

**West Virginia Public Finance Program
Project Report**

**Retirees and Economic Development
in West Virginia***

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Table of Contents

Summary of Findings	ii
1. Introduction.....	1
1.1 Global Population Aging	2
1.2 Population Aging in the U.S. States and West Virginia	2
2. General Characteristics of West Virginia’s Current Retirees and the New Retiree Potential from Other States	4
2.1 General Retiree Population Characteristics	4
2.2 Retiree Migration Patterns	4
2.3 Retiree Income Patterns	6
2.4 Retiree Spending Patterns	6
3. Political Influence of Retirees in State Public Policy	8
4. Comparison of Public Policy towards Retirees with Other States	10
4.1 Personal Income Tax	10
4.2 General Sales Tax	11
4.3 Property Tax	11
4.4 Property Tax Relief Programs	12
4.4.1 Homestead Programs	12
4.4.2 Circuitbreaker Programs	12
4.4.3 Deferral Programs	12
4.4.4 Rate Limit Programs	12
4.5 Estate, Inheritance and Gift (EIG) Taxes	13
5. Economic and Tax Revenue Impact of New Retiree Inflow to West Virginia from Other States	14
6. Economic Impact of a West Virginia Retirement Community	15
7. Summary and Evaluation	17
Bibliography.....	19

Summary of Findings

Introduction

1. Population aging has become a global phenomenon, occurring not only in developed but also in developing countries. Population aging has been felt more strongly in developed countries, particularly in European countries and Japan. The U.S. has a relatively young population, which is mainly the product of favorable immigration policies.
2. West Virginia is at the forefront of the aging trend among the U.S. states. It is the oldest state in terms of median age of population, and it ranks third in the share of population 65 and older after Florida and Pennsylvania. This may be an advantage for West Virginia since a state with an already old population may better handle an influx of retirees expected with baby boomer retirement.
3. Overall, Eastern and Midwestern states have higher share of population 65 and older compared to Western and Southern states.

General Characteristics of West Virginia's Current Retirees and the New Retiree Potential from Other States

4. Among West Virginia counties, counties that have experienced significant economic and population growth in recent years, like Monongalia, Berkeley and Jefferson, also have the lowest share of retirees.
5. Population projections show that the share of total population 65 and older in West Virginia is going to average 19.3% during the 2005-2050 period and going to peak at 21.8% in 2035.
6. Compared to the average net migration rate of 30% for states in the South Atlantic region, West Virginia is well below the average in terms of retiree attraction with a net migration rate -3.4% for the age group 65 and older.
7. West Virginia only had a positive net migration rate in the 65-74 age group of 1.6%.
8. Compared to its neighboring states, West Virginia's retiree migration patterns were very similar to those of Kentucky. Among these states, the biggest gainer of retirees was Virginia, while the biggest net loser of retirees was Ohio.
9. The top three retiree migration destinations in the United States during 1995-2000 were Nevada, Arizona, and Florida with the net migration rates of 114.2%, 87.4%, and 56.9%, respectively.
10. Majority of out-of-state retirees that moved to West Virginia came from Ohio (18%), Maryland (14%), Florida (12%), Virginia (11%), and Pennsylvania (6%). On the other hand, a majority of West Virginia retirees went to Florida (22%), Ohio (18%), Virginia (12%), Maryland (8%), and North Carolina (6%).
11. A noteworthy difference in educational attainment of West Virginia retiree migrants is that in-migrants appear to have a higher share of those with graduate or professional degrees relative to non-migrants and out-migrants.
12. The average income of West Virginia's retirees declines steadily from younger to older retiree groups. Retiree out-migrants (retirees leaving West Virginia) appear to have

higher average income than those staying in or moving into West Virginia, except for the 85 and older group.

13. The 2003 Consumer Expenditure Survey shows that consumption shares of health care and housing in total expenditures rise and the share of transportation falls as people age. Housing expenditures rise significantly for the 85 and older age group, which could be due to shrinking income and persistent housing related payments, particularly the property tax.

Political Influence of Retirees in State Public Policy

14. The economics literature points to a possible generational conflict between retirees and working young on public spending programs, particularly education. While the evidence of such conflict from states is not very strong for now, it could possibly escalate to a critical level in the near future where younger generations may be hurt due to declining support for educational programs.
15. The 2002 voting statistics compiled by the U.S. Census show that the percentage share of persons registered to vote and actually voted increased with age. The 65 to 74 age category had the highest voting percentage with 63.1 percent.
16. In West Virginia's neighboring region, West Virginia and Virginia had the lowest voting turnouts for the 65 and older age category with 49.4 percent and 48.0 percent, respectively. Maryland had the highest with 64.1 percent. In this region, the age group 65 to 74 had the highest voting percentage and the most registered to vote in 2002, which confirms the political weight of this particular age group.

Comparison of Public Policy towards Retirees with Other States

17. West Virginia had one of the highest state tax burdens, ranking 3rd with 8 percent of state personal income being paid in taxes. However, this ranking is based on state taxes. Since West Virginia relies less heavily on local taxation, its total state and local tax burden ranking is expected to be much lower.
18. West Virginia is not different from the states in its neighboring region in the state personal income rates applied to its residents. It should be noted, however, that Florida and Nevada, states West Virginia would likely compete with in retiree attraction in the future, do not impose any state personal income tax. In addition, West Virginia does not exempt social security or private pensions, but gives a \$2,000 exemption to military, federal, and state and local pensions. All of West Virginia's neighboring states exempt social security benefits from the state's income tax and give a larger exemption for most pensions.
19. West Virginia's state general sales tax rate of 6.0 percent was comparable to neighboring states and to some of those states, such as Florida, that West Virginia would likely compete with for retiree attraction. On the other hand, West Virginia and Virginia do not exempt food, while Kentucky, Maryland, Ohio, and Pennsylvania provide tax exemption. Virginia provides a lower tax rate of 4 percent on food, leaving West Virginia as the only state in the region without a special food provision. This may put West Virginia at a disadvantage when it comes to retiree attraction. Again, West Virginia does not offer sales tax exemption for non-prescription drugs, which puts the state at a disadvantage in retiree attraction when compared to the three neighboring states, Maryland, Pennsylvania and Virginia that offer exemptions.

