



Regional Economic Analysis Laboratory

THE PROJECTED ECONOMIC & FISCAL IMPACT OF EXEMPTING MILITARY PENSION INCOME FROM SOUTH CAROLINA INCOME TAX

USING UPDATED DATA

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Table of Contents

Executive Summary..... v

I. Introduction..... 1

II. Methodology and Assumptions..... 1

III. Model Inputs..... 2

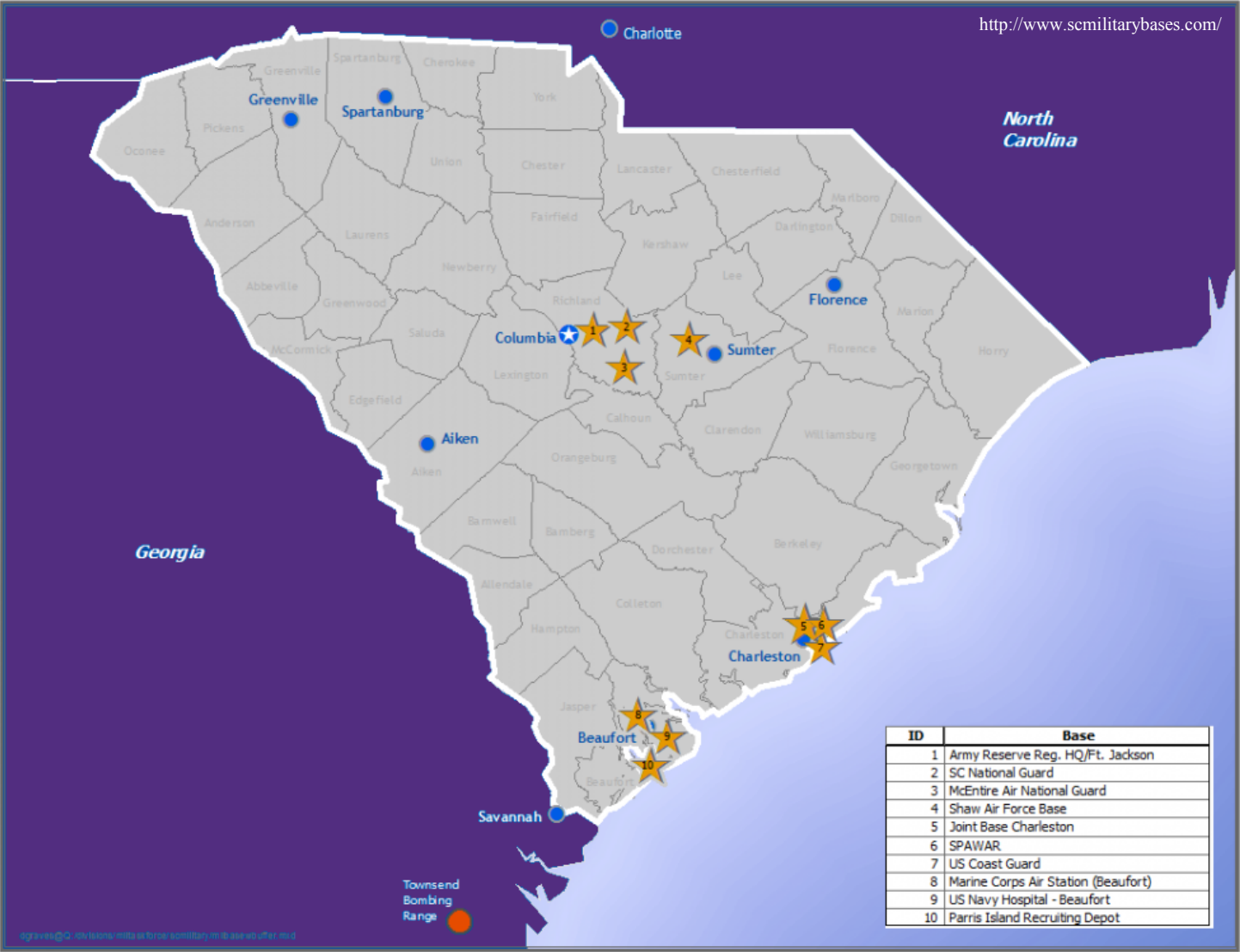
IV. Findings..... 3

 A. Zero Percent Migration..... 4

 B. Positive RMSP Migration Models..... 4

V. Conclusion..... 5

Appendix..... 6



Executive Summary

This study examines the impact that exempting military pension income from South Carolina income tax would have on the state's economy as well as state and local net government revenues. The model uses dynamic scoring, that is, it accounts for the impact from economic changes predicted to result from the change in tax policy feeding back into state and local government revenue. This report has been updated from a previous report with amended South Carolina Revenue and Fiscal Affairs Office tax cost estimates and updated veteran population projections from the U.S. Department of Defense (DOD) Actuary.

