

## **LOST: Finally explained! Mysteries Solved! Secrets Revealed! Part 3**

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Previously on *Death & Taxes*, we learned that LOSTs and North Carolina's local governments have a complicated relationship and that LOSTs favor some counties more than others.

There are many important characters in the story of LOSTs and North Carolina. There are the earmarks, the revenue that goes to the municipalities, the revenue that is distributed on a per capita basis, and the tax on food. I will let you decide which is Jack, Kate, Sawyer, and Locke. However, I am going to just come out and say, the black smoke monster is the issue of equity across the counties.

This equity concern is the black smoke monster because it is a mystery, it is looming, everyone has an opinion—but it is just not clear what it is and what it means. What we do know is that it is important.

**So one of the difficult parts about discussing the equity concerns created by revenue raising capacity of LOSTs is deciding exactly what we are talking about.** The first decision that has to be made is: are we talking about total LOST revenue or are we talking about per capita LOST revenue? This is a really important question because it fundamentally changes the discussion. I remember when the Lost mysteries were presented as all having scientific explanations and were not magical or fantastical. That frame changes everything, as does total dollars versus per capita dollars.

I am going to use data from North Carolina counties for one of the LOST instruments that is distributed based on where the revenue was collected (i.e., not per capita). This chart presents the total dollars collected broken up by three categories of counties: urban, suburban, and rural. What you can see immediately is that in urban counties generate the most actual dollars. Period.

But that is not the end of the discussion. Are actual dollars really what we care about? Maybe. I would argue though that per capita revenue is more meaningful. Of course the more populous counties generate the most revenue, they have much higher numbers of people living there and buying stuff. Is that unfair, well fair is often in the eye of the beholder, but not many people would say that if every county generated the same revenue per person that that is unfair. So let's look at that per capita distribution.

A whole different perspective now on the equity of revenue distribution. What a twist! This is why we keep coming back to LOST!

“Wait a second, are you telling me that rural counties in North Carolina generate the most LOST revenue?” –everyone reading this blog post.

Yes and no. In per capita terms the county that generates the most LOST revenue has a low population and is therefore categorized as rural. As you can see, the county that generates the least LOST revenue per capita is also rural. A really wide variation. Think about that for a minute. Think about our state and some of our low population areas. Some involve farm land (which is probably our go to for when we think rural) and some involve beaches, mountains, and tourists. Yup, **there are other people on the island**. These others are really important, they help generate a lot of additional revenue.

Of course, they also cost money because they use services (e.g., roads and public safety) that they do not pay for otherwise. The others are not just tourists. The others are also commuters, students, and yes sometimes citizens from nearby counties that want to visit/shop/eat in your county.

Finale: So there are inequities, but not as many as you might think.

Oh did you think it would be a simple yes or no answer? Do you not find the “well it depends on what question you ask and how you ask it” response? Did you not see the series finale of LOST? Hopefully, this at least made sense and was more satisfying that.

All joking aside, these are hard questions and there are no easy answers, but the conversation needs to start with clarity about what we are talking about, how we are measuring it, and what we mean by fair. Then move into the facts.

If this is an issue you want to read more about please see my [report](#) (or if you want all the math, my [article](#)).