</b>	<b>Date</b>
2003	115	April 26
2002	116	April 27
2001	122	May 3
2000*	130	May 10
1999	129	May 10
1998	127	May 8
1997	124	May 5
1996*	122	May 2
1995	120	May 1
1994	119	April 30

\* leap year

**Source:** Florida TaxWatch, April 2003.

**THE FLORIDA TAX INDEX**  
**Total Taxes Reach \$161 Billion — \$9,538 Per Person**

Table 1 - Taxes and Tax Indices in Florida, 1983-2003

FY	LOCAL		STATE		FEDERAL		TOTAL	
	Millions	Index	Millions	Index	Millions	Index	Millions	Index
1983	4,110	44.2	6,885	47.5	26,834	50.7	37,829	49.3
1984	4,443	47.8	8,313	57.4	30,587	57.8	43,343	56.5
1985	5,099	54.8	8,934	61.7	34,437	65.0	48,470	63.2
1986	5,747	61.8	9,858	68.1	37,491	70.8	53,096	69.2
1987	6,566	70.6	10,891	75.2	42,400	80.1	59,857	78.0
1988	7,313	78.6	12,623	87.1	45,792	86.5	65,728	85.7
1989	8,277	89.0	13,647	94.2	51,102	96.5	73,026	95.2
1990	9,304	100.0	14,486	100.0	52,947	100.0	76,737	100.0
1991	10,533	113.2	15,216	105.0	54,236	102.4	79,985	104.2
1992	11,415	122.7	16,531	114.1	56,126	106.0	84,072	109.6
1993	11,699	125.7	18,759	129.5	61,000	115.2	91,458	119.2
1994	12,691	136.4	20,253	139.8	67,072	126.7	100,016	130.3
1995	13,341	143.4	21,023	145.1	72,408	136.8	106,772	139.1
1996	13,829	148.6	22,258	153.7	79,374	149.9	115,461	150.5
1997	14,647	157.4	23,512	162.3	87,229	164.7	125,388	163.4
1998	15,442	166.0	25,007	172.6	95,770	180.9	136,219	177.5
1999	16,446	176.8	26,397	182.2	103,802	196.0	146,645	191.1
2000	17,119	184.0	27,732	191.4	115,031	217.3	159,882	208.4
2001	18,317	196.9	28,398	196.0	113,100	213.6	159,815	208.3
2002	20,039	215.4	29,432	203.2	105,262	198.8	154,733	201.6
2003	21,803	234.3	30,122	207.9	109,170	206.2	161,095	209.9

Table 2 - Per Capita Taxes and Tax Indices in Florida, 1983-2003

FY	LOCAL		STATE		FEDERAL		TOTAL	
	Dollars	Index	Dollars	Index	Dollars	Index	Dollars	Index
1983	387	53.5	649	57.5	2,529	61.3	3,566	59.7
1984	408	56.3	763	67.6	2,808	68.1	3,979	66.6
1985	456	62.9	798	70.7	3,076	74.6	4,330	72.4
1986	499	68.9	857	75.9	3,258	79.0	4,613	77.2
1987	555	76.6	920	81.6	3,583	86.9	5,058	84.6
1988	602	83.0	1,039	92.0	3,768	91.4	5,408	90.5
1989	664	91.6	1,095	97.0	4,099	99.4	5,858	98.0
1990	725	100.0	1,128	100.0	4,124	100.0	5,977	100.0
1991	801	110.5	1,156	102.5	4,122	99.9	6,079	101.7
1992	851	117.4	1,232	109.2	4,184	101.5	6,267	104.9
1993	858	118.5	1,377	122.0	4,476	108.5	6,711	112.3
1994	913	126.0	1,457	129.1	4,826	117.0	7,196	120.4
1995	939	129.6	1,480	131.2	5,098	123.6	7,517	125.8
1996	954	131.7	1,536	136.1	5,477	132.8	7,967	133.3
1997	989	136.4	1,587	140.6	5,887	142.8	8,463	141.6
1998	1,020	140.7	1,652	146.4	6,326	153.4	8,998	150.5
1999	1,062	146.6	1,705	151.1	6,705	162.6	9,472	158.5
2000	1,078	148.7	1,746	154.8	7,244	175.6	10,068	168.4
2001	1,127	155.5	1,747	154.8	6,958	168.7	9,832	164.5
2002	1,208	166.7	1,774	157.2	6,345	153.9	9,327	156.0
2003	1,291	178.1	1,783	158.1	6,464	156.7	9,538	159.6