Economic impacts are estimated using the Regional Economic Models, Inc. (REMI) PI⁺ modeling engine. Economic effects predicted by REMI are then input to a Fiscal Impact Analysis Tool; these results are then cycled back through the REMI model in two iterations in order to increase the precision of the estimated impacts. The model assumes that the cost of the tax exemption must be offset by a reduction in the state government budget (i.e. state government "output") by the amount of foregone revenue. The tax exemption is assumed to phase in over the 2016-2018 tax (calendar) years; impacts are modeled for fiscal years 2016-17 through FY 2029-30. For simplicity, all years are stated as calendar years (i.e. FY 2016-17 is stated as 2016).

It is expected that the increase in disposable personal income resulting from the tax policy will result in at the least no net change and at best a net increase in retired military service personnel RMSP locating to the state; however, the size of the RMSP migration response is difficult to predict, given the number of factors that influence RMSP location decisions over and above the standard determinants of economic migration. This study therefore estimates four separate models: one assuming zero net RMSP migration (i.e., the state simply retains current and projected RMSP); the remaining three models assume increases in RMSP migration of five, ten, and fifteen percent, respectively. Due to the costs associated with relocation, changes in RMSP population are lagged one year behind the change in tax policy in the model. A summary of findings follows.

General Findings (see text of report for citations):

- 1) As of the beginning of FY 2015, there were about 56,044 retired military service personnel (RMSP) residing in SC who were receiving pensions from the DOD; of these 53,198 were receiving pension income from DOD that is currently taxable under SC law (pensions paid to disabled RMSP for example are not currently taxable). Approximately 48 percent of RMSP in SC are under 65 years of age.
- 2) Existing deductions (for all retirees):
 - a) \$3,000 of retirement income is deductible for retirees under 65 years old.
 - b) Up to \$15,000 of any income is deductible for individuals 65 and older.
- 3) Median income for military veterans, which is inclusive of RMSP, is greater than the general population: \$35,335 per year as opposed to \$23,459.

Model Results:

- 4) The tax exemption on military pensions has a positive overall economic impact on the state with the exception of the zero RMSP migration model, due to the assumed offsetting cuts in the state budget and associated cuts in government employment that the model assumes to accompany these cuts. The size of the

impact on the state economy is naturally dependent on the number of RMSP who migrate to the state as a result of the exemption: the more RMSP migrate to the state, the more positive the economic impact.

- 5) Local governments are projected to see a net increase in revenue following five years of implementation of the tax exemption. In the first few years, local governments see an increase in net cost to the extent that additional residents are locating to the state (due to increased demand for local government services and infrastructure). This is impacted by the number of RMSP assumed to locate to the state; the greater the number of migrants, the greater the effect on cost over revenue in the earlier years, but a larger number of migrants is correlated with faster revenue growth for local governments in the latter years.
- 6) In the positive RMSP migration models, state government net revenues are projected to see a small negative impact in the first several years of the tax policy change with positive impacts in the following years. The negative impact from cuts in state programs necessary to finance the tax exemption are partially offset by “feedback” revenue generated from positive economic impacts in the earlier years and entirely offset in the latter years. The magnitude of the predicted effect on net state revenues is dependent on the size of the RMSP migration response; the more RMSP migrate to the state, the sooner the net revenue impact is predicted to turn positive and the more positive the estimated net state fiscal impact in the outlying years.
- 7) In the zero RMSP migration model, the net impact on state revenue is predicted to remain negative through 2029, albeit by less than the amount of the tax cut and becoming less negative in the years following full implementation of the policy as economic feedback effects offset more and more of the cost of the exemption.

I. Introduction

The following is an assessment of the impact that the proposed exemption of military pension income from South Carolina income taxes would have on the state's economy as well as net state and local government revenue. The policy is assumed to be phased in over the years 2016-2018 with one-third of the exemption going into effect in each year.¹ This report is updated from an earlier version utilizing the most recent tax data and veteran population projections.

II. Methodology and Assumptions

To estimate the economic impact of the proposed tax policy, the Regional Economic Analysis Laboratory utilized the Regional Economic Models, Inc. (REMI) PI⁺ modeling engine along with the Laboratory's own Fiscal Impact Analysis Tool. REMI utilizes input-output (IO) modeling as well as computable general equilibrium (CGE) and econometric modeling to project a baseline of economic activity assuming *ceteris paribus* except for normal economic growth. Shocks to the economy can then be modeled in terms of departures from that baseline, including direct, indirect, and induced effects.

The REMI model is a new economic geography (NEG) model, taking into account trade flows between regions based upon availability of labor and natural resources and the efficacy of transporting goods and services to and from the region. The model can project economic impacts over multiple years; it is currently capable of projecting impacts into the future as far as 2060. For this study the model was run through 2029.

Outputs from the REMI model are used with the Fiscal Impact Analysis Tool in order to project the net fiscal impact that the modeled economic shocks will have on local (county and municipal) and state government. The fiscal tool uses U.S. Census of Governments data to estimate changes in revenue and expenditures for state and local governments based upon changes in correlated metrics generated by the REMI model. Net fiscal impact is defined as the total revenue impact minus the total impact on expendi-

tures.