20. West Virginia relies less heavily on property taxation compared to other states. It has a low share (19.4%) of property tax in total tax collection compared to its neighboring states and the U.S. average of 30.8%. West Virginia uses property tax relief programs such as homestead programs, circuitbreaker programs, and property tax rate limits. These are all programs that are seen favorable by retirees.
21. Maryland, Ohio, Pennsylvania, and Virginia have decided to decouple from the federal pick-up tax, essentially resurrecting state level estate taxes. West Virginia has decided not to decouple. Thus, West Virginia will not have an estate tax when the federal estate tax is completely eliminated. The state also does not have separate inheritance or gift taxes. This shows that West Virginia might have an edge over its neighbors in retiree attraction since Estate Inheritance and Gift (EIG) taxes in any form would not be favored by retirees.
22. In summary, West Virginia looks more favorable to retirees in terms of property and estate taxes and less favorable in terms of personal income and general sales taxes.

Economic and Tax Revenue Impact of New Retiree Inflow to West Virginia from Other States

23. Economic impacts produced by potential retirees (55-64 age group) and retirees (65 and older age group) are substantial but the size of the impacts depend considerably on the income levels of the migrating retirees.
24. A high-income retiree in-migrant with income \$70,000 or more is estimated to generate an economic impact that is more than three to four times that for a low-income retiree with income less than \$10,000.
25. A high-income retiree in-migrant with income \$70,000 or more is estimated to generate \$10,000 in state tax revenue.
26. The economic and revenue impacts generated by retirees in the 65 and older age group are lower than that generated by potential retirees in the 55-64 age group
27. The economic impact results are similar to impact estimates from studies on Arkansas, Florida, Oklahoma and Texas.

Economic Impact of a West Virginia Retirement Community

28. Economic impact of a West Virginia retirement community is estimated using financial statements from The Village at Heritage Point in Morgantown, West Virginia and IMPLAN input-output modeling system.
29. The total impact on business volumes was \$7,045,000 calculated in sales, with over half of these sales coming from the direct impact. Total number of jobs created was eighty three, and total employee compensation was \$2,319,000. Total assorted states taxes generated was \$198,000.
30. Among the industry sectors, health and social services captured the largest portion of the economic impact.

Retirees and Economic Development in West Virginia

...we're living in one very big and rapidly expanding retirement community.

From *The Coming Generational Storm* by Laurence J. Kotlikoff and Scott Burns

1. Introduction

Retirees are becoming increasingly important for state and local economies and revenue systems. While retirees pose both challenges and opportunities for state and local governments, they have been increasingly targeted as a group to enhance economic development in communities. A major factor in their rise in importance is the rapid increase in the number of retirees through aging of the U.S. population. The aging trend will reach a new height with the retirement of the baby boom generation. A recent report by the Congressional Budget Office (CBO) indicates that while large budgetary pressures can develop when baby boomers start collecting social security and Medicare benefits, this would be counterbalanced by baby boomers' fairly good retirement prospects. Overall, they have higher income, more private wealth, and appear less likely to live in poverty after they retire when compared to their parents at the same age. The report also notes that at least half of all baby boomers are expected to maintain their working-age standards of living during retirement. This highlights the importance of the economics of retirees, particularly in the midst of a fast approaching baby boomer retirement.

The proposed study examines the economic impact of current and potential new retirees in West Virginia. This is an update on the 1995 Bureau of Business and Economic Research (BBER) study "Economic Impacts of West Virginia Retirees and Retirement Communities", which was commissioned by the Community Living Initiatives Corporation (CLIC) and coauthored by David Greenstreet and Hua Zhang. CLIC is a community development organization, focusing on the needs and desires of older adults. The organization is one of only five Governor-Designated Retirement Community organizations in the state and is responsible for encouraging retirees to consider the Greater Morgantown Area as a retirement destination. CLIC has also approached the BBER about updating the study and will be asked to endorse this request for funding.

The study expands the 1995 BBER study by including an analysis on the interrelationships among West Virginia retirees, state economic development and public policy. Of particular interest is tax policy and its potential use in attracting higher income retirees to West Virginia. This is complemented by a net tax revenue impact analysis of new retiree attraction.

This study examines the economic significance of retirees and their role in public policy with a focus on a comparison with other states. It presents population aging trends and the migration, income and spending patterns of retirees in West Virginia. The study provides an economic and revenue impact analysis of retiree in-migrants and gives an update of the economic and revenue impact of a retirement community within West Virginia, using data from The Village at Heritage Point, a retirement community located in Morgantown, West Virginia.

1.1 Global Population Aging

Globally, countries are experiencing aging of their populations. Population projections show that the world median age will rise from 26.4 in 2000 to 36.8 in 2050 (United Nations, 2002). While this aging trend has been more prevalent in the developed countries, population aging is not confined to developed countries; sooner or later populations of all nations age. Heller (2003, pp.13) gives a striking example by noting that the share of the elderly population in the United Arab Emirates is expected to rise from 2% to 28% by 2050.

Table 1.1 shows the United Nations population projections for the United States and other world regions. The top portion of the table shows that the share of elderly, which is measured by the share of population 65 and older, is expected to increase dramatically in all world regions. This highest share has been in more developed countries, particularly in European countries. The United States is projected to have a lower share of elderly than other developed countries. Interestingly, the highest increases in the share of elderly are expected in Asia and Latin America and the Caribbean. The bottom portion of the table shows the working-age population, which is measured by the share of population aged 15 to 64. This shows that the share of working-age population is expected to decrease in more developed regions, including the U.S. However, the decline in the U.S. will not be as dramatic as the declines in other developed countries. On the other hand, developing regions are projected to experience an increase in this share in the future. Table 1.1 presents an aging trend that is global in nature. However, more developed regions will continue to have significantly older populations compared to other regions of the world in the near future.

