

Florida

Federal Policies Have Cost Florida \$11.2 Billion over the Past Four Years

Federal Policies Affect Florida Revenue and Spending Levels, 2002-2005

*Cost to
Florida*

➤	<i>Federal Tax Changes:</i> Recently enacted federal tax cuts reduce state revenue directly.	\$1.8 billion
➤	<i>Remote Sales:</i> States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions.	\$4.3 billion
➤	<i>Internet Access:</i> States are generally prohibited from applying tax to Internet access charges.	\$248 million
➤	<i>Unfunded Mandates:</i> Federal government imposes responsibilities on states but provides insufficient funding.	\$3.8 billion
➤	<i>Medicare/Medicaid Dual Eligibles:</i> Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs.	\$2.0 billion
➤	<i>Federal Fiscal Relief:</i> Congress approved temporary grants in 2003.	(\$948 million)
TOTAL COST (net of fiscal relief), 2002-2005:		\$11.2 billion

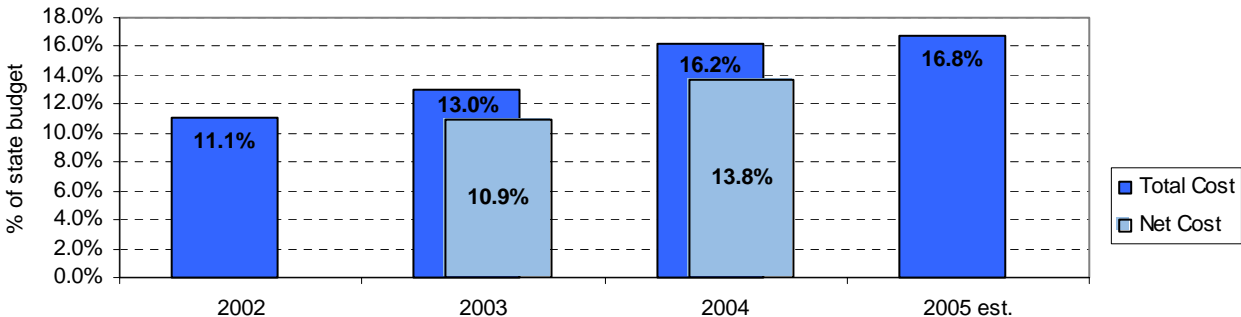
Florida Has Been More Affected by Federal Policies than Most States

*Ranking among 50
states plus D.C.*

➤	Total cost as percent of General Fund budget (2002-2005):	14.4%	1st
➤	Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005):	13.3%	1st

Florida has been the state most heavily affected by federal policy for a number of reasons. Florida lacks a diverse revenue base, relying greatly on sales tax revenue. Florida has also failed to decouple from recent federal tax changes that have also reduced state tax revenue significantly. In addition, Florida faces a relatively high cost of providing prescription drugs to low-income seniors eligible for both the Medicaid and Medicare programs.

Net Cost of Federal Policy to Florida as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.