Because South Carolina state government must balance its budget under the law, any projected decrease in state government revenues are cycled back through the REMI model as a cut in state government output. This captures the change in state government jobs resulting from any cut in state spending. Two iterations of the model are run in order to capture this effect more fully.

Model results are presented in the following sections. Note that all dollar amounts are stated in constant 2015 dollars.

All impacts are reported using the following metrics:

- *Employment* is the number of jobs or job equivalents created as a result of the proposed tax decrease through direct, indirect, and induced effects. Employment is reported in this study as private non-farm employment as well as total employment, which includes the impact on public-sector jobs.
- *Total compensation* is the impact on aggregated wage income (including fringes) for all workers in the state.
- *Disposable income* is the aggregated household income, less taxes, of all households within the state. Disposable income is primarily wage-driven, but also includes income from dividends, interest, and rent.
- *State gross domestic product (GDP)*, is the dollar value of all new, final goods and services produced within the state.
- *Output* is the dollar value of all goods and services produced within the state within a given year. This is somewhat broader than GDP, as it includes intermediate goods which are excluded from GDP.

1. For simplicity, this study will state all dates in calendar years in lieu of fiscal years. For example, FY 2016-17 is stated simply as 2016.

- *Net local government revenue* is the revenue collected by local (county and municipal) governments from all sources, including taxes, licensing, fees, and intergovernmental transfer, less expenses.
- *Net state government revenue* is revenue collected by state government from all sources, less expenses.

III. Model Inputs

The model hinges primarily on two factors: the amount of the decrease in the tax bill realized by retired military service personnel (RMSP), ergo, the increase in individual disposable income, and the size of the migration response among RMSP associated with the opportunity for this increase in disposable income.

Migration response here refers to economic migration, or migration to South Carolina from other states due to economic factors such as lower cost of living, job opportunity and higher relative wages, or similar factors. Military retirees are predicted to migrate to the state as a result of the effective decrease in relative cost of living associated with the decrease in tax burden. However, the precise amount by which economic migration would be impacted is difficult to determine. This is because, in addition to the factors typically influencing economic migration, the decision by RMSP to locate to a particular state is dependent upon a number of exogenous factors, including the location of the military installation of their last assignment.²

RMSP population projections by state are not published; however, the U.S. Department of Veterans Affairs (VA) provides military veteran population projections by state through 2030.³ A baseline projection of RMSP in South Carolina was therefore calculated assuming a fixed proportion of RMSP to total veteran population. Due to costs associated with relocation, migration response was lagged one year following changes in the tax policy and was assumed to occur over a three-year period. Therefore, the growth in RMSP population, using the five percent growth

model as an example, would occur at a rate of 1.67 percent per year between the years 2017-2019.

RMSP migration response to the tax exemption is modeled at four rates: a zero percent increase in the projected RMSP population (i.e. the state simply retains the projected population rather than possibly losing them to other states that, for example, offer similar exemptions for military pension income), and a five, ten, and fifteen percent increase in RMSP population. Projected baseline RMSP population for the state and the RMSP population projected under each of these migration rates are presented in Table 1 in the Appendix. Separate models were run for each of these migration scenarios.

The state already allows the exemption of the first \$3,000 of (any) retirement income for individuals under 65 years of age and the first \$10,000 of retirement income for individuals over 65; the \$10,000 exemption is effectively superseded by a \$15,000 deduction against any taxable income for those over 65.

The South Carolina Revenue and Fiscal Affairs Office (RFA) released a Statement of Estimated Fiscal Impact for this proposed tax policy (using static scoring) on May 14, 2015; this estimate was most recently revised February 25, 2016. RFA estimates that the annual *direct* loss of tax revenue from the exemption would total \$8.8 million in 2016 (i.e. FY 2016-17), \$18.0 million in 2017, and \$30.7 million in 2018.⁴ This RFA estimate is used to form the baseline decrease in tax revenue in our model as well as the baseline for the tax cut benefit to the RMSP population. Because the reduction in state income tax will reduce the amount that can be deducted from federal

2. Cf. New Mexico State University. (2009). *The Economic Impact of Exempting Retired Military Service Personnel from New Mexico Personal Income Tax*, (p.9): <http://arrowheadcenter.nmsu.edu/sites/default/files/uploaded/rmsp.pdf>.
3. United States Department of Veterans Affairs.
4. Original analysis: G.M. Smith. (May 14, 2015). *Statement of Estimated Fiscal Impact, H.3147 Updated for Revised Analysis and Additional Revenue Impact*, S.C. Revenue and Fiscal Affairs Office. <http://rfa.sc.gov/impacts>

taxable income, an increase in federal income tax payments is figured into the net benefit in the model.

As of the beginning of the 2015-16 fiscal year, South Carolina was home to 56,044 RMSP receiving pensions from DOD; of these, 53,198 received DOD pension income that is currently taxable by the state (for example, pension paid to disabled veterans is not currently taxable in South Carolina).⁵ Of the RMSP residing in the state in 2015, approximately 48 percent are under 65 years of age.⁶ The historic growth rate of the 65-and-over age RMSP cohort was applied to future RMSP population projections.

