



NEWS

FOR IMMEDIATE RELEASE
February 1, 2002

CONTACT: Edie Ousley
850/681-3200

TAXWATCH REPORTS: HOW FLORIDA COMPARES *Florida Fifth Highest In Taxes On Businesses*

TALLAHASSEE – Florida TaxWatch today issued a report detailing how Florida’s state and local taxes compared with the other 49 states during 2000. The report illustrates that businesses pay nearly half of all state and local taxes in Florida, and it shows that Florida continued to avoid significant tax increases during 2000.

After rising two spots in 1999, Florida’s per capita state tax ranking fell four spots in 2000 to 43 – the lowest since 1985. Per capita collections increased only \$25, reaching \$1,553 – well below the national average that stands at \$1,921.

Because cities and counties are responsible for providing a greater number of services, Florida’s local governments tax citizens relatively higher than state government when compared with the other 49 states. Property taxes are local governments largest tax source, ranking Florida 17th in per capita burden or \$20 higher than the national average.

“Florida ranked fifth highest in taxes on businesses, primarily because our state does not tax personal income,” said Dominic M. Calabro, President, Florida TaxWatch. “With the phase out of state and federal estate taxes, the tax burden on businesses will only increase.”

Florida is one of seven states without a personal income tax. Of the four largest states, Florida and Texas have no personal income tax. Florida's Constitution also prohibits a state property tax except on intangible property such as stocks and bonds. Florida is one of eleven states without property tax.

“The reality is Florida does tax businesses far more than most other states,” said Calabro. “That has strong influence on businesses deciding not to base their companies in Florida. Instead, businesses use new technology that will allow them to compete in Florida and completely avoid the tax.”

Key Facts and Findings

- After rising two spots the previous year, Florida’s per capita state tax ranking fell four spots in 2000. This ranking of 43rd is the lowest since 1985. Per capita collections rose only \$25 (1.6%), reaching \$1,553. This is still below the national average which stands at \$1,921.

-More-

- State and local governments have largely been avoiding tax hikes, so tax growth has been relatively slow. In fact, when viewed in terms of percentage of personal income, tax burdens are getting smaller, both nationally and if Florida.
- Florida's per capita combined state and local tax ranking fell five spots (2000 state data and 1999 local data) to 33rd. These taxes total \$2,641, up \$78 from the previous year.
- Florida's rankings for taxes as a percent of personal income are lower than its per capita rankings. State taxes take 5.9% of Floridians' personal income and state and local combine to take out 10.0%. This compares to 6.95% and 11.2%, respectively, nationally. 1999 marked the first time the percentage of Floridians' personal income taken up by taxes has fallen below 6% since 1992.
- Transaction taxes (general and selective sales taxes) account for 77% of all Florida's state tax collections. This compares to the national average of 46%. Florida has the fifth largest per capita general sales tax collections, and it increased by \$48 in 2000, reaching \$939. However, Floridians' selective sales (tax on motor fuels, tobacco, alcoholic beverages, etc.) continued a trend of falling relative to other states. Floridians' ranking for these taxes now stand at 29th.
- Florida's state debt burden amounts to \$1,180 for each Floridian. This ranks Florida 37th, well below the national average of \$1,876. However, Florida's many local governments have debt totaling \$3,830 per Floridian, well above the national average.

Also available via the TaxWatch website is information on ***How Florida Counties Compare***.

Florida TaxWatch is a non-partisan, non-profit research institution supported by homeowners, small businesses, corporations, labor unions, individuals and philanthropic foundations. The organization is dedicated to improving taxpayer value, government accountability and citizen understanding and participation in their state and local government fiscal policies.

###