Florida TaxWatch

Taxpayer Independence Day 2022

On Thursday, April 14, Florida TaxWatch joins the taxpayers in our state in celebrating Florida Taxpayer Independence Day 2022. 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. This measure of tax burden is based on the relative size of all taxes paid in Florida to our state's total personal income. In 2022, for the average Florida household, paying its taxes takes 103 out of 365 days, nearly three and a half months.

Floridians are experiencing tax collections that are growing faster than the personal income to pay for them, so it will take taxpayers four more days to achieve tax independence than it did last year, when the date was April 10. From 2015-2020, Taxpayer Independence Day came earlier on the calendar than the year before, but this is the second consecutive year the date falls later. Independence is coming nine days later this year than in 2020, when the pandemic led to reduced tax collections.

Taxpayer Independence Day (TID) for Floridians arrives nine days later than it did in 2009, when the Great Recession decimated government revenues, and nine days earlier than in 2006, the latest date for TID in at least the last 20 years.

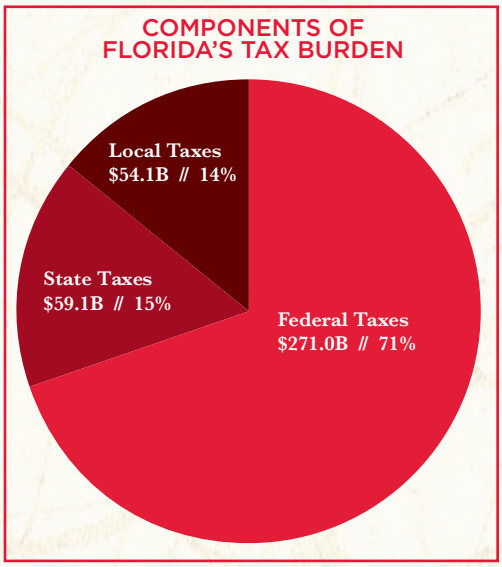
On a daily basis (if working 9:00 a.m. to 5:00 p.m), Floridians' Taxpayer Independence Time falls at 11:17 a.m. each day. This symbolic time comes seven minutes later than in 2021. Satisfying federal taxes alone requires one hour and 36 minutes of the eight-hour workday. Paying state taxes requires an additional 21 minutes, and 20 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 37 minutes every day of the year just to pay all their taxes, the single largest expense incurred—more than food, housing and clothing combined.[1]

1 Tax Foundation, Tax Freedom Day 2019. April 2019.

The Pandemic Only Created a Temporary Blip in the Upward Trajectory of Tax Collections

The economic impacts of the pandemic on government revenues were immediate and severe in 2020, especially at the state and federal level. State tax collections dropped by more than $2 billion; however, despite the significant job losses brought on by the economic shutdown, total Florida personal income continued to grow, due in large part to federal assistance to individuals, including increased unemployment benefits and the more than $50 billion Floridians received from three rounds of stimulus checks. Reduced taxes coupled with still growing personal income led to the earlier Taxpayer Independence Day in 2000.

Personal income has continued to grow, increasing by 7.5 percent in FY 2020-21. This growth is expected to slow in FY 2021-22 but is still estimated to increase to 4.0 increase; however, the deep and long-term revenue losses most people expected never materialized. In fact, tax collections began rebounding sharply toward the end of calendar year 2020. Federal assistance spurred spending, and as we moved into 2021 and 2022, Floridians began spending down their atypically high level of savings. This created a huge influx of state sales taxes. Decreasing unemployment and the expiration of temporary pandemic-related provisions helped increase federal income taxes. Property values continued to rise, producing more property tax revenue for local governments.



All this created tax growth that far exceeded the increase in personal income, leading to later Taxpayer Independence Days in 2021 and 2022. It should be noted that this increase in Floridians' tax burden is due to a rebounding economy creating more revenue from the current tax system rather than any newly enacted tax increases. There have been some increases at the local level (see below).