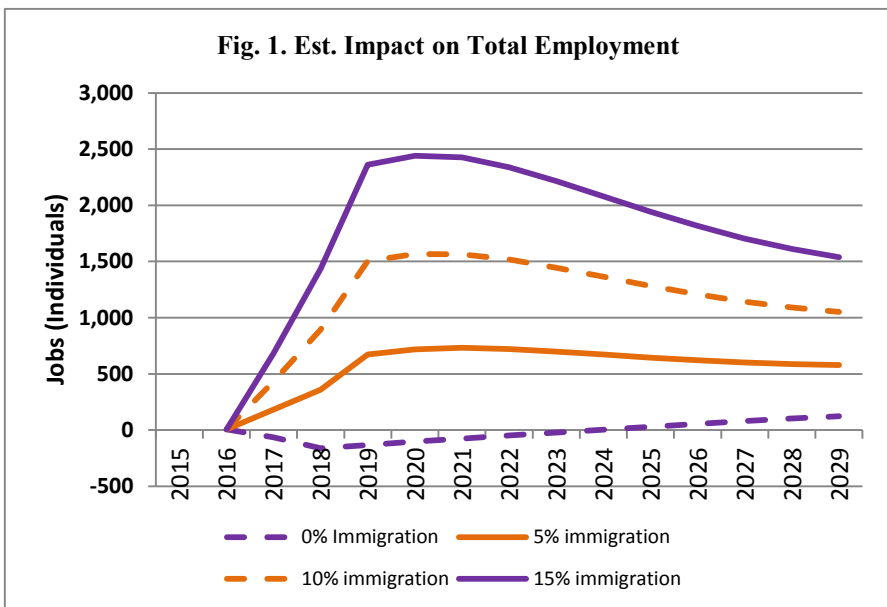
RMSP migration is assumed in the model to mirror this demographic.

Military veterans in South Carolina have higher median personal incomes than the general population: \$35,335 as opposed to \$23,459.⁷ RMSP income is assumed to be comparable to the number reported for veterans in general, if not somewhat greater. Therefore, in the interest of providing a reasonably conservative estimate of the impact that RMSP migration would have on the state, the gap between veteran median income and that of the general population is applied to RMSP migrants in the model.

Two iterations of a total of four models were run in order to estimate the net economic and fiscal impact of the proposed exemption of military pension income from South Carolina income tax.

The model assumes that, in order to balance its budget, the state government must reduce expenditures in other areas to cover the cost of the tax exemption. The model takes the impact on local government budgets into account vis-à-vis their effect on local economies. Both state and local governments are assumed to spend any excess revenue generated.

While the tax benefit accrues to affected RMSP according to tax (calendar) year, the impact on the state budget occurs according to the state’s fiscal year. For example, in the first year, RMSP DOD retirement



income is exempted for tax year (CY) 2016, but the offsetting reduction in the state budget occurs in FY 2016 (i.e. July 2016-June 2017). However, to simplify the modeling process and to err somewhat on the side of conservatism, both the effect from the tax exemption on RMSP disposable income and the offsetting reduction in the state budget are modeled as occurring concurrently.

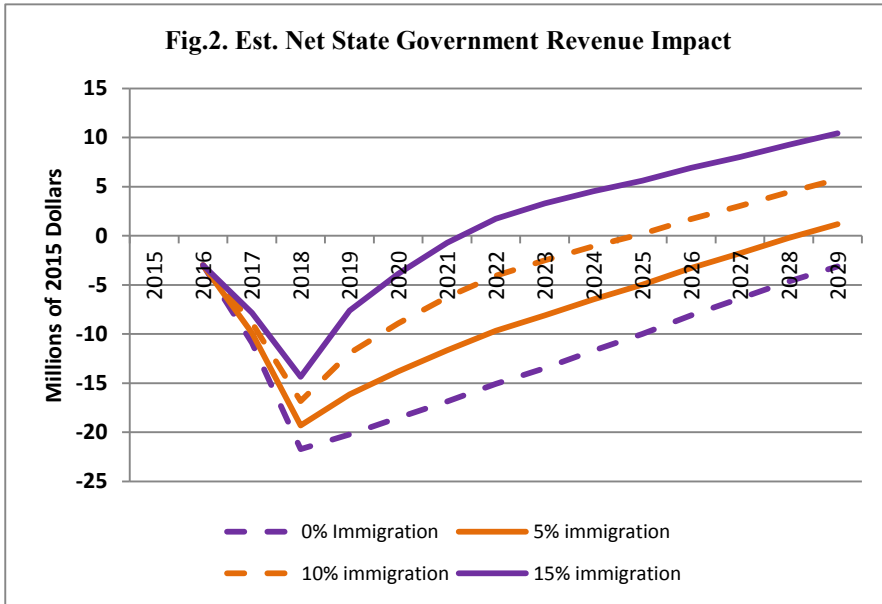
IV. Findings

Caution: The numbers presented in the following represent change from the projected baseline (status quo) levels of employment, output, revenue and so forth; they do not represent the absolute levels for any of these indicators. Furthermore, the number of jobs (or dollars) represented in this study are small relative to the overall state economy. As such, negative numbers simply indicate less growth from one year to the next relative to the projected baseline; positive values represent an increase in growth over and above the status quo.

