

Bond Case Briefs

Municipal Finance Law Since 1971

Puerto Rico Exodus a Boon for Florida Counties, Moody's Says.

The migration of Puerto Ricans to the U.S. mainland in search of work and better living conditions is proving to be an economic benefit to growing Florida municipalities such as Orange and Hillsborough Counties, according to Moody's Investors Service.

The number of employed Puerto Rican workers in Orange County increased by almost 18 percent between 2010 to 2014, according to a Moody's report released Tuesday. Coastal Hillsborough's work force from the commonwealth has increased 31 percent during the period. The state's September unemployment rate was 5.2 percent, less than half Puerto Rico's 11.4 percent rate.

"With the in-migration feeding the ongoing expansion of industries in Orange County, the resulting dynamic is positive for the county's credit strength," Nisha Rajan, a Moody's analyst in New York wrote in the report. "This expansion further increases the need for goods and services, augmenting sales tax and other local government revenues."

Puerto Rico's out-migration has increased by 40 percent from 2010 to 2014, according to Moody's. The island's economy has struggled to grow since 2006. Officials have increased taxes, curbed government hiring and cut social programs to help fix budget deficits. The commonwealth is seeking to reduce its \$73 billion debt load by negotiating with bondholders to accept losses.

Transportation and tourism-related jobs in Orlando, the center of Orange County and home to Disney World, are attracting Puerto Ricans to the area. Puerto Ricans comprised 14 percent of the population of Orange County and 8.4 percent of Hillsborough, Moody's said.

Residents of Puerto Rico are U.S. citizens and many are bilingual, making it easy to leave the island for work on the mainland. Moody's estimates the commonwealth's negative migration will continue through at least 2020. About 5 million Puerto Ricans lives in the U.S., compared with about 3.65 million in the island.

Bloomberg

by Michelle Kaske

November 3, 2015 — 2:54 PM PST