1.2 Population Aging in the U.S. States and West Virginia

When we look more specifically at the U.S., we see a wide range of age structures across the states. Figure 1.1 shows that eight states, West Virginia, Florida, Maine, Pennsylvania, Vermont, Montana, Connecticut, New Hampshire, had populations with median age of 37 or higher in 2000. Among these, West Virginia had the highest median age in the nation with 38.9 years. Utah had the lowest median age with 27.1 years, which was also the only state that had a median age lower than 30 years. The average of the median ages of states was 35.5 years.

Figure 1.2 shows another indicator of population aging in states: the share of population 65 years and older. Florida, Pennsylvania and West Virginia had the highest shares in the nation in 2000 with respective shares of 17.6%, 15.6% and 15.3%. Alaska had the lowest share with only 5.7%, which is less than one third of the share of elderly in Florida. Overall, Eastern and Midwestern states have higher share of elderly compared to Western and Southern states.

Figure 1.3 shows how the elderly population changed between 1990 and 2000. Nevada had the largest increase in the number of elderly with 71.5% increase, followed by Alaska (59.6%), Arizona (39.5) and New Mexico (30.1). While District of Columbia had a 10.2% decrease in the number of elderly, none of the states had a decrease in the elderly population. Rhode Island, Iowa and West Virginia had the lowest increases with respective increases of 1.2%, 2.4% and 3%. Overall, Western states had larger increases in the elderly population compared to states in other regions.

This brief overview of the population aging in states shows that West Virginia is ahead of most of the states in the aging trend. The next section will provide an outlook of retiree population in West Virginia.

The term “retiree” mostly overlaps with the term “elderly”. Hence, we will use these two terms interchangeably throughout the report. As a general rule, population that is 65 and older will be used synonymously with retiree population in this report.

2. General Characteristics of West Virginia Current Retirees and the New Retiree Potential from Other States

2.1 General Retiree Population Characteristics

As shown in Figure 1.1, West Virginia has the oldest population in the nation measured by the median age of population. While the total number of elderly people in West Virginia was 276,895 in 2000, which is small compared to other states, its relative size to the rest of the state population makes West Virginia third largest in the nation after Florida and Pennsylvania. Figure 2.1 shows the share of population 65 and older in West Virginia counties. Among these, Summers County has the highest share of retirees (19.9%) followed closely by Ohio County (18.8%), Hancock County (18.4%) and Brooke County (18.3%). Monongalia County has the lowest share (10.7%) followed by Berkeley County (11.2%), Jefferson County (11.2%) and Putnam County (11.6%). While there does not seem to be a particular geographic pattern to the share of retirees in West Virginia counties, counties like Monongalia, Berkeley and Jefferson, that have experienced significant economic and population growth in recent years, also have the lowest share of retirees.

Population projections provided by West Virginia University's Regional Research Institute can give us an idea about the future dynamics of the retiree population in West Virginia. These projections show that the share of population 65 and older of West Virginia's total population is going to average 19.3 percent during the 2005-2050 period and going to peak at 21.8 percent in 2035, as shown in Figure 2.2. These projections also show that the share of retirees of West Virginia's total population is going to grow on average at 2.6 percent during the 2005-2050 period.

Breaking down the projections for the 65 and older group into subgroups like 65 to 74, 75 to 84, and 85 and older reveals that projections for these other age groups closely resemble the one for the 65 and older group. In contrast, the age group 55 to 64 years old, shows a markedly different projected behavior from the other age groups as illustrated in Figure 2.2.

2.2 Retiree Migration Patterns

Probably the most significant factor that determines the retiree population dynamics in West Virginia is the migration of retirees. According to a U.S. Census report by He and Schachter (2003) on migration patterns of the elderly between 1995 and 2000, West Virginia lost 10,505 and gained 9,574 retiree migrants that are 65 and older, which translates to a net migration rate of -3.4 percent between these years.¹ This report shows that the mobility of older population differs significantly by age and region. For example, young old (people 65 to 74 years) were more likely to move to a different state compared to older old, particularly the oldest old (people 85 and older). In addition, the population 55 to 64 years old had mobility patterns similar to the

¹ The net migration rate is calculated as net migration, which is immigration minus out-migration, divided by the approximated 1995 older population and multiplies the result by 100.

young old group. Hence, it is particularly useful to include this near retirement (some already retired) group in the analysis.

Compared to the average net migration rate of 30.0 percent for states in the South Atlantic region, West Virginia is well below the average in terms of retiree attraction in its Census region. West Virginia had a positive net migration rate of 1.6 percent only in the 65-74 age group. While this may seem like a modest level of net migration, it is still noteworthy considering that some other states had negative net migration rates as low as 59.3 percent (Alaska) in this age category.

Compared to its neighboring states, West Virginia's retiree migration patterns were very similar to those of Kentucky, as can be seen in Figure 2.3. Like Kentucky, West Virginia did not experience significant retiree immigration and was the net loser of migrants 65 years old and over during 1995-2000. Among West Virginia's neighboring states, the biggest gainer of retirees was Virginia, while the biggest net loser of retirees was Ohio.

Figure 2.3 also underlines important interstate differences in the patterns of net migration for different age groups. In the 55 to 64 years old age group, for example, West Virginia and Kentucky were the net gainers of in-migrants, while Virginia was a net loser. Conversely, in the 65 and older age group, West Virginia and Kentucky were the net losers of in-migrants, while Virginia was the net gainer.