5. Data provided by the Defense Manpower Data Center (DMDC).

6. Ibid.

7. U.S. Census, 2013 American Community Survey (ACS), Table B21004.



A. Zero Percent Migration

This model assumes zero RMSP population growth resulting from the tax policy. It further assumes that foregone income tax revenue due to the policy must be reallocated from elsewhere in the state budget. Results estimated by this model are presented in Table 2 in the Appendix. Estimated employment impacts for all four models are presented graphically in Figure 1. With the exception of the first year (which is very slightly positive), the employment impact in the zero migration model is slightly negative in the first several years following implementation, but in the years following 2023, the net employment impact becomes positive. The negative employment impacts seen here are due to the assumed cutting of state and local government jobs as a result of the assumed offsetting budget decrease; these government employment cuts however can be interpreted as being slightly pessimistic because government expenditures can be trimmed to some degree without reductions in manpower.

The model predicts that “feedback” from the economic activity stimulated by the tax reduction will generate state government revenue partially offsetting the decrease in revenues. A net negative impact is predicted on state revenues that persists in the zero migration model for the entirety of the study period; this negative net revenue impact, however, is smaller

than the amount of the actual tax cut and becomes less negative in each succeeding year following full implementation of the tax exemption in 2018. Projected net fiscal impact for state government is presented for all four models in Figure 2.

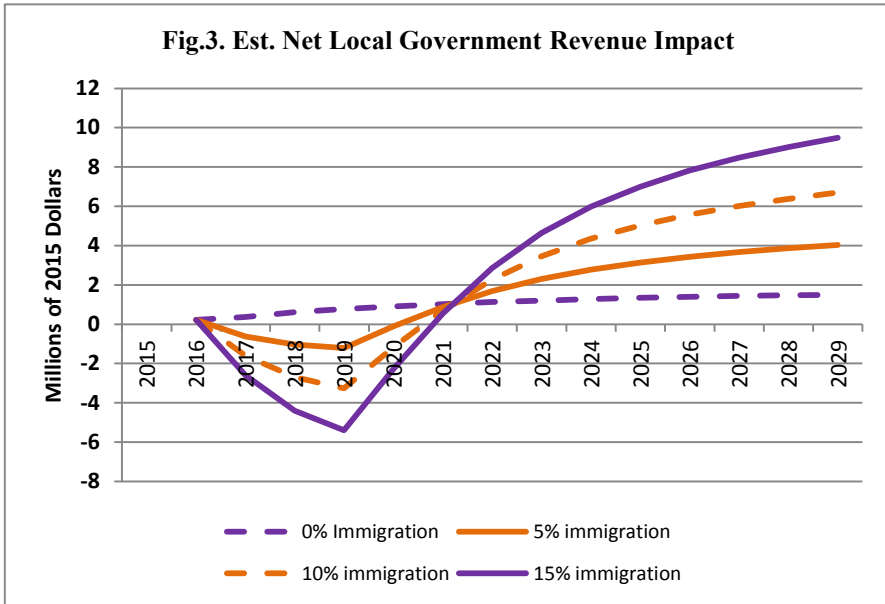
The net fiscal impact on local governments for the zero RMSP migration model is predicted to be positive given the negligible projected impact on population and therefore the relatively small impact on demand for local government services.

B. Positive RMSP Migration Models

Because these models assume some in-migration of RMSP (and their incomes), resulting from the tax policy, economic impacts are much more positive than in the zero RMSP migration model, as shown in Tables 3, 4, and 5 in the Appendix. As additional RMSP are assumed to migrate into the state in the latter years, economic feedback generates greater offsetting effects on net state revenues, resulting in positive projected net revenue impacts in the outlying years; the greater the assumed RMSP migration response, the sooner net state revenue impacts are projected to become positive.

The impact on local government revenue is net positive, except for the years 2017-2020, primarily during the years of the assumed in-migration of RMSP. Beyond this point, predicted economic growth creates more revenue than costs and the net local fiscal impact becomes positive.

The net impact on local government revenue is predicted to become more negative in the earlier years following implementation in the higher migration rate models. Figure 3 illustrates the interesting predicted relationship between the RMSP migration rate and local government revenue impacts. In the early years, greater population inflows create greater demand on local government services, creating greater costs relative to revenue. It should be noted that the projected budget shortfalls would be spread over a



In the zero RMSP migration model, the predicted economic impact was slightly negative for several years following implementation with economic growth above the projected baseline predicted for the latter years. In the models with a positive RMSP migration response, the predicted economic impacts are positive in each year.

The impact on state government revenues is predicted to be negative for at least part of the study period in all models with economic feedback effects offsetting the cost of the tax exemption to varying degrees, again depending upon the size of the RMSP migration response.

number of counties and municipalities; as such, no one government entity will bear the brunt of this impact. While some local governments may respond to the projected shortfalls by, for example, raising property tax millage rates, such a response is not considered in this model, but rather it is assumed that the shortfall will be covered by reducing spending in other areas.

