

Census Data Reveal Florida's Fundamental Tax Mismatch Florida is a Low Tax State, But Not for Families Living in Poverty

Recently released data from the Census Bureau confirms that overall, Florida could be considered a “low tax state.” However, families living near or below the poverty line generally do not experience Florida as a low tax state -- instead, they pay more than their fair share of state and local taxes.

A Low Tax State With Above Average Property and Sales Taxes

Florida's state and local taxes are 15th lowest in the nation as a share of personal income. At 10.2 percent of personal income, Florida's taxes were well below the national average in 2008. Florida doesn't levy a broad-based personal income tax. Florida's property taxes are quite high, 24 percent above the national average. The state ranks 9th highest in terms of property taxes as a share of income. Florida sales and excise taxes rank 11th highest in the nation in terms of sales and excise taxes as a share of income, 29 percent above the national average. This heavy reliance on regressive property and sales taxes means that Florida isn't a low tax state for everyone.

A High Tax State for Low Income Taxpayers

Florida's tax laws actually redistribute income away from ordinary families and towards the richest Floridians. A November 2009 report by the Institute on Taxation and Economic Policy¹ found that the poorest twenty percent of Floridians paid, on average, 13.5 percent of their income in Florida taxes, while the wealthiest one percent of taxpayers paid an average of only 2.1 percent of their income in state and local taxes. In fact, taxes paid by the poorest 20 percent of non-elderly Floridians (those with an average income of \$10,500) are 2nd highest in the nation. By this same measure, the taxes paid by Floridians in the second quintile, with average incomes of \$23,200, were 15th highest in the nation.

The primary reason for this mismatch is that Florida's tax system is extremely imbalanced in its reliance on the “big three” taxes (income, sales, and property). Because Florida does not have a personal income tax, the state's tax system relies far too heavily on sales and property taxes. “With poverty rates on the rise, Florida's tax system is actually pushing families further into poverty.” said Meg Wiehe, ITEP's State Tax Policy Director. “Reforming Florida's unfair tax system to achieve greater fairness should be a top priority for state lawmakers.”

¹ Who Pays? A Distributional Analysis of the Tax Systems in All 50 State, 3rd Edition. (Institute on Taxation and Economic Policy, 2009). http://www.itepnet.org/state_reports/whopays.php