

AR-06-2684

Enclosure

Attachment A-2 #25

25. Page 4.4-7 states "The creation of such a large pool of jobs [5,800] would inject millions of dollars into the regional economy . . ." Provide an actual value for your estimate.

Response:

The main table lists the number of construction workers on site, by month, during construction. SNC obtained construction worker wage data for the Augusta-Richmond County, GA-SC MSA from the Department of the Interior's Bureau of Labor Statistics. The average annual wage for all construction and extraction occupations in this MSA in 2005 was \$32,180 (BLS 2005). The range of wages for all construction and extraction occupations in this MSA in 2005 was \$17,620 to \$46,400. The average annual wage for a construction laborer (a subset of the above) in this MSA in 2005 was \$22,080. To be conservative, SNC used the average annual wage of a construction laborer, \$22,080, in its analysis. In the attached table, the average annual wage of a construction laborer was divided by 12 to calculate an average monthly wage. The monthly wage was multiplied by the number of workers each month and then summed to calculate total dollars earned by the construction workforce.

A sensitivity analysis (smaller table) was performed to further assess the impacts of the construction worker wages on the region. Because of uncertainty surrounding the amount of wages that would be spent in the region, SNC provided a table depicting the dollar impact on the region by percent of the wages spent within the region.

This analysis is provided for clarification and no revision to the ESP application is planned.

Reference

U.S. Department of Labor Bureau of Labor Statistics. 2005. "May 2005 Metropolitan Area Occupational Employment and Wage Estimates. Augusta-Richmond County, GA-SC." Available online at <http://stats.bls.gov/bls/blswage.htm>. Accessed October 16, 2006.

Estimated Construction Work Force Wages											
Month	Workforce Strength	Avg. Monthly Wage* (\$)	\$ Earned by Construction Workforce	Month	Workforce Strength	Avg. Monthly Wage* (\$)	\$ Earned by Construction Workforce	Month	Workforce Strength	Avg. Monthly Wage* (\$)	\$ Earned by Construction Workforce
Limited Work Authorized Activities				10	3500	\$1,840	\$6,440,000	38	4350	\$1,840	\$8,004,000
-18	80	\$1,840	\$147,200	11	3600	\$1,840	\$6,624,000	39	4275	\$1,840	\$7,866,000
-17	160	\$1,840	\$294,400	12	3700	\$1,840	\$6,808,000	40	4250	\$1,840	\$7,820,000
-16	230	\$1,840	\$423,200	Construction on Second Unit				41	4225	\$1,840	\$7,774,000
-15	300	\$1,840	\$552,000	13	3800	\$1,840	\$6,992,000	42	4200	\$1,840	\$7,728,000
-14	380	\$1,840	\$699,200	14	3850	\$1,840	\$7,084,000	43	4175	\$1,840	\$7,682,000
-13	460	\$1,840	\$846,400	15	3900	\$1,840	\$7,176,000	44	4150	\$1,840	\$7,636,000
-12	530	\$1,840	\$975,200	16	3950	\$1,840	\$7,268,000	45	4125	\$1,840	\$7,590,000
-11	610	\$1,840	\$1,122,400	17	4000	\$1,840	\$7,360,000	46	4100	\$1,840	\$7,544,000
-10	700	\$1,840	\$1,288,000	18	4050	\$1,840	\$7,452,000	47	4075	\$1,840	\$7,498,000
-9	820	\$1,840	\$1,508,800	19	4100	\$1,840	\$7,544,000	48	4050	\$1,840	\$7,452,000
-8	960	\$1,840	\$1,766,400	20	4150	\$1,840	\$7,636,000	49	4025	\$1,840	\$7,406,000
-7	1130	\$1,840	\$2,079,200	21	4175	\$1,840	\$7,682,000	50	4000	\$1,840	\$7,360,000
-6	1310	\$1,840	\$2,410,400	22	4200	\$1,840	\$7,728,000	51	3975	\$1,840	\$7,314,000
-5	1480	\$1,840	\$2,723,200	23	4250	\$1,840	\$7,820,000	52	3950	\$1,840	\$7,268,000
-4	1660	\$1,840	\$3,054,400	24	4275	\$1,840	\$7,866,000	53	3925	\$1,840	\$7,222,000
-3	1830	\$1,840	\$3,367,200	25	4300	\$1,840	\$7,912,000	54	3900	\$1,840	\$7,176,000
-2	2000	\$1,840	\$3,680,000	26	4350	\$1,840	\$8,004,000	55	3875	\$1,840	\$7,130,000
-1	2175	\$1,840	\$4,002,000	27	4375	\$1,840	\$8,050,000	56	3850	\$1,840	\$7,084,000
Construction on First Unit				28	4400	\$1,840	\$8,096,000	57	3825	\$1,840	\$7,038,000
1	2350	\$1,840	\$4,324,000	29	4400	\$1,840	\$8,096,000	58	3800	\$1,840	\$6,992,000
2	2525	\$1,840	\$4,646,000	30	4400	\$1,840	\$8,096,000	59	3700	\$1,840	\$6,808,000
3	2700	\$1,840	\$4,968,000	31	4400	\$1,840	\$8,096,000	60	3600	\$1,840	\$6,624,000
4	2870	\$1,840	\$5,280,800	32	4400	\$1,840	\$8,096,000	61	3500	\$1,840	\$6,440,000
5	3045	\$1,840	\$5,602,800	33	4400	\$1,840	\$8,096,000	62	3000	\$1,840	\$5,520,000
6	3180	\$1,840	\$5,851,200	34	4400	\$1,840	\$8,096,000	63	2500	\$1,840	\$4,600,000
7	3250	\$1,840	\$5,980,000	35	4400	\$1,840	\$8,096,000	64	2000	\$1,840	\$3,680,000
8	3300	\$1,840	\$6,072,000	36	4400	\$1,840	\$8,096,000	65	1000	\$1,840	\$1,840,000
9	3365	\$1,840	\$6,191,600	37	4350	\$1,840	\$8,004,000	66	500	\$1,840	\$920,000
Subtotal =			\$79,856,000	Subtotal =			\$214,314,000	Subtotal =			\$193,016,000

