

Florida Taxpayer Independence Day 2001



**May
8th
2001**

Although the deadline for paying your taxes to the IRS was April 16, the average Floridian will not earn enough to pay his or her total tax bill for 2001 until three weeks after that. Tuesday, May 8 is Florida Taxpayer Independence Day 2001, 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. The good news is that 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 2001.

The growth in total taxes paid by Floridians in 2001 is expected to increase by the smallest amount in at least 25 years. Until last year, despite governments largely avoiding tax increases in recent years, taxes paid by Floridians have still been growing faster than their income. Without an income tax, Floridians' state and local tax collections have often had smaller annual increases than personal income. However, federal taxes they comprise a majority of total taxes have consistently outpaced personal income. This year, income growth of 6.2% exceeded total tax growth of 4.1%.

If working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:47 a.m. daily, three minutes less than last year. Federal taxes alone take up 1 hour and 57 minutes of the eight-hour workday. Add to this state and local tax obligations, and the average Floridian works 2 hours and 47 minutes daily just to pay the tax collector.

Taxes are the single largest expense incurred by citizens. By contrast, housing and utility costs take 1 hour and 19 minutes, health and medical care takes 55 minutes, and food requires 43 minutes.

Tax Growth in Florida During FY 2001 Is Estimated To Be The smallest In The Tax Index's History

The 2001 Florida Tax Index climbed to 211.1, meaning that all taxes paid by Floridians to federal, state and local governments have doubled since the base year of FY 1990 (Table 1), an average annual growth of 7.0%. This rise outpaces combined population and inflation growth in Florida of 60.9% (average annual growth of 5.0%).

The index for total per capita taxes (Table 2) is at 169.3, meaning

Highlights

\$ Florida Taxpayer Independence Day 2001 is May 8. Floridians must work more than one-third of the year, or 127 out of 365 days, to pay their taxes two days less than last year. Personal income should grow more (6.2%) than taxes (4.1%) during calendar year 2001. So, Taxpayer Independence Day 2001 comes earlier than last year.

\$ It takes 2 hours and 47 minutes of each 8-hour work day to pay taxes, workers' largest single expense. Federal taxes alone take up 1 hour and 58 minutes.

\$ The Florida Tax Index stands at 211.1 in FY 2001. This means that total taxes (federal, state and local) paid by Floridians have more than doubled, increasing 111.1% since FY1990. These taxes grew 3.9% from 2000 to 2001.


\$ On a per capita basis, the total tax bill for each Floridian reached \$9,823 in FY 2001. This 67% increase since 1990 compares with inflation of 37.2% during this time, meaning that the real increase per Floridian is 21%.


\$ Total per capita taxation is expected to rise only 1.6% in FY 2001, compared with inflation and per capita personal income, which are expected to grow 2.9% and 6.2%, respectively.

that these taxes are up 69.3% since 1990. This contrasts with inflation of 37.2% over this time. Each Floridian's tax burden grew only 1.6% this year. The FY 2001 taxes for each man, woman and child in Florida are projected at \$9,980.

Florida's FY 2001 total tax bill is estimated at \$162.0 billion, more than one-third of its \$457.8 billion personal income.

Floridians' total tax bill should grow an estimated 3.9% in FY 2001, rising \$6 billion to \$162.0 billion. This tax growth is very low. In fact, it is estimated to be the smallest increase in taxes paid in the history of the Florida Tax Index. Federal taxes are up 3.61%, the smallest rise in nine years and state taxes should have the lowest growth - 2.97% - in 25 years. Tax growth at all levels of government has slowed during the last ten years, compared to the decade of the 1980s. This is especially true at the state and local level. During the last ten years, state taxes have risen at an average annual rate of 6.5%, local taxes 5.6% and federal taxes 7.8%. This compares to average annual growth in the 1980s of 11.1% for state taxes, 13.5% for local taxes and 8.4% for federal taxes.

 Tax growth in FY 2001 is very low. In fact, it is estimated to be the smallest increase in taxes paid in the history of our Taxpayer Independence Day publication. Federal taxes are up 3.61%, the smallest rise in nine years and state taxes should have the lowest growth - 2.97% - in 25 years.

 Floridians' Effective Buying Power (EBP) the amount of income left after taxes and inflation should rise 2.7% in 2001, the largest increase since the mid-eighties. The small increase in taxes and continued low inflation lead to this rise in EBP.