The top three retiree migration destinations in the United States during 1995-2000 were Nevada, Arizona, and Florida with net migration rates of 114.2%, 87.4%, and 56.9%, respectively. Among all out-of-state retirees that moved to West Virginia, five states provided more than 60% of total retiree immigrants to West Virginia. Figure 2.4 shows that these are Ohio (18%), Maryland (14%), Florida (12%), Virginia (11%), and Pennsylvania (6%). Conversely, Figure 2.5 shows that the five most popular destinations for West Virginia retirees were Florida (22%), Ohio (18%), Virginia (12%), Maryland (8%), and North Carolina (6%), in terms of the share of all retirees leaving West Virginia.

However, internal migration is not only comprised of state-to-state migrants but also of county-to-county migrants. Many retirees move from county to county within a state to be closer to their relatives and for other reasons. When it comes to county-to-county retiree migration in West Virginia during 1995-2000, the biggest three net gainers of retiree migrants as a share of county population were Pendleton (0.41%), Upshur (0.39%), and Pleasants (0.37%) counties, while the biggest three net losers of retiree migrants were Pocahontas (0.67%), Hardy (0.57%), and Gilmer (0.56%) counties. Meanwhile, Gilmer (0.47%), Jefferson (0.37%), and Hampshire (0.31%) counties were the biggest three net gainers of out-of-state retiree in-migrants as a share of county population, while McDowell (0.56%), Hancock (0.24%), and Mason (0.23%) were the biggest three net losers of West Virginia retiree out-migrants between 1995 and 2005.

Another important statistic worth examining in this section is the composition of West Virginia's retiree migrants and non-migrants with respect to their educational attainment. Figure 2.6 shows that West Virginia non-migrants 65 and older have a higher share of those with no high school diplomas than in-migrants and out-migrants in the same age category. Another noteworthy

difference in educational attainment is that in-migrants appear to have a higher share of those with graduate or professional degrees relative to non-migrants and out-migrants.

2.3 Retiree Income Patterns

Income levels of retirees differ significantly by age groups as shown in Figure 2.7. Considering all West Virginia retirees (migrants and non-migrants), it is clear that the 55 to 64 year old group has a higher average income than all 65 and older age groups. The difference in average incomes is particularly significant between the 55 to 64 and 85 years and older age groups.

Another noticeable pattern in Figure 2.7 is that the average income of West Virginia's retirees declines steadily from younger to older retiree groups. Looking at the distribution of average incomes of West Virginia's retirees by migration and age status in Figure 2.8, shows some important income-migration patterns. Retiree out-migrants (retirees leaving West Virginia) appear to have higher average income than those staying in or moving into West Virginia, except for the 85 and older group. Moreover, retiree in-migrants in 55 to 64 and 65 to 74 age groups have higher average income than those staying in West Virginia. As expected, Figure 2.8 also shows that those in 65 and older age groups have lower average income than those in 55 to 64 age group, regardless of their migrations status.

The composition of retiree incomes can give us further insight into income characteristics of West Virginia retirees. Figures 2.9 and 2.10 illustrate the stark contrast between the income composition of 55 to 64 and 65 and older age groups. Individuals in the 55 to 64 age group still rely heavily on their work related income from wages and salaries that amounts to 75% of their average income. There are some early retirees in this age group as well who also receive social security and private savings payments that altogether amount to 14% of their average income. In contrast to this younger group, individuals in the 65 and older age group rely heavily on social security and private savings payments (61% of their income), but they still receive the second highest share (25%) of their income in wages and salaries as shown in Figure 2.10. The third largest component in income for the 55 to 64 age group is self-employment income (5%) and interest, dividends, and rental income (7%) for the 65 and older age group.

2.4 Retiree Spending Patterns

Naturally, retirees can be very different in their consumption expenditures from the other age groups. Changes in lifestyle, health, and income are the biggest factors driving changes in consumption patterns as people age. As Figure 2.11 shows, consumption shares of health care and housing in total expenditures rise and the share of transportation falls as people age. It is important to point out a significant spike in housing expenditures for the 85 and older age group, which could be due to shrinking income and persistent housing related payments, particularly the property tax.

The share of retiree budget spent on food does not appear to change much as people age, but the share of cash contributions by elderly to various organizations appears to rise significantly. Meanwhile, the share of retiree budget devoted to entertainment consumption does not appear to change significantly for different age groups with a slight decrease in this share for the 75 to 84

and 85 and older age groups. Retirees also seem to spend more of their income on personal care, reading, and other miscellaneous items and spend less of their income on alcohol, tobacco, education, apparel, and personal insurance and pension items compared to some younger consumers.

3. Political Influence of Retirees in State Public Policy

Recent discussions of aging have noted the potential generational conflict generated by the need to share society's resources between non-working elderly and the younger working population. An important consequence of population aging is increasing fiscal pressure through higher government spending on social security, health care, and other welfare programs for the elderly.² This may mean lower government spending for other programs that primarily benefit the young, such as education. Since education is a major input to human capital accumulation, aging is expected to have significant growth consequences. One strand of literature uses the link between increasing political power of the elderly and government spending on education to examine economic growth effects. Recent examples to such studies are Gradstein and Kaganovich (2004), Holtz-Eakin, Lovely and Tosun (2004), Tosun (2003), Tosun (2005) and Razin, Sadka and Swagel (2002). This literature is motivated by other studies that address the generational conflict between elderly retirees and working young on public spending programs, particularly education. Button (1992) suggests that generational conflict is quite apparent on education issues by examining the voting behavior in tax referenda in six Florida counties. Deller and Walzer (1993) find a much weaker evidence of such generational conflict based on a survey of residents in rural Illinois. They show that retirees actually support local education despite a lower level of support than non-retirees. The 2004 AARP Aging American Voter Survey indicates that a strong majority of older people support federal government's responsibility in educating young people.³

James Poterba (1997) started an interesting empirical literature on aging and education spending by providing empirical evidence using state-level data that older citizens prefer lower levels of public spending for education. Ladd and Murray (2001) did not find any evidence of generational conflict from a similar study that used county-level data. Another study by Harris, Evans, and Schwab (2001) confirms Poterba's finding using school-district-level data, however with a smaller estimated impact than Poterba's estimates. In summation, this literature shows that the increasing number of retirees in the U.S. could potentially produce a generational conflict between elderly retirees and younger individuals. While the evidence of such conflict is not very strong for now, it could possibly escalate to a critical level in the near future where younger generations may be hurt due to declining support for educational programs.