Total \$ earned by construction workforce = \$487,186,000

Sensitivity Analysis

% of Total Construction Workforce Wages that could be Spent in Region	\$
10	\$48,718,600
20	\$97,437,200
30	\$146,155,800
40	\$194,874,400
50	\$243,593,000
60	\$292,311,600
70	\$341,030,200
80	\$389,748,800
90	\$438,467,400
100	\$487,186,000

a. U.S. Department of Labor Bureau of Labor Statistics. 2005. "May 2005 Metropolitan Area Occupational Employment and Wage Estimates. Augusta-Richmond County, GA-SC." Available online at <http://stats.bls.gov/bls/blswage.htm>. Accessed October 16, 2006.

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Enclosure

Attachment A-3 #26

26. Page 4.4-8 states "While the exact amount of income taxes the project will generate for Georgia cannot be known, it could be fairly large over a 7-year pre-construction and construction period. . ." Provide a quantity for your estimation of the tax revenues that will be collected.

Response:

As stated in Section 2.5.2.3 of the VEGP ESP ER, "Georgia has personal and corporate income taxes. Construction workers will pay taxes on their wages and salaries to Georgia if (1) their residence is in Georgia, (2) they are nonresidents working in Georgia and filing a federal return which will include income from sources in Georgia that exceeds five percent of income from all sources, or (3) they have income that is subject to Georgia tax that is not subject to federal income tax."

A large portion of construction workers would be considered residents of Georgia while they work at VEGP. For non-residents, SNC is not able to accurately assess whether or not a construction worker's VEGP wages would be more than 5 percent of his/her income from all sources, however, it is most likely that this would be the case for a majority of the workers. Therefore, to account for these uncertainties, SNC performed a sensitivity analysis of tax impacts from construction worker wages. The analysis includes estimates ranging from 20 percent to 100 percent of the workers paying taxes in Georgia.

To estimate income tax impacts to the State of Georgia, SNC selected the tax bracket that contains the average annual wage of a construction laborer (see response to comment #25) for the Augusta-Richmond County, GA-SC MSA (as provided by the Bureau of Labor Statistics, 2005): \$22,080. (See attached table) In Georgia, this annual wage or salary falls into the 6 percent tax bracket, the highest. (Note - wages between \$1 and \$7,000 (the first 5 brackets) are taxed at lower rates on a graduated scale. Therefore, the actual tax rate is actually slightly less than 6 percent of the annual salary. However, the difference is minimal and, for the sake of simplification, the worker's entire salary has been multiplied by 6 percent.)

On the VEGP construction project, it is likely that the average construction worker wage will be higher than \$22,080 per year because a large portion of the workforce would be considered skilled labor. Therefore, this estimate is actually likely to understate the tax impacts to the region. In either case, the impacts would be large and positive.

Estimated Construction Work Force Wages											
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Limited Work Authorized Activities				10	3500	\$1,840	\$6,440,000	38	4350	\$1,840	\$8,004,000
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9	3365	\$1,840	\$6,191,600	37	4350	\$1,840	\$8,004,000	66	500	\$1,840	\$920,000
Subtotal =			\$79,856,000	Subtotal =			\$214,314,000	Subtotal =			\$193,016,000

Total \$ earned by construction workforce =	\$487,186,000
Total tax impact at GA's 6 percent tax rate =	\$29,231,160

Sensitivity Analysis

Construction Wage Tax Impacts by % of Workforce	\$
20	\$5,846,232
30	\$8,769,348
40	\$11,692,464
50	\$14,615,580
60	\$17,538,696
70	\$20,461,812
80	\$23,384,928
90	\$26,308,044
100	\$29,231,160

a. U.S. Department of Labor Bureau of Labor Statistics. 2005. "May 2005 Metropolitan Area Occupational Employment and Wage Estimates. Augusta-Richmond County, GA-SC." Available online at <http://stats.bls.gov/bls/blswage.htm>. Accessed October 16, 2006.