



FLORIDA TAXPAYER INDEPENDENCE DAY 2011!

Independence Comes One Day Later Than Last Year

April 14
2011

Thursday, April 14, is **Florida Taxpayer Independence Day 2011**, 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 starting to grow again, Floridians' total tax bill (especially federal) is expected to rise faster, meaning it will take more time for Florida's workers to pay their tax bills this year– even if it is only one day more. Taxpayer Independence Day is based on the relative size of all taxes paid in Florida to our state's total personal income.

Until last year, Floridians' Taxpayer Independence Day had come earlier and earlier in each year since 2006, when it fell on May 1. From 2006 to 2009, 19 days were shaved off this measure of Floridians' tax burden. Taxpayer Independence Day 2009 was April 12, the earliest of the 35 days Florida TaxWatch has calculated. This trend began to reverse last year, when taxpayer independence came one day later. And while this year's Taxpayer Independence Day comes another day later than last year, it is still 17 days earlier than it was in 2006. Floridians' latest Taxpayer Independence Day came in 1998, when it fell on May 8. **Floridians will contribute \$216 billion in taxes to federal, state and local governments in 2011, \$10 billion more than last year. In 2011, for the average Florida household, paying their taxes in 2010 takes 103 out of 365 days, or almost three and a half months.**

Evaluating Floridians' tax burden on a daily basis, working 9:00 a.m. to 5:00 p.m., Floridians' Taxpayer Independence Time falls at 11:16 a.m. daily. This symbolic time is one minutes later than it was last year, but 24 minutes earlier than in 2006. Satisfying federal taxes alone requires 1 hour and 31 minutes of the eight-hour workday. Paying state taxes requires an additional 24 minutes, and 21 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 15 minutes every day of the year just to pay all their taxes, the single largest expense incurred by citizens.

The trend toward earlier tax freedom which began in 2007 was caused by federal tax cuts and a recession that decreased government tax revenues faster than it decreased families' income. At the state level, Florida had never had an annual decrease in tax collections until FY 2007, when a string began where collections fell in three straight years. At the local government level, declining property values and millage roll-backs mandated by the Legislature helped put the brakes on skyrocketing property taxes.

Now, as our economy slowly starts to recover, tax collections are rebounding faster than income, making Taxpayer Independence Day come a little bit later. State taxes started to rebound in FY 2010 and growth of almost 4% is expected in FY 2011, with sales and corporate income tax collection leading the way. While property taxes are still down, at least some of that is being offset as local governments turn to other revenue sources. Federal taxes—which comprise the lion's share (67%) of Floridians' tax burden – are expected to grow by 3% in FY 2011 and by double-digits next year.

HIGHLIGHTS

- ◆ Florida Taxpayer Independence Day 2011 is April 14. Floridians must work 103 out of 365 days to pay their taxes – one day later than last year. This date is two days later than it was in 2009, but 17 days sooner than in 2006.
- ◆ It takes 2 hours and 15 minutes of every eight-hour workday to pay taxes, Florida workers' largest single expense. Federal taxes alone take up 1 hour and 31 minutes.
- ◆ Tax burden began falling in 2007, when the recession caused tax collections to drop even faster than Floridians' personal income. Now tax burden is beginning to rise again, as a slowly recovering economy begins to boost tax collections.
- ◆ This year, the average family's growth in after-tax personal income should exceed inflation, causing the effective buying power (EBP) of Floridians to increase slightly (0.7%).

Floridians' Average Effective Buying Power Is Projected to Increase Slightly in 2011

While taxes are expected to grow faster than personal income in 2011, how does after-tax income compare to last year, when adjusted for inflation? Does the combined effect of taxes and inflation reduce Floridians' buying power? While the increase in average after tax income is projected to be small (2.5%), it should outstrip estimated inflation of 1.7%. Therefore, Floridians' paychecks should stretch a little further this year.

Florida TaxWatch projects that the average Florida household will see a small increase in its effective buying power (EBP) during 2011. Effective buying power is after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have approximately 0.7% more to spend in 2011 than it had in 2010.

Of course, this is just an average. Varying tax bills and income will result in different experiences and this average EBI increase means nothing to the record number of Floridians who are out of work.

EBP has also 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 19.6% over the last ten years.

Since 2001 (per household):

| | |
|---------------------------|--------------|
| Inflation Up | 25.4% |
| Personal Income Up | 41.1% |
| Taxes Up | 22.7% |

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 |
|-------|------|----------|
| 2011 | 103 | April 14 |
| 2010 | 102 | April 13 |
| 2009 | 101 | April 12 |
| 2008* | 112 | April 22 |
| 2007 | 119 | April 30 |
| 2006 | 120 | May 1 |
| 2005 | 118 | April 29 |
| 2004* | 112 | April 22 |
| 2003 | 108 | April 19 |
| 2002 | 112 | April 23 |
| 2001 | 118 | April 29 |

* leap year

Source: Florida TaxWatch, April 2011.

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