Table 3.1 gives an overview of the political weight of retirees as a voting group by showing voting statistics compiled by the U.S. Census Bureau. The age group 18 to 24 had the fewest registered voters (38.2 percent) and the least number to vote (17.2 percent), in 2002. With an increase in age, the percentage registered and voted also increased. Sixty-one percent over eighteen years of age were registered to vote and 42.3 percent actually voted in 2002. Age groups below 45 years of age fell below this average in both categories. However, in the 45 to 54 years category the share of registered voters jump to 67.4 percent and the share voted jumps

² See IMF (2004), Heller (2003) and CSIS (2002) for recent discussions on the fiscal implications of population aging.

³ However, the survey question did not have a similar question for state and local governments. The same survey shows that a large group of older people became more conservative in governmental problems such as bureaucracy and taxes. See AARP (2004) for a summary of findings from this survey.

to 50.2 percent. The largest percent registered was in the 75 to 84 age category with 76.9 percent, and this group also had the second highest turnout with 61.9 percent voting in 2002. The 65 to 74 age category had the highest voting percentage with 63.1 percent.

Table 3.2 summarizes voting in 2002 by age in West Virginia and neighboring states. One interesting observation was that in all of these states and the U.S., the age group 65 to 74 had the highest voting percentage and the most registered to vote in 2002. West Virginia had the lowest turnout in this category with 53 percent, while Maryland had the highest with 65.1 percent. Most of these states had similar registration patterns with Kentucky having the most registered (67.0 percent) and Virginia having the least (59.0 percent). In the 65 and older category, West Virginia and Virginia had the lowest voting turnouts with 49.4 percent and 48.0 percent, respectively. Maryland had the highest with 64.1 percent. These states have similar voting patterns, with West Virginia and Virginia having slightly lower turnouts in all categories than the rest of the neighboring states.

Tosun, Williamson, and Yakovlev (2005) examined the impact elderly migration may impose on fiscal variables, specifically education spending. A median voter framework is built into an overlapping generations model to provide a theoretical basis for the analysis. The empirics provide evidence on the effects of population aging on education spending in the U.S. using elderly migration data from Census 2000 PUMS. The first evidence using state level panel data and share of population 65 and older from 1930 to 2000 showed that states with a higher share of elderly population had lower education spending per student. The migration of the elderly using the 2003 U.S. county data found positive and significant effects from the share of elderly population. On the other hand, net elderly migration has a negative and significant effect on education spending per student. This could mean that the migrant elderly may have a less favorable view of K-12 education spending than the existing elderly population. Also, the magnitude of the negative effect from net elderly migration is stronger for older age groups, particularly for 75 to 84 and 85 and older. This shows the importance of looking at different age groups within the overall elderly population to understand the magnitude of the intergenerational conflict. Even though the paper found negative and statistically significant impact on education spending from elderly migration, the magnitude of the effect seems to be fairly small. Hence, the recent elderly migration may not necessarily be a cause for alarm for reduced K-12 education spending in states.

4. Comparison of Public Policy towards Retirees with Other States

Taxes can affect the migration decisions of retirees. Therefore, it is useful to look at differences between the tax structures of West Virginia and other U.S. states. Table 4.1 presents an overall picture of the tax burden across the states. Two measures of overall tax burden across states are used in this report. The first one, total tax collection per capita, is used to measure the tax burden per person in each state. The second one, percentage share of total tax collections in state personal income, measures the tax burden per dollar of personal income in each state. West Virginia's per capita total tax amount was \$2,066, which is above the U.S. average of \$2,025. Of the neighboring states, only Maryland had higher per capita tax burdens than West Virginia, while Kentucky, Virginia, Ohio, and Pennsylvania had lower. As of 2004, Hawaii had the highest overall tax burden per capita of \$3,048. Wyoming, Connecticut and Minnesota ranked 2nd, 3rd, and 4th with \$2,968, \$2,937, and \$2,889, respectively. The states with the least per capita tax burdens were Colorado (\$1,533), South Dakota (\$1,378), and Texas (\$1,367).

Based on percentage of total taxes per personal income, West Virginia had one of the highest state tax burdens, ranking 5th with 8.04 percent of state personal income being paid in taxes.⁴ Only Hawaii (9.35 percent), Vermont (8.96), Wyoming (8.69), and Delaware (8.24) had higher values. States close to West Virginia with high tax burden were Delaware and Kentucky with 7.52 percent. However, Ohio (6.3 percent), Maryland (5.59 percent), Pennsylvania (6.14 percent), and Virginia (5.27 percent) all were in the lower half of the states. New Hampshire had the lowest burden with a percentage share of 4.21 percent as of 2003.

4.1 Personal Income Tax

Table 4.2 shows that income tax rates vary across states from 1.0 percent to 9.5 percent, with different income brackets, varying from \$500 to \$500,000, as of January 2005. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) do not levy an income tax, and New Hampshire and Tennessee limit the tax to dividends and interest. West Virginia's state personal income tax rate ranges from 3.0 percent to 6.5 percent, with 5 different brackets from \$10,000 to \$60,000. Figure 4.1 also shows the distribution in the top marginal income tax rates applied in the states. We see that West Virginia is not different from the states in its neighboring region. However, states like Florida and Nevada, West Virginia's likely competition for retiree attraction in the future, do not impose any personal income tax.