In successive years following the initial influx of population, economic growth due to the new residents' income is expected to generate more revenue than cost such that net local government revenues are predicted to grow more rapidly in the outlying years under the higher migration models.

V. Conclusion

The models constructed for this study indicate that the magnitude of the net impact of exempting military pension income from South Carolina income tax hinges to a substantial degree upon the migration response of RMSP to the policy. Unfortunately, this migration response depends on a number of factors beyond those that influence economic migration in general, making a precise prediction difficult. As such, this study modeled four RMSP migration response rates, ranging from zero to fifteen percent, with the expectation that the actual response would fall somewhere within this range.

response.

With the exception of the zero RMSP migration model, local governments see negative net revenue impacts in the initial years of the policy due to the assumed migration response, which entails an increase in demand for local government services. In the following years, net revenue impacts for local governments are predicted to turn positive.

Table 1. Estimated South Carolina RMSP Population: Baseline and Alternate Growth Scenarios (Non-Disabled)

Concept	2014*	2015	2016	2017	2018	2019	2020	2021	2022	2023
Baseline RMSP Population	52,888	53,198	53,578	53,992	54,440	54,780	55,095	55,387	55,650	55,888
Projected RMSP Population, 5% Migration Rate	52,888	53,198	53,578	54,885	56,248	57,525	57,841	58,132	58,395	58,633
Projected RMSP Population, 10% Migration Rate	52,888	53,198	53,578	55,778	58,085	60,361	60,677	60,968	61,231	61,469
Projected RMSP Population, 15% Migration Rate	52,888	53,198	53,578	56,671	59,952	63,290	63,605	63,897	64,160	64,398

* Fiscal Year

Table 1. Estimated South Carolina RMSP Population: Baseline and Alternate Growth Scenarios (Non-Disabled)

Concept	2024	2025	2026	2027	2028	2029
Baseline RMSP Population	56,103	56,301	56,496	56,664	56,809	56,931
Projected RMSP Population, 5% Migration Rate	58,849	59,046	59,241	59,409	59,554	59,676
Projected RMSP Population, 10% Migration Rate	61,685	61,882	62,077	62,246	62,391	62,512
Projected RMSP Population, 15% Migration Rate	64,613	64,811	65,006	65,174	65,319	65,441

Table 2. South Carolina Impact Estimates (Zero RMS P migration, tax exemption offset in state budget)

Concept	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Employment	Individuals (Jobs)		6	(66)	(162)	(133)	(102)	(76)	(47)	(23)
Private Non-Farm Employment	Individuals (Jobs)		34	41	50	61	71	80	88	94
Total Compensation	Thousands of 2014 dollars	\$	(504)	\$ (5,360)	\$ (12,232)	\$ (11,000)	\$ (9,464)	\$ (7,944)	\$ (6,240)	\$ (4,720)
Disposable Personal Income	Thousands of 2014 dollars	\$	7,280	\$ 11,760	\$ 17,824	\$ 18,608	\$ 19,664	\$ 20,816	\$ 22,128	\$ 23,360
State Gross Domestic Product (GDP)	Thousands of 2014 dollars	\$	528	\$ (4,192)	\$ (10,656)	\$ (8,432)	\$ (6,208)	\$ (4,112)	\$ (2,080)	\$ (224)
Total Output (Total Economic Impact)	Thousands of 2014 dollars	\$	704	\$ (7,488)	\$ (18,848)	\$ (15,328)	\$ (11,744)	\$ (8,352)	\$ (4,800)	\$ (1,824)
Net Local Government Revenue	Thousands of 2014 dollars	\$	217	\$ 368	\$ 609	\$ 769	\$ 910	\$ 1,023	\$ 1,137	\$ 1,201
Net State Government Revenue*	Thousands of 2014 dollars	\$	(2,995)	\$ (10,904)	\$ (21,703)	\$ (20,224)	\$ (18,536)	\$ (16,867)	\$ (15,086)	\$ (13,474)

* Net of tax exemption

Table 2. South Carolina Impact Estimates (Zero RMS P migration, tax exemption offset in state budget)

Concept	Unit	2024	2025	2026	2027	2028	2029
Total Employment	Individuals (Jobs)	4	29	55	80	104	123
Private Non-Farm Employment	Individuals (Jobs)	101	108	115	122	128	133
Total Compensation	Thousands of 2014 dollars	\$ (2,944)	\$ (1,200)	\$ 752	\$ 2,576	\$ 4,432	\$ 6,080
Disposable Personal Income	Thousands of 2014 dollars	\$ 24,736	\$ 26,144	\$ 27,728	\$ 29,264	\$ 30,768	\$ 32,176
State Gross Domestic Product (GDP)	Thousands of 2014 dollars	\$ 1,824	\$ 3,840	\$ 5,920	\$ 7,904	\$ 9,888	\$ 11,744
Total Output (Total Economic Impact)	Thousands of 2014 dollars	\$ 1,600	\$ 4,800	\$ 8,416	\$ 11,712	\$ 14,976	\$ 17,856
Net Local Government Revenue	Thousands of 2014 dollars	\$ 1,278	\$ 1,343	\$ 1,396	\$ 1,446	\$ 1,476	\$ 1,495
Net State Government Revenue*	Thousands of 2014 dollars	\$ (11,685)	\$ (9,987)	\$ (8,090)	\$ (6,383)	\$ (4,654)	\$ (3,129)