Local Taxes Expected to be the Growth Leader in 2001

Local taxes are expected to increase by approximately \$1.2 billion, or 7.1%, in FY 2001. This is the largest growth of three levels of government, but is still well below the double-digit growth of the 1980s and early 1990s. After being the fastest growing level of taxation during the 1980s, it has been the slowest since 1990, just trailing state taxes (96.1% vs. 97.1%).

Local governments' largest revenue source is the property tax, which is expected to grow 7.1% in FY 2001, the largest increase since 1991. The statewide average millage rate is estimated to fall for the second straight year, falling from 21.29 in 2000 to 20.96 in 2001.

Taxes paid to counties, cities and special districts are estimated to total \$18.2 billion in 2001, or \$1,124 per Floridian.

Per Capita State Taxes Grow Less than 1% in FY 2001

Almost \$1.5 billion in tax cuts enacted during the last two years and a slowing economy have led to the smallest percentage growth in state taxes in over 25 years. State tax collections are expected to grow by 2.97% in FY 2001.

State tax collections are projected to rise to \$28.6 billion in FY 2001. That amounts to a tax burden of \$1,759 per Floridian.

Federal Tax Growth the Smallest Since 1992

Federal taxes are expected to increase 3.6% in 2001, a significant slowdown from recent years. Most of the taxes Floridians pay go to the federal government. These included income, social insurance and excise. The portion of Floridians' taxes comprised of federal levies has grown from 66.7% in 1992

Ten Years of Florida Taxpayer Independence Days

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

Year	Days	Date
2001	127	May 8
2000*	129	May 9
1999	131	May 10
1998	130	May 9
1997	127	May 8
1996*	124	May 4
1995	122	May 3
1994	120	May 1
1993	118	April 29

to 71.1% in 2001.

Federal tax collections are projected to rise to \$115.2 billion in FY 2001, or \$7,097 per Floridian.

1992* 115 April 25

* leap year

Source: Florida TaxWatch, May 2001.

The Florida Tax Index

Total Taxes Reach \$162 Billion
\$9,980 Per Person

TABLE 1
Taxes and Tax Indices in Florida, 1981-2001

LOCAL		STATE		FEDERAL		TOTAL		
FY	Millions	Index	Millions	Index	Millions	Index	Millions	Index
1981	2,971	31.9	5,605	38.7	25,550	48.3	34,126	44.5
1982	3,666	39.4	5,912	40.8	26,787	50.6	36,365	47.4
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	15,350	165.0	25,008	172.6	95,770	180.9	136,128	177.4
1999	16,363	175.9	26,398	182.2	103,714	195.9	146,475	190.9
2000	17,034	183.1	27,733	191.4	111,208	210.0	155,975	203.3
2001	18,243	196.1	28,557	197.1	115,228	217.6	162,028	211.1

TABLE 2
Per Capita Taxes and Tax Indices in Florida, 1981-2001

LOCAL		STATE		FEDERAL		TOTAL		
FY	Dollars	Index	Dollars	Index	Dollars	Index	Dollars	Index
1981	291	40.8	550	49.4	2,507	61.6	3,348	56.8
1982	350	49.0	565	50.7	2,558	62.9	3,473	58.9

1983	382	53.5	640	57.6	2,496	61.4	3,519	59.7
1984	402	56.3	753	67.7	2,771	68.1	3,926	66.6
1985	449	62.8	787	70.7	3,034	74.6	4,270	72.4
1986	493	68.9	845	75.9	3,213	79.0	4,551	77.2
1987	547	76.6	908	81.6	3,534	86.9	4,989	84.6
1988	594	83.1	1,026	92.2	3,721	91.5	5,341	90.6
1989	655	91.6	1,080	97.0	4,044	99.4	5,778	98.0
1990	715	100.0	1,113	100.0	4,068	100.0	5,895	100.0
1991	795	111.2	1,148	103.2	4,092	100.6	6,035	102.4
1992	847	118.6	1,227	110.3	4,166	102.4	6,241	105.9
1993	856	119.8	1,372	123.3	4,463	109.7	6,691	113.5
1994	910	127.3	1,452	130.5	4,808	118.2	7,170	121.6
1995	939	131.3	1,479	132.9	5,094	125.2	7,512	127.4
1996	955	133.6	1,537	138.1	5,480	134.7	7,971	135.2
1997	991	138.6	1,590	142.9	5,899	145.0	8,480	143.9
1998	1,016	142.1	1,655	148.7	6,336	155.8	9,006	152.8
1999	1,057	147.9	1,705	153.2	6,700	164.7	9,462	160.5
2000	1,073	150.1	1,747	156.9	7,003	172.2	9,823	166.6
2001	1,124	157.2	1,759	158.1	7,097	174.5	9,980	169.3

Source: Florida TaxWatch, U.S. Bureau of the Census, Florida Consensus Estimating Conference, United States Office of Management and Budget and The Tax Foundation, Inc., May 2001.