States also allow income tax exemptions of certain benefits such as social security, private pensions, and military pensions. Again there is much variance to these exemptions between different states, ranging from full to partial, and requiring an age minimum. Table 4.3 gives an overview of how states treat income tax benefits, as of 2000. West Virginia does not exempt social security or private pensions, but gives a \$2000 exemption to military, federal, and state and local pensions. All of West Virginia's neighboring states exempt social security benefits from state income taxes and give a larger exemption for most pensions.

4.2 General Sales Tax

⁴ This ranking is done based on state taxes. Since West Virginia relies less heavily on local taxes compared to other states, the total state and local tax burden in West Virginia is expected to be significantly lower.

Table 4.4 shows that five states (Alaska, Delaware, Montana, New Hampshire, Oregon) did not charge a state sales tax, as of January 2005. California had the highest sales tax rate of 7.3 percent. Mississippi, Rhode Island, and Tennessee tied for second at 7.0 percent tax rate. West Virginia's state general sales tax rate of 6.0 percent was comparable to neighboring states and to some of those states, such as Florida, that West Virginia would likely compete with for retiree attraction. Maryland's was slightly less with a 5.0 percent rate. Figure 4.2 provides a similar geographical comparison of state general sales tax rates. On the other hand, as both Table 4.4 and Figure 4.3 show, West Virginia and Virginia do not exempt food, while Kentucky, Maryland, Ohio, and Pennsylvania provide tax exemption. Virginia does provide a lower tax rate of 2.5 percent on food, leaving West Virginia as the only state in the region without a special food provision. This may put West Virginia at a disadvantage when it comes to retiree attraction. Tosun and Yakovlev (2006) conducted a tax burden analysis to show that the elderly population bears a significant portion of the food tax burden. Figure 4.4 shows that the elderly population (65 years and older) paid a substantial portion (17%) of the total sales tax on food for home consumption in 2004. Among the elderly population, young old (between 65 and 69 years) paid a slightly greater portion than other elderly age groups. The average tax rates in Figure 4.5 show that relative tax burden increases significantly with age.⁵ For example, the average tax rate for the overall 65 and older group is about 58% greater than the one for the under 65 group. Average burden also increases within the elderly age groups with the exception of the 80 years and older group. One percent sales tax reduction on food for home consumption seems to reduce the average tax rate and the tax burden, but it doesn't change the relative distribution of the tax burden across age groups. Figure 4.6 shows the distribution of the tax burden on West Virginia elderly population (age 65 and older) by different income groups. This shows a highly regressive tax structure. Even after taking food stamps into consideration, the average tax rate for the lowest income group (less than \$10,000) is about five times as high as the one for the highest income group (\$70,000 and over). These results show that sales tax on food for home consumption imposes a significantly greater burden particularly on the lower income elderly population compared to the younger population.

Table 4.4 and Figure 4.7 show that prescription and non-prescription drugs also get exemptions from some states. Forty-six states allow for prescription drug exemptions, while only 13 allow for non-prescription drug exemptions, including Maryland, Pennsylvania and Virginia. Again, West Virginia does not offer sales tax exemption for non-prescription drugs which puts the state at a disadvantage in retiree attraction compared to the three neighboring states that offer exemptions.

4.3 Property Tax

Property taxes can be defined as a levy on wealth. There are many ways to classify wealth. There are three general categories: real property (land and improvements to land), personal property (a vehicle, boat, etc), and intangible property (financial assets, etc). From these categories, states break down property into different classes that carry different assessment ratios. These classes vary widely by state and are hard to summarize. How property is classified

⁵ Average tax rate is defined here as the share of tax burden in the federal adjusted gross income for an average household in a given income or age group.

can significantly affect how it is taxed, thus it is important to recognize these differences. At one extreme, some states have no classes, while some have more than ten. Generally, homes and farms receive the most favored treatment, while businesses and utilities catch fewer breaks. West Virginia has 4 classes all taxed at a 60 percent assessment ratio. For more information on specific state classes and assessment ratios, refer to NCSL (2002a).

Some states rely heavily on the property tax to raise tax revenue. With many different variations of property taxes across states, it can be hard to compare. One way is to look at the share of state and local property tax in total tax collection. Table 4.5 shows that West Virginia has a low share of 19.4 percent, along with Kentucky (18.3 percent) compared to its other neighbors Maryland (27.2 percent), Ohio (29.4 percent), Pennsylvania (29.0 percent) and Virginia (30.3 percent). West Virginia's property tax share of 19.4 percent is well below the U.S. average of 30.8 percent. New Hampshire has the highest property tax share with 60.3 percent.

4.4 Property Tax Relief Programs

There are many programs that states can use to decrease the property tax burden, as shown in Table 4.6. As of 2002, 48 states used homestead programs and 34 states used circuitbreaker programs. Deferral programs and property tax rate limits are also commonly used. Less commonly used are assessment limits, revenue rollbacks, expenditure limits, and property tax freezes. West Virginia uses homestead and circuitbreaker programs, and property tax rate limits in some counties.

4.4.1 Homestead Programs

There are a number of programs to relieve property tax burdens provided by the state. The most commonly used are homestead exemptions and credit programs mandated by the state. Only Missouri and North Dakota do not have a homestead program. Homestead exemptions programs work by exempting a certain amount of a home's value from taxation, and homestead credit programs involve providing direct rebates or reducing the property tax bill directly. The degree of relief provided depends on the individual state. Twelve states provide more relief to the elderly by giving a larger credit or exemption. West Virginia limits its homestead program to those 65 and older with no income limit. Delaware, Kentucky, and Virginia also limit their programs to the elderly.

