

Florida Taxpayer Independence Day 1998!

**April
29
1998**

Although the deadline for paying your taxes to the IRS was April 15, the typical Floridian will not earn enough to pay his or her total tax bill for 1998 until two weeks after that. Wednesday, April 29 is Florida Taxpayer Independence Day 1998, estimated by Florida TaxWatch. On that day, Floridians can take satisfaction in knowing they are finally 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. Although the amount of Floridians' earnings eaten up by taxes is still significant, taxpayers can take heart that -- for the second year in a row -- the tax bite has gotten smaller.

This is the second year in a row that Florida Taxpayer Independence Day comes earlier than the year before. Florida Taxpayer Independence Day 1997 was May 1 and in 1996 it fell on May 2. Since 1996 was a leap year, it actually took four more days to pay your taxes in 1996 than it will this year. This is the first year since 1993 that Florida Taxpayer Independence Day arrives in April, after four straight years of coming in May. May 2 is the latest Florida Taxpayer Independence Day. The earliest of the 22 days Florida TaxWatch has calculated was April 18 in 1983. **For the average Florida household, paying these taxes in 1998 takes 118 out of 365 days, or just less than one-third of the year. This is two day less than last year and four days less than in 1996.**

The recent trend of slower tax growth at all three levels of government -- compared to the 1970s and 1980s -- continues in 1998. With the total tax burden on the average household increasing 2.5% in 1998, and their income going up 4.3%, it is going to take them a little less time to earn enough to satisfy their tax obligations. This is why Florida Taxpayer Independence Day is coming a bit earlier.

If working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:35 a.m. daily, one minute less than last year. Federal taxes alone take up 1 hour and 45 minutes of the eight hour work day. State taxes require 31 minutes of work time. Add to this 19 minutes to satisfy local tax obligations, and the average Floridian works 2 hours and 35 minutes daily just to pay the tax collector.

Taxes are the single largest expense incurred by citizens (See figure on back page). By contrast, housing and utility costs take 1 hour and 20 minutes, health and medical care takes 59 minutes and food requires 49 minutes.

Growth in Floridians' Taxes Continues to Slow

The 1998 Florida Tax Index climbed to 642.1, meaning that all taxes paid by Floridians to federal, state and local governments have grown 542.1% since the base year of FY 1977 (Table 1), an average annual growth of 9.3%. This rise outpaces combined population and inflation growth in Florida of 387.0% (average annual growth of 7.6%).

The index for total per capita taxes (Table 2) hit 383.1, meaning these taxes have almost grown four-fold since 1977. This contrasts with inflation of 178% over this time. Each Floridian's tax burden grew 2.7% this year. The FY 1998 taxes borne by each man, woman and child in Florida are projected at \$8,407. Of this, \$1,051 goes to local, \$1,647 goes to state and \$5,709 goes to federal coffers.

Highlights

● Florida Taxpayer Independence Day 1998 is April 29. Floridians must work almost one-third of the year or 118 out of 365 days to pay their tax bills, two days less than last year. Since personal income grew a bit more (4.3%) than taxes (2.5%) during calendar year 1998, Florida Taxpayer Independence Day 1998 comes earlier than last year.

● It takes 2 hours and 35 minutes of each 8-hour work day to pay taxes, workers' largest single expense. Federal taxes alone take up 1 hour and 45 minutes.

● The Florida Tax Index stands at 642.1 in FY 1998, meaning total taxes (federal, state and local) paid by Floridians have increased 542.1% since 1977. These taxes grew 4.6% from 1997 to 1998.

● On a per capita basis, the total tax bill for each Floridian has increased from \$5,905 in FY 1990 to \$8,405 in FY 1998. This 42% rise compares with inflation of 28.5% during this time, meaning the real increase per Floridian is 11% during the 1990s.

● After growth of 2.1% in 1997, total per capita taxation is expected to rise 2.7% in FY 1998, just about matching inflation which is projected to grow 2.6% in 1997.

● Tax growth at all levels of government has slowed in the 1990s, compared to the decade of the 1980s. So far in the 1990s, state taxes have risen at an average annual rate of 6.8%, local taxes 6.7% and federal taxes 6.3%. This compares to average annual growth in the 1980s of 11.4% for state taxes, 13.8% for local taxes and 11.1% for federal taxes.

Floridians' FY 1998 total tax bill is estimated at \$125.0 billion, nearly one-third of Floridians' \$355.1 billion personal income.