* Net of tax exemption

Table 3. South Carolina Impact Estimates (5% RMSP migration, tax exemption offset in state budget)

Concept	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Employment	Individuals (Jobs)		6	184	361	674	719	732	722	699
Private Non-Farm Employment	Individuals (Jobs)		34	294	572	854	859	836	796	747
Total Compensation	Thousands of 2014 dollars	\$	(504)	\$ 3,424	\$ 6,992	\$ 19,776	\$ 23,536	\$ 26,088	\$ 27,688	\$ 28,336
Disposable Personal Income	Thousands of 2014 dollars	\$	7,280	\$ 62,592	\$ 120,256	\$ 173,104	\$ 170,240	\$ 167,472	\$ 164,352	\$ 160,896
State Gross Domestic Product (GDP)	Thousands of 2014 dollars	\$	528	\$ 14,736	\$ 29,744	\$ 54,864	\$ 59,424	\$ 61,280	\$ 61,248	\$ 59,840
Total Output (Total Economic Impact)	Thousands of 2014 dollars	\$	704	\$ 21,824	\$ 44,032	\$ 83,168	\$ 90,336	\$ 93,312	\$ 93,504	\$ 91,456
Net Local Government Revenue	Thousands of 2014 dollars	\$	217	\$ (632)	\$ (1,032)	\$ (1,205)	\$ (105)	\$ 873	\$ 1,690	\$ 2,302
Net State Government Revenue*	Thousands of 2014 dollars	\$	(2,995)	\$ (9,885)	\$ (19,293)	\$ (16,147)	\$ (13,805)	\$ (11,655)	\$ (9,676)	\$ (8,087)

* Net of tax exemption

Table 3. South Carolina Impact Estimates (5% RMSP migration, tax exemption offset in state budget)

Concept	Unit	2024	2025	2026	2027	2028	2029
Total Employment	Individuals (Jobs)	672	645	623	602	589	578
Private Non-Farm Employment	Individuals (Jobs)	698	651	609	571	540	514
Total Compensation	Thousands of 2014 dollars	\$ 28,816	\$ 29,056	\$ 29,520	\$ 29,904	\$ 30,528	\$ 31,200
Disposable Personal Income	Thousands of 2014 dollars	\$ 157,312	\$ 153,952	\$ 150,800	\$ 147,744	\$ 144,992	\$ 142,304
State Gross Domestic Product (GDP)	Thousands of 2014 dollars	\$ 58,112	\$ 56,256	\$ 54,752	\$ 53,344	\$ 52,544	\$ 52,000
Total Output (Total Economic Impact)	Thousands of 2014 dollars	\$ 88,992	\$ 86,240	\$ 84,160	\$ 82,112	\$ 80,896	\$ 80,064
Net Local Government Revenue	Thousands of 2014 dollars	\$ 2,777	\$ 3,131	\$ 3,426	\$ 3,667	\$ 3,860	\$ 4,029
Net State Government Revenue*	Thousands of 2014 dollars	\$ (6,477)	\$ (4,992)	\$ (3,294)	\$ (1,776)	\$ (212)	\$ 1,192

* Net of tax exemption

Table 4. South Carolina Impact Estimates (10% RMSP migration, tax exemption offset in state budget)

Concept	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Employment	Individuals (Jobs)		6	434	894	1,505	1,566	1,565	1,518	1,446
Private Non-Farm Employment	Individuals (Jobs)		34	548	1,104	1,671	1,671	1,618	1,528	1,423
Total Compensation	Thousands of 2014 dollars	\$ (504)	\$ 12,240	\$ 26,544	\$ 224,432	\$ 51,480	\$ 57,560	\$ 61,232	\$ 62,728	\$ 62,576
Disposable Personal Income	Thousands of 2014 dollars	\$ 7,280	\$ 113,408	\$ 224,432	\$ 332,688	\$ 332,688	\$ 325,824	\$ 319,008	\$ 311,344	\$ 303,088
State Gross Domestic Product (GDP)	Thousands of 2014 dollars	\$ 528	\$ 33,616	\$ 70,736	\$ 120,032	\$ 120,032	\$ 127,056	\$ 128,896	\$ 126,608	\$ 121,952
Total Output (Total Economic Impact)	Thousands of 2014 dollars	\$ 704	\$ 51,328	\$ 108,032	\$ 184,640	\$ 184,640	\$ 195,616	\$ 198,336	\$ 195,104	\$ 188,064
Net Local Government Revenue	Thousands of 2014 dollars	\$ 217	\$ (1,609)	\$ (2,701)	\$ (3,255)	\$ (3,255)	\$ (1,158)	\$ 717	\$ 2,266	\$ 3,457
Net State Government Revenue*	Thousands of 2014 dollars	\$ (2,995)	\$ (8,855)	\$ (16,843)	\$ (11,941)	\$ (11,941)	\$ (8,914)	\$ (6,261)	\$ (4,073)	\$ (2,488)