4.4.2 Circuitbreaker Programs

Circuitbreaker programs were created to provide relief to renters and homeowners by providing a state-funded rebate if the property tax exceeds a certain percentage of the taxpayer's income. The amount of relief depends on both income and the property tax bill. The benefits are inversely proportional to income. Most states set income limits to qualify and maximum benefit amounts. Again many states, including West Virginia, restrict the program to the population 65 and older.

4.4.3 Deferral Programs

Property tax deferral programs allow the low-income elderly to defer payment of property taxes. Twenty-four states currently have deferral programs. Maryland, Pennsylvania, and Virginia all have deferral programs at the local level. West Virginia does not have a deferral program.

4.4.4 Rate Limit Programs

There are many creative ways of reducing the property tax burden. Many states use rate limits. There are many forms that tax rate limits can take. Property tax rate limit is one type that limits the overall tax payment to a certain percentage of the market value of the property. Assessment limits restrict how much property values may increase in a year for tax purposes. Revenue rollbacks require local governments to “roll back” mill levies when assessments grow by more than a certain percentage. Expenditure limits help to reduce property tax burdens by limiting local government spending. Property tax freezes stop an increase in property taxes when certain conditions are met.

4.5 Estate, Inheritance, and Gift (EIG) Taxes

Over the past twenty five years, states have eliminated their own state-level estate tax, relying on a pick-up tax from the federal government. The federal tax legislation is receiving widespread attention now because of President Bush’s federal estate tax elimination proposals. Conway and Rork (2004) noted that states are using tax incentives for interstate competition of the elderly population. State policymakers are worried that high EIG taxes will drive out the high income elderly into states with lower taxes. However, if states decide not enact their own EIG taxes, they are left to find other sources of revenue to make up for the loss.

Table 4.7 and Figure 4.8 show a comparison of the status of EIG taxes across states. Nine states had an inheritance tax, including Kentucky, Maryland, Pennsylvania, and Tennessee as of 2005. With the federal estate tax being phased out in the coming years, this has left many states to decide how to make up for the lost revenue. Some states such as Maryland, Ohio, Pennsylvania, and Virginia have decided to decouple from the federal pick-up tax, essentially resurrecting state level estates taxes. West Virginia has decided not to decouple. Thus, West Virginia will not have an estate tax when the federal estate tax is completely eliminated. The state also does not have a separate inheritance or gift taxes. This shows that West Virginia might have an edge over its neighbors in retiree attraction since EIG taxes in any form would not be favored by retirees.

5. Economic and Tax Revenue Impact of New Retiree Inflow to West Virginia from Other States

In this section, we provide an economic and revenue impact analysis for retiree inflow to West Virginia from other states. As mentioned earlier, the population 55 to 64 years old had mobility patterns similar to the young old group (people 65 to 74 years). Hence, it is useful to examine first the impacts from potential retirees in the 55-64 age group, which also includes a significant number of already retired individuals. Table 5.1 shows that economic impact produced by potential retirees in the 55-64 age group is substantial but the size of the impact depends considerably on the income level of the migrating retiree. A high-income retiree in-migrant with income \$70,000 or more is estimated to generate an economic impact that is more than three times that for a low-income retiree with income less than \$10,000. The difference is substantially stronger in the state tax revenue and property tax impact. A high-income retiree in-migrant with income \$70,000 or more is estimated to generate \$10,000 in state tax revenue, which is about fourteen times that for a low-income retiree with income less than \$10,000. The economic impact generated by retirees in the 65 and older age group is lower, particularly for the lower income groups. Table 5.2 shows that a high-income retiree in-migrant with income \$70,000 or more is estimated to generate an economic impact that is more than four times that for a low-income retiree with income less than \$10,000. The difference in the state tax revenue is also noteworthy. A high-income retiree in-migrant with income \$70,000 or more is estimated to generate \$10,000 in state tax revenue, which is about eighteen times that for a low-income retiree with income less than \$10,000. Retirees contribute substantially to the property tax revenue as well. On average, an in-migrating retiree pays \$750 in property tax revenue, which is substantially higher than per capita property tax collections of \$534 (Dubay and Hodge, 2006).

These economic impact results are comparable to impact estimates from other studies. For example, a study by Woods *et al.* (1997) on Arkansas, Oklahoma and Texas puts the employment impact of a retiree (or retiree household) in the range of 0.3-1.0. A Florida study by Sastry (1992) puts it at 0.41 and 0.69 for jobs per retiree and jobs per household, respectively. We find the average employment impact from a retiree in-migrant to be 0.6, which is similar to the estimates from these other studies.

6. Economic Impact of a West Virginia Retirement Community

“Retirement in style” is the phrase used by The Village at Heritage Point to describe the state of the art retirement community located in Morgantown, West Virginia. The Village is designed for senior adults, sixty-two and older, looking for an upscale and maintenance free community that offers a variety of amenities. The Village is not for profit, a service of Mon Elders Services, Inc., and is sponsored by Monongalia Health System, Inc.

The Village at Heritage Point consists of a residential section and, The Suites, the assisted living component, with a community area connecting both. The Village and The Suites both offer scheduled transportation, most utilities included in the monthly service fee, twenty-four hour security, individually controlled heat and air conditioning, and much more.

The residential section is a three-story building with ninety one-, and two-bedroom apartment homes. This residential package offers a variety of conveniences that includes one meal per day in the on site restaurant style dining room, housekeeping and flat laundry services twice a month, security, scheduled transportation, social and recreational activities, health and wellness programs, a twenty-four hour emergency call system, and priority access to assisted living and skilled nursing care. Residential living component offers four different floor plans, two each of one- and two-bedrooms. These private apartments offer fully equipped, all electric kitchens, wall to wall carpet and window coverings, individually controlled heating and air conditioning, washer and dryer in each apartment, balcony or patio, additional storage space, and complete fire protection.