Floridians' total tax bill grew 4.5% in FY 1998, a bit more than in 1997 (4.0%). However, this is one of the smallest annual increases since Florida TaxWatch began charting growth. Tax growth has slowed considerably in the 1990s. From 1990 to 1998 Floridians' total tax burden has averaged annual growth of 6.4%. In the 1980s average annual growth was 11.4%. This trend is true for all three levels of government. The following is the average annual growth in the 1980s and the 1990s, respectively: local (13.8% and 6.7%); state (11.4% and 6.8%); and federal (11.1% and 6.3%).

Local Tax Growth Slowed by Stabilizing Property Taxes

As federal and state governments defer more responsibility to local governments, Floridians have seen their local tax bills grow faster than their federal or state taxes. However, it is still the smallest in terms of total dollars (12.5% of total taxes).

Projected tax growth of 7% in 1998 is the largest since 1994. However, this still well below the average growth of the 1980s of 13.8%. Growth in property values has slowed taxes and millage rates have stabilized. After Floridians' average millage rate rose from 16.30 mills in 1983 to 21.15 mills in 1991, in the last six years it has risen to just 21.86 mills.

Taxes paid to counties, cities and special districts are estimated to total \$15.6 billion in 1998, or \$1,051 per Floridian.

Federal Taxes Are the Lion's Share of Citizens' Tax Bills

Federal taxes comprise 68% of Floridians' total tax bill. Floridians paid an estimated 22 cents out of each dollar of personal income on federal taxes in FY 1998.

Federal taxes continue to be the slowest increasing level of taxation historically, and FY 1998 was no exception., with these taxes increasing 4.2% . Per capita, Floridians' federal tax burden rose \$132 or 2.4%.

It is estimated that 46% of your federal tax bill goes to satisfy individual income tax obligations. Another 36% goes to payroll taxes for Social Security and Medicare. Corporate income taxes add another 12% and excise taxes account for 4%.

Federal tax collections are projected to rise to \$84.9 billion in FY 1998. That amounts to a tax burden of \$5,709 per Floridian.

Legislature Continues to "Hold the Line" on State Taxes

Total state taxes are projected to rise 4.3% in 1998. This growth increase is almost entirely due to normal growth revenues, since the Legislature has not enacted any

significant tax increases in recent years. This trend should continue in the short term. By comparison, state taxes grew at an average annual rate of 11.4% during the 1980s. The average annual increase has been 6.8% so far this decade.

State tax collections are projected to rise to \$24.5 billion in FY 1998. That amounts to a tax burden of \$1,647 per Floridian.

The Florida Tax Index

**Total Taxes Reach \$125 Billion
\$8,405 Per Person
Floridians' Buying Power Continues To Increase in 1998**

TABLE 1

Taxes and Tax Indices in Florida, 1977-1998

YEAR	LOCAL		STATE		FEDERAL		TOTAL	
	Millions	Index	Millions	Index	Millions	Index	Millions	Index
1997	\$2,034	100.0	\$3,588	100.0	\$13,845	100.0	\$19,467	100.0
1978	2,247	110.5	4,158	115.9	15,769	113.9	22,174	113.9
1979	2,542	125.0	4,757	132.6	18,398	132.9	25,697	132.0
1980	2,577	126.7	5,168	144.0	19,186	138.6	26,931	138.3
1981	2,971	146.1	5,605	156.2	22,973	165.9	31,549	162.1
1982	3,666	180.2	5,912	164.8	25,896	187.0	35,474	182.2
1983	4,110	202.1	6,885	191.9	25,429	183.7	36,424	187.1
1984	4,443	218.4	8,313	231.7	29,819	215.4	42,575	218.7
1985	5,099	250.7	8,934	249.0	33,177	239.6	47,210	242.5
1986	5,747	282.5	9,858	274.7	35,440	256.0	51,045	262.2
1987	6,566	322.8	10,891	303.5	40,820	294.8	58,277	299.4