* Net of tax exemption

Table 4. South Carolina Impact Estimates (10% RMSP migration, tax exemption offset in state budget)

Concept	Unit	2024	2025	2026	2027	2028	2029
Total Employment	Individuals (Jobs)	1,364	1,282	1,209	1,144	1,092	1,051
Private Non-Farm Employment	Individuals (Jobs)	1,315	1,212	1,118	1,034	964	907
Total Compensation	Thousands of 2014 dollars	\$ 61,664	\$ 60,368	\$ 59,296	\$ 58,224	\$ 57,600	\$ 57,376
Disposable Personal Income	Thousands of 2014 dollars	\$ 294,400	\$ 285,936	\$ 277,808	\$ 270,144	\$ 262,912	\$ 256,224
State Gross Domestic Product (GDP)	Thousands of 2014 dollars	\$ 116,288	\$ 110,464	\$ 105,152	\$ 100,416	\$ 96,640	\$ 93,824
Total Output (Total Economic Impact)	Thousands of 2014 dollars	\$ 179,488	\$ 170,400	\$ 162,400	\$ 154,944	\$ 149,120	\$ 144,672
Net Local Government Revenue	Thousands of 2014 dollars	\$ 4,348	\$ 5,023	\$ 5,575	\$ 6,015	\$ 6,383	\$ 6,708
Net State Government Revenue*	Thousands of 2014 dollars	\$ (1,071)	\$ 214	\$ 1,710	\$ 3,029	\$ 4,438	\$ 5,729

* Net of tax exemption

Table 5. South Carolina Impact Estimates (15% RMSP migration, tax exemption offset in state budget)

Concept	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Employment	Individuals (Jobs)		6	684	1,435	2,362	2,441	2,426	2,339	2,217
Private Non-Farm Employment	Individuals (Jobs)		34	800	1,643	2,514	2,511	2,426	2,284	2,121
Total Compensation	Thousands of 2014 dollars		\$ (504)	\$ 21,016	\$ 46,376	\$ 84,128	\$ 92,672	\$ 97,504	\$ 98,936	\$ 97,936
Disposable Personal Income	Thousands of 2014 dollars		\$ 7,280	\$ 164,160	\$ 330,272	\$ 497,520	\$ 486,528	\$ 475,424	\$ 463,120	\$ 449,904
State Gross Domestic Product (GDP)	Thousands of 2014 dollars		\$ 528	\$ 52,496	\$ 112,448	\$ 187,376	\$ 197,024	\$ 198,752	\$ 194,208	\$ 186,144
Total Output (Total Economic Impact)	Thousands of 2014 dollars		\$ 704	\$ 80,704	\$ 172,928	\$ 289,312	\$ 304,384	\$ 306,816	\$ 300,096	\$ 287,808
Net Local Government Revenue	Thousands of 2014 dollars		\$ 217	\$ (2,592)	\$ (4,403)	\$ (5,402)	\$ (2,272)	\$ 544	\$ 2,864	\$ 4,648
Net State Government Revenue*	Thousands of 2014 dollars		\$ (2,995)	\$ (7,832)	\$ (14,359)	\$ (7,629)	\$ (3,885)	\$ (705)	\$ 1,717	\$ 3,301

* Net of tax exemption

Table 5. South Carolina Impact Estimates (15% RMSP migration, tax exemption offset in state budget)

Concept	Unit	2024	2025	2026	2027	2028	2029
Total Employment	Individuals (Jobs)	2,078	1,941	1,817	1,704	1,611	1,538
Private Non-Farm Employment	Individuals (Jobs)	1,952	1,792	1,645	1,514	1,402	1,313
Total Compensation	Thousands of 2014 dollars	\$ 95,616	\$ 92,864	\$ 90,192	\$ 87,616	\$ 85,648	\$ 84,432
Disposable Personal Income	Thousands of 2014 dollars	\$ 435,904	\$ 422,256	\$ 409,024	\$ 396,528	\$ 384,608	\$ 373,712
State Gross Domestic Product (GDP)	Thousands of 2014 dollars	\$ 176,352	\$ 166,592	\$ 157,504	\$ 148,960	\$ 142,112	\$ 136,832
Total Output (Total Economic Impact)	Thousands of 2014 dollars	\$ 272,864	\$ 257,568	\$ 243,456	\$ 230,368	\$ 219,648	\$ 211,328
Net Local Government Revenue	Thousands of 2014 dollars	\$ 5,979	\$ 7,001	\$ 7,822	\$ 8,469	\$ 9,015	\$ 9,489
Net State Government Revenue*	Thousands of 2014 dollars	\$ 4,536	\$ 5,614	\$ 6,906	\$ 8,026	\$ 9,262	\$ 10,426

* Net of tax exemption