Estimated Statewide Tax Revenues Supported by South Carolina Airports

Airport-related employment and spending are responsible for a variety of annual tax revenues. A conservative approach was taken to estimate airport-related tax revenues: this study considered only direct employment, payroll, and spending when estimating the statewide tax revenues. Tax revenues associated with indirect/induced impacts were not estimated in the SCAC study. Tax revenues estimated in the study state considered the following taxable events:

- Sales tax paid on goods and materials purchased to support capital projects.
- Sales tax paid on applicable supplies needed to operate airports or tenant businesses.
- Sales and income taxes paid by employees whose direct jobs are airport-supported.
- Sales tax paid by visitors on hotels, meals, rental cars, entertainment, and retail spending.
- 5% tax on rental cars, and that parts and supplies purchased to repair aircraft in the state are tax exempt.
- 7% sales tax paid on applicable supplies needed to support capital projects.
- 7% sales tax paid on goods and materials purchased to support capital projects.

It is important to note that South Carolina recently removed a 5% tax on rental cars, and that parts and supplies purchased to repair aircraft in the state are tax exempt.

SCAC's economic impact study indicates that annually airports and airport-supported activities contribute an estimated $657 million in state and local tax revenues.

Significant Economic Benefits from South Carolina’s Airports

General aviation and commercial service airports in South Carolina are responsible for supporting an estimated $16.3 billion in annual economic activity. This estimate includes total statewide direct and indirect/induced impacts in the payroll and spending categories. SCAC measured this statewide annual economic impact by considering benefits associated with airport management, airport tenants, capital investment, and commercial service and general aviation visitor spending. Statewide annual economic impacts for each of the categories measured in the SCAC study are shown in the following table.

Annual Costs versus Annual Benefits from South Carolina Airports

SCAC’s Statewide Aviation System Plan and Economic Impact Study produced the following findings:

- Airports and airport-supported activities are supporting an estimated $657 million in state and local tax revenues.
- Airports and the activities they support are responsible for an estimated $16.3 billion in total annual economic impact. Of this total annual impact, about $4.2 billion is associated with Boeing in Charleston.
- The average annual maintenance and development needs for all airports over the next five years are estimated at $156 million.
- Based on the most recent year for state and FAA funding, about 50% of the annual financial needs of the airports could be met. However, if state and FAA funding is more in line with 5-year averages, only 25% percent of the estimated investment needs will be met. A large funding gap is anticipated.

Annual Statewide Economic Impacts

<table>
<thead>
<tr>
<th>Category</th>
<th>Development and Tenant Capital Investment</th>
<th>Airport Management</th>
<th>Airport Tenants</th>
<th>Boeing*</th>
<th>General Aviation Visitors</th>
<th>Commercial Visitors</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$2,609,220</td>
<td>$45,272,860</td>
<td>$2,952,219</td>
<td>$2,609,220</td>
<td>$6,656,336</td>
<td>$13,275,900</td>
<td>$8,216,086</td>
</tr>
<tr>
<td>Benefits</td>
<td>$86,139,336</td>
<td>$45,272,860</td>
<td>$2,952,219</td>
<td>$2,609,220</td>
<td>$6,656,336</td>
<td>$13,275,900</td>
<td>$3,091,684</td>
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<tr>
<td>Economic activity</td>
<td>$88,748,565</td>
<td>$90,525,720</td>
<td>$3,107,438</td>
<td>$5,218,440</td>
<td>$13,312,672</td>
<td>$26,551,800</td>
<td>$35,307,768</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Development and Tenant Capital Investment</th>
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<th>Commercial Visitors</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Income</td>
<td>$112,157,620</td>
<td>$5,382,280</td>
<td>$8,537,940</td>
<td>$5,218,440</td>
<td>$11,111,672</td>
<td>$21,115,940</td>
<td>$17,312,631</td>
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<tr>
<td>Sales Tax Airport Tenants</td>
<td>$2,609,220</td>
<td>$45,272,860</td>
<td>$2,952,219</td>
<td>$2,609,220</td>
<td>$6,656,336</td>
<td>$13,275,900</td>
<td>$8,216,086</td>
</tr>
<tr>
<td>Sales Tax Airport Management</td>
<td>$45,272,860</td>
<td>$45,272,860</td>
<td>$2,952,219</td>
<td>$2,609,220</td>
<td>$6,656,336</td>
<td>$13,275,900</td>
<td>$8,216,086</td>
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<tr>
<td>Sales and Income Taxes</td>
<td>$2,609,220</td>
<td>$45,272,860</td>
<td>$2,952,219</td>
<td>$2,609,220</td>
<td>$6,656,336</td>
<td>$13,275,900</td>
<td>$8,216,086</td>
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<tr>
<td>TOTAL</td>
<td>$175,131,500</td>
<td>$103,897,940</td>
<td>$33,974,669</td>
<td>$20,827,860</td>
<td>$19,368,048</td>
<td>$38,561,840</td>
<td>$25,132,768</td>
</tr>
</tbody>
</table>