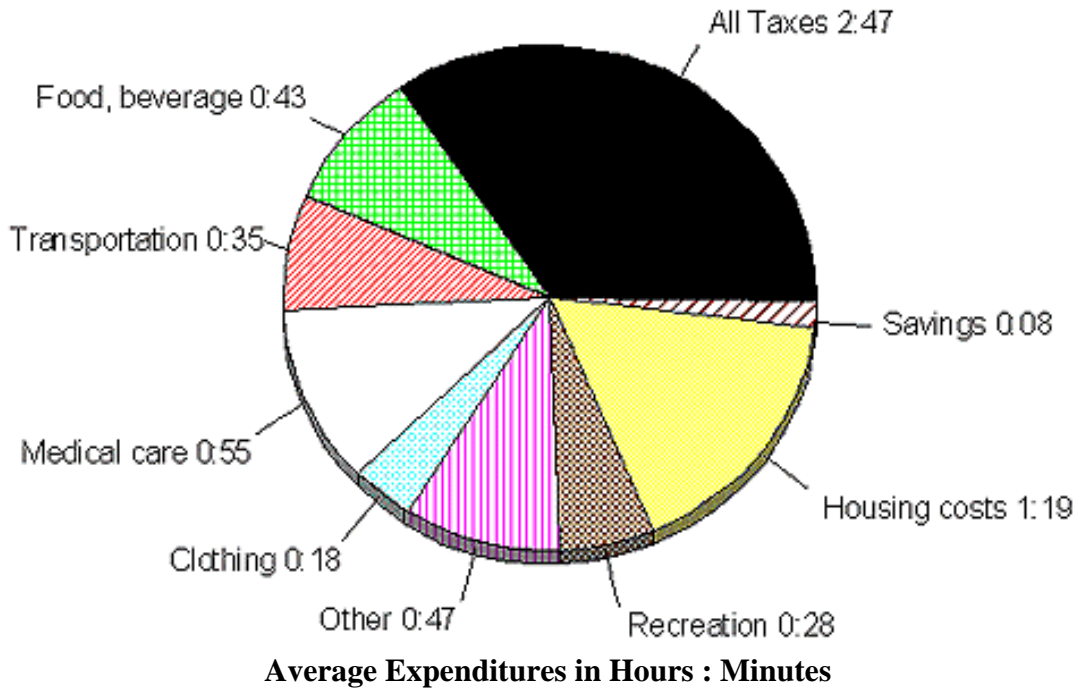
Low Tax Growth, Low Inflation Means Floridians' Paychecks Go Further in 2001

With growth in personal income (6.2%) exceeding that of taxes (4.1%) in calendar year 2001, coupled with continued low inflation, Floridians' paychecks should go farther than last year. Florida TaxWatch projects that the average Florida household will enjoy the largest increase in its effective buying power (EBP) since the mid-eighties. Effective buying power is after-tax income adjusted for inflation. The 2001 increase of 2.7% continues a nice run of annually increasing EBP during the 1990s.

After paying all taxes and adjusting for inflation, the average Florida household will have approximately \$1,237 more to spend in 2001 than it had in 2000.

The smallest increase in taxes paid in the history of our Taxpayer Independence Day publication lead to this rise in EBP. Growth in calendar 2001 is estimated at 4.1%. This compares to average growth of 7.3% over the last ten years.

Where your Workday Earnings Go: 8-Hour Workday of Florida Wage Earner



Source: Florida TaxWatch and Tax Foundation, May 2001

On a per household basis, taxes rose 2.1% in 2001. Fortunately, household income grew twice as fast 4.2%. Coupled with continue low inflation of 2.5%, the average Florida household enjoyed a sizable increase in buying power.

While the trend has been one of rising buying power, most of the annual increases have been small. The effective buying power of Floridians has risen 9.6% over the last ten years.

Since 1991

Inflation Up 29.4%
Personal Income Up 49.6%
Taxes Up 66.6%

In 1991, the average Florida household earned \$49,357. After all taxes were paid, \$33,941 was left. In 2001, that household earned an estimated \$73,829 but its tax now stands at \$25,676, leaving \$48,153. When adjusted for inflation, Effective Buying Power is up \$1,237 from last year, and up \$3,267 from 1991.

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 3.1% in 2000 or 42.7% since 1990, the combined effects of taxation and inflation have likely reduced your effective buying power and standard of living.

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