TEN YEARS OF FLORIDA TAXPAYER INDEPENDENCE DAYS

Year	Days	Independence Day
2022	103	April 14
2021	99	April 10
2020	94	April 5
2019	96	April 7
2018	100	April 11
2017	101	April 12
2016	103	April 14
2015	104	April 15
2014	103	April 14
2013	101	April 12

State Taxes – General Revenue collections fell by 6.1 percent in FY 2019-20. Most of this was due to sales taxes and corporate income taxes, which are the main GR sources. The impact on non-GR tax sources was much smaller, resulting in a total state tax burden decrease of 3.9 percent. Following that tax loss, GR collections increased remarkably, growing by a total of nearly 30 percent in FY 2020-21 and FY 2021-22. Elevated savings levels are now largely depleted, and Floridians' spending is shifting back to more purchases of non-taxable services at the expense of taxable goods. With the additional concerns of inflation and global uncertainty, state tax growth is expected to slow, and possibly even decrease slightly in FY 2022-23. Still, tax collections will remain far above pre-pandemic expectations.

Local Taxes – The pandemic's effect on local taxes was not as great, as property values continued to rise, keeping property tax revenues from falling. There were even some tax increases enacted. While most counties kept the same millage rate (or even reduced it) from 2020 to 2021, only four counties went back to the rolled-back rate or lower,

meaning the vast majority of counties increased taxes. Further, local voters have been approving numerous sales and property tax increases for their local governments and schools.[2] As a result, Floridians' local tax burden has exhibited steady growth through the pandemic.

Federal Taxes - The biggest piece of Floridan's tax burden (71 percent), federal tax collections fell slightly in 2020, thanks in part to pandemic-related tax relief. However, like Florida, it is estimated that nationally, federal tax collections will grow significantly in 2021 and 2022, increasing by 12.3 percent and 14.3 percent, respectively. Growth is then expected to slow to 4.8 percent in 2023. In estimating Floridian's federal tax burden, Florida TaxWatch used these national growth rates from the Congressional Budget Office.

This may be conservative, as Florida's federal tax collection growth has been exceeding the national average. Florida will contribute $384 billion in taxes to federal, state and local governments in 2022, $32 billion (9.1 percent) more than last year.

Facts About Florida's Tax Burden

- Florida's total tax burden (federal, state and local) totals $384 billion, or $17,334 per capital. This is 28.4 percent of personal income.
- Federal taxes make up 71 percent of Floridian's total burden, state taxes account for 15 percent and local taxes make up 14 percent.
- Over the last ten years, the total taxes paid by Floridians has increased by 88.8 percent. Federal taxes have grown the most (104.2 percent), followed by local taxes (76.7 percent) and state taxes (47.0 percent).
- For the average Florida household, earning enough to pay its taxes takes about three and a half months. Looking at it another way, you have to work approximately 2 hours and 17 minutes of each 8-hour workday to earn enough to pay taxes.
- Taxes are a family's single largest expense—more than food, housing and clothing combined.
- Florida's tax burden is smaller than the average American, so Taxpayer Independence Day comes earlier in Florida than it does nationally.
- Florida's state government tax burden is one of the lowest in the nation, while the local government burden is much closer to the national average.

Floridians' After-Tax Buying Power Expected to Decrease in 2022

With growth in taxes outpacing personal income growth, coupled with the highest inflation in 40 years, Florida TaxWatch projects that the average Florida household will see a 2.14 percent decrease in its effective buying power (EBP) during calendar year 2022. EBP is after-tax income adjusted for inflation. After paying all taxes and adjusting for inflation, the average Florida household will have $2,265 less to spend in 2022 than it had in 2021. This is only the second annual decrease in the last ten years and the first since 2012.

Despite the 2021 decrease, EBP is still up over the last ten years. Rising in eight of the ten years, EBP is now more than $13,000 (17.3 percent) greater than in 2012. Of course, this is just an average. Varying tax bills and income can result in very different results for individual Florida families. The pandemic and the current economic recovery has likely exacerbated the difference between the economic experience of the "average" household and those at either end of the spectrum.

2 Florida TaxWatch, A Decade of Self-Taxing, February 2021.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants, and does not accept government funding. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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