1988	7,313	359.5	12,623	351.8	45,687	330.0	65,623	337.1
1989	8,277	406.9	13,647	380.4	49,468	357.3	71,392	366.7
1990	9,304	457.4	14,486	403.7	52,191	377.0	75,981	390.3
1991	10,533	517.8	15,216	424.1	53,616	387.3	79,365	407.7
1992	11,415	561.2	16,522	460.5	55,363	399.9	83,300	427.9
1993	11,699	575.2	18,749	522.5	60,800	439.1	91,248	468.7
1994	12,691	623.9	20,241	564.1	66,240	478.4	99,172	509.4
1995	13,341	655.9	21,010	585.6	71,165	514.0	105,516	542.0
1996	13,875	682.2	22,240	619.8	78,838	569.4	114,953	590.5
1997	14,596	717.6	23,494	654.8	81,496	588.6	119,586	614.3
1998	\$15,632	768.5	\$24,456	681.6	\$84,901	613.2	\$124,989	642.1

TABLE 2

Per Capita Taxes and Tax Indices in Florida, 1977-1998

YEAR	LOCAL		STATE		FEDERAL		TOTAL	
	Dollars	Index	Dollars	Index	Dollars	Index	Dollars	Index
1977	\$229	100.0	\$404	100.0	\$1,560	100.0	\$2,194	100.0
1978	247	107.8	457	113.1	1,734	111.1	2,438	111.1
1979	271	118.3	507	125.5	1,962	125.8	2,741	124.9
1980	267	116.3	534	132.2	1,984	127.2	2,785	127.0
1981	296	129.1	558	138.1	2,288	146.7	3,143	143.2
1982	354	154.3	570	141.1	2,499	160.1	3,423	156.0
1983	387	168.9	649	160.4	2,395	153.5	3,431	156.4
1984	408	177.8	762	188.6	2,735	175.3	3,905	178.0

1985	454	197.9	795	196.6	2,952	189.2	4,201	191.5
1986	497	216.7	852	210.7	3,063	196.3	4,411	201.1
1987	551	240.4	914	226.1	3,426	219.6	4,891	223.0
1988	597	260.5	1,031	254.9	3,730	239.1	5,358	244.2
1989	658	287.2	1,086	268.5	3,935	252.2	5,679	258.9
1990	723	315.4	1,126	278.4	4,056	259.9	5,905	269.1
1991	802	349.9	1,159	286.5	4,083	261.6	6,043	275.4
1992	854	372.4	1,236	305.6	4,144	265.4	6,230	284.0
1993	863	376.3	1,383	341.9	4,483	287.3	6,729	306.7
1994	919	400.8	1,465	362.4	4,795	307.3	7,180	327.2
1995	947	413.2	1,492	368.9	5,053	323.8	7,491	341.5
1996	967	421.9	1,550	383.4	5,495	352.2	8,013	365.2
1997	999	435.7	1,608	397.6	5,577	357.4	8,184	373.0
1998	\$1,051	458.6	\$1,645	406.7	\$5,709	365.9	\$8,405	383.1

Source: Florida TaxWatch, U.S. Bureau of the Census, Florida Consensus Estimating Conference and the Tax Foundation, Inc., April 1998.

Calendar year 1998 marks the fifth year in a row that Floridians' personal income should grow faster than their total taxes. The difference (6.4% to 4.5%) is good news for taxpayers. Because of this, coupled with continued low inflation, Florida TaxWatch projects that the average Florida family's effective buying power (EBP) will increase in 1998 for the fifth straight year. Effective buying power is after-tax income adjusted for inflation. The 1998 increase is estimated at 2.5%. These five years of increasing EBP followed a period during which Floridians' buying power fell in four straight years.

After paying all taxes and adjusting for inflation, the average Florida household will have approximately \$1064 more to spend in 1998 than it had in 1997.

With Florida's total personal income up an estimated 6.4%, the average household brought in only 4.3% more than last year.

This was still enough to cover inflation of 2.7%. Tax growth of 2.5% on that same household also ate into this income growth, but not enough to stop the average Florida household from enjoying increased buying power.

The effective purchasing power of Floridians has risen 9.1% over the last ten years -- since 1988. Household taxes have outpaced both inflation and personal income since 1988.

Since 1988:

Inflation Up	39.7%
Personal Income Up	52.3%
Taxes Up	53.3%

In 1988, the average Florida household earned \$43,282. After all taxes were paid, \$29,461 was left. In 1998, that household earned an estimated \$66,080 but its tax now stands at \$21,192, leaving \$44,487. When adjusted for inflation, Effective Buying Power is up \$2,673 from 1988, and up \$1,064 from 1997.

The Bottom Line ...
Where Do You Stand?

Of course, everybody's economic and tax situations are different. However, on the average, if your household income did not rise 2.6% in 1998 or 44.1% since 1988, the combined effects of taxation and inflation have likely reduced your effective buying power.

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