SUMMARY OF STUDY FINDINGS FOR—

SALUDA COUNTY AIRPORT
Saluda, South Carolina

Statewide Impacts Economic Impacts from South Carolina Airports

As part of SCAC’s research, steps were undertaken to estimate the annual economic impact for the Saluda County Airport and 56 other study airports. Economic impacts summarized in this report reflect conditions that characterized all airports in 2017. This report provides both statewide and airport-specific information on annual economic impacts. Each airport was investigated to identify potential economic impacts related to the five categories shown below:

- Airport Management
- Airport Tenants
- Investment in Capital Projects
- Spending from Visitors Arriving on General Aviation Aircraft
- Spending from Visitors Arriving on Commercial Airlines

The SCAC study used four primary measures to express both statewide and airport specific annual economic impacts: employment, payroll, spending, and economic activity. Economic impacts reflect not only direct impacts, but also indirect/induced impacts associated with multiplier effects. Direct and indirect/induced impacts equal total statewide and airport specific annual economic impacts. Using South Carolina specific inputs, the IMPLAN model was used to estimate indirect/induced impacts.

In this study, total annual economic activity is the sum of annual payroll and spending.

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2553 Airport Blvd. West Columbia, SC 29170
ph. 803.896.6260
www.scacronautics.com
Prepared by: JIVATION

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STATEWIDE AVIATION SYSTEM PLAN
ECONOMIC IMPACT STUDY REPORT
2018

Airports are essential to South Carolina’s transportation infrastructure and economy. To guide the South Carolina airport system and measure how airports contribute to the economy, the South Carolina Aeronautics Commission (SCAC) completed updates to its Statewide Aviation System Plan and Statewide Economic Impact Study. Details on both reports are available at: www.scacronautics.com. This report provides a summary of important findings and also highlights the contribution that the Saluda County Airport makes to the estimated statewide economic impact. The role the airport plays in the state airport system is documented and a summary of the investment required for the airport to fulfill its needs and objectives is provided.

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SALUDA COUNTY AIRPORT
Total Annual Economic Impact on South Carolina's Economy

Estimating the Annual Economic Impact for the Saluda County Airport

Interviews and surveys were used to document direct impacts for airport management and aviation-related tenants. Some employees in the management category are not located at the airport; some employees split their time between the airport and other government functions. For both management and tenants, not all jobs are full-time. Less-than-full-time positions were converted to full-time equivalent (FTE) jobs using hours worked or salary paid.

Airports use FAA, state, local, and/or private investments to complete capital projects. When capital funds are being expended, such spending helps support employment and associated payroll. Average annual capital investment for the airport, from all sources, for a multi-year period was considered to estimate economic impacts in the capital investment category.

Annual, 557 Visitors Arrive in South Carolina via the Airport.

Each year, 557 visitors arrive at the airport on general aviation planes. Visitors to South Carolina often have expenditures for lodging, food, ground transportation, entertainment, and/or retail purchases. Visitor spending helps support jobs and payroll, primarily in the hospitality industry.

The table on the next panel shows direct, indirect/induced, and total economic impacts for the airport, as these impacts were identified for: airport management and tenants, capital investment, and visitor spending.

The Airport Helps Connect the Community

When businesses decide to relocate or expand, there are many factors they consider. Access to an airport is a highly-rated decision-making factor. FAA provides an account of some but not all non-stop general aviation flights that arrive and depart from the airport. The map below demonstrates how the Saluda County Airport connects the community to destinations across the United States.

The flight data for the Saluda County Airport shown on this map was obtained from FAA’s National Offload Program. Flights shown reflect both instrument and visual flight rule activity for arrivals and departures. The map helps to depict non-stop flight destinations to and from the airport. The map reflects a significant portion, but not all of the airport’s annual landings and take-offs.

The system plan summarized the airport’s development needs over the next five years. Costs to improve and maintain the airport over that time-frame consider not only projects identified by the system plan, but also projects from SCAC’s Statewide Pavement Management Plan and the airport’s own locally generated capital improvement plan (CIP). These three sources indicate costs to improve and maintain the airport over the next five years. 557 visitors arrive on general aviation flights.

As SCAC’s Statewide Economic Impact Study has shown, on an annual basis the Saluda County Airport supports an estimated $608,700 in economic benefit. The airport’s annual economic impact helps to offset the airport’s need for average annual investment identified in the state system plan to maintain and improve the airport.

### Total Annual Economic Impact for the Saluda County Airport

<table>
<thead>
<tr>
<th>EMPLOYMENT</th>
<th>TOTAL PAYROLL</th>
<th>ANNUAL SPENDING</th>
<th>ANNUAL ECONOMIC ACTIVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>Indirect/Induced</td>
<td>Direct</td>
<td>Indirect/Induced</td>
</tr>
<tr>
<td>Management &amp; Tenants</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Capital Investment</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>General Aviation, Visitor Spending</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Impacts</td>
<td>4</td>
<td>2</td>
<td>6</td>
</tr>
</tbody>
</table>

### Sources:
- SCAC Statewide Pavement Management Plan
- SCAC’s Statewide Economic Impact Study
- FAA National Offload Program