

The Miami Herald

The Miami Herald, April 27, 2008

Norm for cities: Enrich state, see less benefit

By Evan S. Benn

While South Florida taxpayers may be startled to learn that they send the state more money than they receive each year, most metropolitan areas in other states have the same gap.

“We nickname those the donor counties,” said Jacqueline Byers, research director for the National Association of Counties. “They put far more into the coffers than other parts of the state, and they don’t get it back.”

Byers lives in Northern Virginia, a donor area that produces lots of property- and sales-tax money that legislators spread to less populated, less prosperous regions. She compared it to Florida.

“Lawmakers from much smaller communities that don’t have the tourism dollars or property-value dollars that come out of the Miami area have equal say as to where the money is spent,” Byers said. “And they’re not going to leave their districts short.”

Tourists account for about a quarter of all South Florida sales-tax dollars, said Nicki Grossman, president of the Greater Fort Lauderdale Convention and Visitors Bureau. That doesn’t include tourist-development taxes, known as bed taxes, that stay in the county that collects them.

Tourism here means that “an even greater share of South Florida money finds itself funding projects throughout the state,” Grossman said in an e-mail to The Miami Herald. “This is historic politics in Florida.”

CASH COWS

In New York, New Jersey and Connecticut, eight counties surrounding Manhattan help prop up the Tri-State region’s 83 other counties, said Nick

Nesi, a tax partner at accounting firm BDO Seidman in New York. “Those affluent areas serve as cash cows for their respective states,” Nesi said.

It’s common, he said, for big cities and big counties across the country to send their state governments more in tax money than they get back in funding.

“Basically, by virtue of being affluent or living in an affluent community, you’re losing, in effect, because you’re winning,” Nesi said. “You’re losing because your tax dollars are going to fund less affluent areas.”

But the spending gap worries people in charge of public hospitals and other services. “In a difficult budget time like we’re in, I think everybody gets especially on edge,” said Jeanette Nuñez, Jackson Health System’s vice president for governmental relations.

Jackson, which provides care for more uninsured and poor residents than any other hospital in Florida, is part of a state pool that distributes money to hospital districts. Miami-Dade and Broward counties contribute more to the pool than any other counties, Nuñez said.

“We fare fairly well,” she said. “It’s not exactly a dollar-for-dollar return, but the Legislature has recognized the importance of counties that tax their residents for public-health purposes.”

FUNDING FACTORS

The strength of a state’s healthcare system and social services can affect how donor counties handle their funding gaps, said Robert Ward, deputy director of the Rockefeller Institute of Government at the State University of New York.

Metropolitan areas have more poor people who rely on services like Medicaid and housing support, so in a state with a relatively generous

safety net of social services, big cities will benefit more from state funding than small towns do, Ward said.

But in a state like Florida, where a budget crunch has prompted lawmakers to make big cuts in healthcare and other social services, less money goes to the metro areas. “In those cases, you see

spending become more focused on education and transportation — things that tend to be spread out more evenly on a geographical basis than on a population basis,” Ward said.

“Those big, populated areas tend to be the net contributors,” he said. “The net losers.”