



Written by [Warren Mass](#) on April 8, 2016

This Year's Tax Freedom Day is April 24

This year's Tax Freedom Day — the day on which the American people have earned enough money to pay all of their taxes due for the year — falls on April 24. The figures used to calculate Tax Freedom Day are calculated by the Tax Foundation, a Washington, D.C.-based think tank founded in 1937 that collects data and publishes research studies on U.S. federal and state tax policies.



This year's Tax Foundation report notes that during 2016, Americans will pay \$3.3 trillion in federal taxes and \$1.6 trillion in state and local taxes, for a total tax bill of almost \$5.0 trillion. This is an astonishing 31 percent of the nation's income. To put these figures into perspective, the report notes that Americans will spend more on taxes in 2016 than they will on food, clothing, and housing combined.

In its explanation for how it determines the date for Tax Freedom Day, the Tax Foundation explains that it takes all federal, state, and local taxes and divides them by the nation's income. It then calculates how long Americans would work to pay that tax debt if all of their income were used to pay their tax bill before receiving any income for themselves. This year it takes Americans until April 24 to earn enough to pay for all their taxes, or 114 days into the year.

Tax Freedom Day is actually one day earlier this year than last year, but that is mainly because of slightly lower projected federal tax collections, as a share of the U.S. economy. However, while federal corporate, payroll, and excise tax revenues are projected to fall as a share of the economy, federal individual income tax revenues are expected to rise.

While working for almost a quarter of the year to pay off one's taxes is bad enough, that date does not include federal borrowing. If we include such borrowing, the taxpayers' dilemma gets even worse:

In calendar year 2016, the deficit will grow significantly, from \$592 billion to \$698 billion. If we include this annual federal borrowing, which represents future taxes owed, Tax Freedom Day would occur on May 10, 16 days later.

Because of different tax burdens among the states, Tax Freedom Day also varies state-by-state. In general, Northeastern states, which tend to have higher taxes, have later Tax Freedom days than Southern states. The report provides as examples:

This means a combination of higher-income and higher-tax states celebrate Tax Freedom Day later: Connecticut (May 21), New Jersey (May 12), and New York (May 11). Residents of Mississippi will bear the lowest average tax burden in 2016, with Tax Freedom Day arriving for them on April 5. Also early are Tennessee (April 6) and Louisiana (April 7).

The history of Tax Freedom Day is an interesting one. The concept was conceived in 1948 by Florida businessman Dallas Hostetler, who trademarked the phrase "Tax Freedom Day" and calculated it each year until he retired in 1971, when he transferred the trademark to the Tax Foundation. The foundation has calculated Tax Freedom Day for the United States ever since, as a way to illustrating the proportion



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of national income diverted to fund the annual cost of government. Starting in 1990, the Tax Foundation began calculating the specific Tax Freedom Day for each individual state.

Although Hostetler only started figuring the date for Tax Freedom Day in 1948, the Tax Foundation has compiled a chart retroactively figuring it back to 1900, when it would have occurred on January 22. In that year, Americas' total tax burden was just 5.9 percent of their income. Both Tax Freedom Day and the percentage of income taxed actually receded from 1900 to 1910. Not surprisingly, since the federal income tax amendment was ratified in 1913, Tax Freedom Day moved from January 19 to February 13 between 1910 and 1920. It actually receded again during the 1920s but advanced to March 7 in 1940, following the institution of Franklin D. Roosevelt's New Deal programs. Following the massive expenditures to finance World War II, it moved all the way to March 31 by 1950. Since then, as successive presidential administrations led by both Democrats and Republicans have increased government spending and taxation, the date has continuously advanced.

Tax Freedom Days have also been calculated for other countries and range from February 6 in fiscally conservative Switzerland to July 29 in heavily socialized Norway.

The Tax Foundation was founded in 1937, at the height of FDR's New Deal and its expensive government programs. Its stated mission is to "educate taxpayers about sound tax policy and the size of the tax burden borne by Americans at all levels of government."

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