



NEWS

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TAX FREEDOM DELAYED THIS YEAR ***Despite Tax Cuts, A Stronger Economy Means Increased Collections***

TALLAHASSEE — Even though governments are not raising taxes, Floridians are paying more — three days of their paycheck more — pushing Florida Taxpayer Independence Day later to April 27 this year. This symbolic date, measured by Florida TaxWatch, assumes that every dollar earned since January 1 goes to pay federal, state, and local taxes.

The non-profit taxpayer research group said the increasing taxpayer burden is not because of tax increases, but rather stronger economic growth leading to higher incomes, more spending, more construction and a Florida housing boom.

The report projects a 9.3% growth in total taxes paid by Floridians during 2005, which would be the largest annual growth in ten years. In fact, tax collection growth at all three levels of government are expected to grow in 2004 and 2005 at rates not seen in years.

“This is quite remarkable, following four straight years of federal tax cuts and an unprecedented three-year period in which total federal taxes paid by Floridians decreased,” said Dominic M. Calabro, President of Florida TaxWatch. “Because now as the economy is getting stronger, tax collections are going up.”

Although Taxpayer Independence Day has come later in each of the last two years, it is still 12 days earlier than it was in 1999.

Thanks to the largest growth in household income in seven years, even though it's taking a little longer to pay their tax bill, the amount of income the average Florida family has after taxes is increasing faster than inflation, meaning Floridian's paychecks are going a bit farther this year. TaxWatch projects an increase in this Effective Buying Power (EBP) of 0.8% this year, topping off a five-year growth in EBP of 12%.

This means that after paying all taxes and adjusting for inflation, the average Florida household will have about \$444 more to spend in 2005 than it had in 2004.

The report points out that the four years of federal tax cuts may be starting to show benefits. Economic indicators such as lower unemployment and increased Gross Domestic Product point to a growing economy, and federal tax collections are rising across the nation. Florida is no exception. Growth in federal taxes of 9.5% in 2005 is the largest since 1997.

Coupled with that is projected state tax growth of 8.2% and local tax growth of 10.1%, bringing Florida's fiscal year total tax bill to an estimated \$178.7 billion, "robust" according to the report. The double-digit growth in local taxes comes despite an average statewide millage rate that's dipped to the lowest it's been since 1989.

"Rising property values and new construction are creating a tax collection boom for local governments in Florida," said Kurt Wenner, Senior Research Analyst for Florida TaxWatch and the report's author. "In both last year and this year, local tax collectors will bring in over \$2 billion more in property taxes than the previous year," said Wenner.

Taxpayer Independence Day is a symbolic date that presumes every dollar earned since January 1 goes to pay federal, state, and local taxes. In an average eight-hour day, Floridians will work 2 hours and 33 minutes in 2005 to pay their taxes, up seven minutes from last year. Federal taxes alone take up 1 hour and 39 minutes. That means in an average 9:00 to 5:00 workday, Floridians start working for themselves at 11:33 a.m. daily. Taxes are the largest single expenses for the average family. By contrast, housing and utility costs take 1 hour and 25 minutes, medical care takes 1 hour and 8 minutes and food requires 41 minutes.

"In slow economic times as well as times of increased growth such as today, Florida's tax system has continued to perform well," said Calabro.

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MEDIA NOTE: The "**Florida Taxpayer Independence Day 2005**" is attached to this news release and is also available on the Florida TaxWatch website at: www.floridatxwatch.org

Kurt Wenner will be available for media interviews today. Please make your request through Harvey Bennett at the number at the top of this news release.