

# Analysis: Florida's Tax Burden One of Lowest in U.S.

By David Lightman



SACRAMENTO, Calif. – How do California's taxes rank compared to other states like Florida or Texas? Californians do have a bigger tax burden than rival states Texas and Florida.

WalletHub, a financial services firm, estimated that the annual state and local taxes for a median California household cost \$9,612. In Texas, the bill is \$8,006, and in Florida, \$5,355. Californians' tax rates overall are lower than the national average. However, high incomes and property values drive up the taxes.

Gov. Gavin Newsom likes to compare the cost of living in California, Texas and Florida, arguing his state is well worth the price.

WalletHub found that a Californian's tax burden ranks ninth highest in the country, well above Texas' 32nd ranking and Florida's 45th. Tax burden is the property, individual income and sales and excise tax as a share of personal income.

The more income, the lower the tax rate, said the Institute on Taxation and Economic Policy, a progressive economic group. It said that the top 1% of income earners in Texas paid an average of 3.1% in state and local taxes as a share of income. The top 1% in California paid 12.4%.

The ultra-wealthy could be getting hit even harder. President Joe Biden last week proposed a series of higher taxes on those with incomes of more than \$400,000. He would increase the Medicare tax rate from 3.8% to 5% on incomes above that level, and would impose a 25% minimum tax rate on wealth over \$100 million. Biden's budget maintains that the wealthy benefit from "sophisticated tax planning and giant loopholes" that often allows them to pay income tax at rates lower than middle and lower class earners.

How high are California's taxes?

**There are two ways to view California's tax situation.**

**Its combined local and state tax rate is 8.97%, WalletHub found. That includes income, property, sales and other taxes.**

**Florida's combined rate is 8.21%. Texas' is 12.73%.**

**The real estate taxes in Texas are the sixth highest nationwide, amounting to over \$4,200 annually on average. California's rate ranks 36th.**

**Texas' sales taxes are the fourth highest in the country. California ranks 19th.**

**"Florida's taxes are lower than California's mostly because Florida does not impose an income tax or a vehicle property tax, whereas California does," said Jill Gonzalez, an analyst at WalletHub. But in other ways, she said, California's taxes are lower than Texas' because "Texas has significantly higher property, sales and excise taxes."**

**The rates alone, though, don't tell the whole story.**

**Incomes tend to be higher on average in California. So does the cost of housing. Taxes consume an average of 9.72% of Californians' income.**

**Texans pay 8.22% of their income in taxes, ranking the state 32nd. Florida residents pay 6.64%, for a ranking of 45th.**

**The nation's lowest tax bills are in Delaware, \$7,707. The highest is New Jersey at \$12,652.**

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