*Source: Florida TaxWatch, U.S. Bureau of the Census, Florida Consensus Estimating Conference, United States Department of the Treasury, April 2003.*

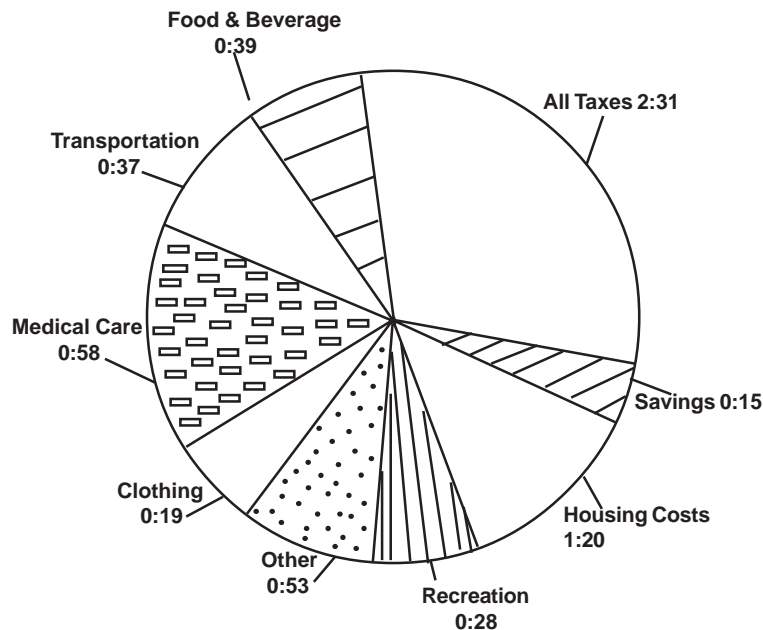
# EVEN WITH MODEST INCOME GROWTH, LOW TAX GROWTH MEANS FLORIDIANS' PAYCHECKS GO FURTHER IN 2003

With expected growth in personal income (5.1%) exceeding that of taxes (4.7%) in calendar year 2003, coupled with continued low inflation, Floridians' paychecks should go further than last year. Florida TaxWatch projects that the average Florida household will enjoy the fourth straight increase in its effective buying power (EBP) in 2003. Effective buying power is after-tax income adjusted for inflation. The 2003 increase of 1.3% follows a rise of 3% in the previous two years.

After paying all taxes and adjusting for inflation, the average Florida household will have approximately \$675 more to spend in 2003 than it had in 2002.

Despite relatively low income growth, tax growth has slowed considerably in recent years. Growth in 2003 of 4.7% follows two consecutive years of declining total tax col-

## WHERE YOUR WORKDAY EARNINGS GO: 8-HOUR WORKDAY OF FLORIDA WAGE EARNER



## AVERAGE EXPENDITURES IN HOURS:MINUTES

Source: Florida TaxWatch and  
Tax Foudation, April 2003.

On a per household basis, taxes rose 2.9% in 2003. Since income had a little better growth of 3.3%—coupled with continue low inflation—the average Florida household enjoyed an increase in buying power.

EBP has risen in eight of the last ten years, and fallen in two. Most of the annual increases have been small. The effective buying power of Floridians has risen 13.1% over the last ten years.

### Since 1993 (per household):

<b>Inflation Up</b>	<b>27.4%</b>
<b>Personal Income Up</b>	<b>43.5%</b>
<b>Taxes Up</b>	<b>41.9%</b>

In 1993, the average Florida household earned \$53,665. After all taxes were paid, \$36,584 in disposable income was left. In 2003, that household earned an estimated \$77,000, but its tax now stands at \$24,246, leaving \$52,754. When adjusted for inflation,

**THE BOTTOM LINE...  
WHERE DO YOU STAND?**

Of course, everybody's economic and tax situations are different. However, on the average, your household income had to rise 2.4% in 2003, or 32.3% since 1993, for your effective buying power and standard of living to keep pace with the combined effects of taxation and inflation.

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