The Suites at Heritage Point offers more care for those in need of assistance with activities of daily living. The staff offers a variety of care depending on each individual needs and requirements. The proximity of Monongalia General Hospital offers an extra measure of security and care. This assisted living package includes assistance with bathing, dressing, and medication administration, twenty-four hour nursing supervision, three meals per day, scheduled transportation, weekly housekeeping and laundry service, activities program, emergency call system, and twenty-four hour security. The Suites offers two floor plans, an alcove apartment and a one bedroom, with spacious bathrooms, kitchenette, individually controlled heating and air conditioning, complete sprinkler system, and wall to wall carpeting and window coverings.

In order to be considered as a resident at The Village at Heritage Point one must meet certain criteria regarding their financial status. Depending on the financial plan selected based on apartment size, design, and amount of care, one must have a certain amount of assets, before the required refundable deposit, and a certain amount of monthly income.⁶

Table 6.1 highlights the economic impact of The Village at Heritage Point on the West Virginia economy in fiscal year 2005 (July 1, 2004 to June 30, 2005). These economic impacts were estimated using financial statements from the retirement community and IMPLAN input-output modeling system. The impacts estimated using this modeling system are business volume, employment, employee compensation, and assorted state taxes. The direct impact refers to the

⁶ All information was obtained from Heritage Point through brochures and the website (<http://www.heritage-point.com>). Additional information can also be found at the above web address or by contacting 1-877-285-5575.

expenditure and employment of the retirement community, which leads to the indirect impact from additional generated expenditures and employment.

The total impact on business volumes was \$7,045,000 calculated in sales, with over half of these sales coming from the direct impact. Total number of jobs created was eighty three, and total employee compensation was \$2,319,000. Total assorted states taxes generated was \$198,000.

Employee Compensation Impact

Figure 6.1 breaks down the employee compensation by industry. Health and social services captured a significant portion (78 percent) of the compensation, while other services (professional, management, administrative and waste, education, arts, accommodation and food, and other) captured the second highest amount (8 percent). Retail trade received 3 percent of the total compensation to employees.

Employee Impact

Figure 6.2 shows the total jobs created broken down by industry. The industries that benefited the most are similar to that of the employee compensation. Health and social services captured the majority of the benefit, with 59 new jobs out of the total 83 created. Other services received 12 new jobs and retail trade added 4 new jobs.

Business Volume Impact

Figure 6.3 shows that business volume (or sales) follows a similar trend as employment and employee compensation, which should not be surprising given the nature of the business. Health and social services received 61 percent of the impact, 9 percent was captured by retail trade, and 8 percent by other services. Other industries worth noting are wholesale trade (7 percent) and manufacturing (3 percent).

7. Summary and Evaluation

This report examined the economic significance of the retiree population by focusing on their migration, spending and income patterns and also their economic and tax revenue impacts. Findings of the report show that West Virginia doesn't currently attract a lot of retirees. According to the 2000 U.S. Census, West Virginia lost retirees between 1995 and 2000 and had a negative net migration rate of -3.4%. The average net migration rate for states in the South Atlantic region was 30%. West Virginia only had a positive net migration rate of 1.6% in the 65-74 age group. West Virginia's retiree migration patterns were very similar to those of Kentucky. Among the neighboring states, the biggest gainer of retirees was Virginia, while the biggest net loser of retirees was Ohio. Hence, West Virginia doesn't come even close to the top three retiree migration destinations Nevada, Arizona, and Florida, which had net migration rates of 114.2%, 87.4%, and 56.9%, respectively during 1995-2000. Majority of out-of-state retirees that moved to West Virginia came from Ohio (18%), Maryland (14%), Florida (12%), Virginia (11%), and Pennsylvania (6%). On the other hand, a majority of West Virginia retirees went to Florida (22%), Ohio (18%), Virginia (12%), Maryland (8%), and North Carolina (6%).

A noteworthy difference in educational attainment of West Virginia retiree migrants is that in-migrants appear to have a higher share of those with graduate or professional degrees relative to non-migrants and out-migrants. The average income of West Virginia's retirees declines steadily from younger to older retiree groups. Retiree out-migrants (retirees leaving West Virginia) appear to have higher average income than those staying in or moving into West Virginia, except for the 85 and older group.

The 2003 Consumer Expenditure Survey shows that the share of health care and housing in total expenditures rise and the share of transportation falls with age. Housing expenditures rise significantly for the 85 and older age group, which could be due to shrinking income and persistent housing related payments, particularly the property tax.

Retirees are an important voting group. Voting statistics compiled by the U.S. Census show that the percentage shares of persons registered to vote and actually voted are highest for the 65 and older age group. The economics literature points to a possible generational conflict between retirees and working young on public spending programs, particularly education. While the evidence of such conflict from states is not very strong for now, it could possibly escalate to a critical level in the near future where younger generations may be hurt due to declining support for educational programs.

When West Virginia tax system is compared to its neighboring states, the State looks more attractive to retirees in terms of property and estate taxes and less attractive in terms of personal income and general sales taxes.

Economic impact produced by retirees is substantial but the size of the impact depends considerably on the income level of the migrating retiree. Higher income retirees would bring considerably higher economic and tax revenue impact compared to lower income retirees. Also, economic impacts are found to be larger for younger retirees.

These economic impact results are comparable to impact estimates from other studies. For example, the average employment impact from a retiree in-migrant is found to be 0.6, which is similar to estimates for Arkansas, Florida, Oklahoma and Texas.

While this report points to potentially large economic and revenue impacts from retirees, the use of state fiscal policy for retiree attraction should be researched more extensively. First, given the findings, state fiscal policy should target retirees that are at higher income levels to attain large economic and revenue impacts. Second, adopting such targeted state fiscal policy would be quite difficult and could generate significant political resistance. Third, revenue impact from retiree in-migrants should be weighed against government expenditure impacts since these retirees will necessitate infrastructure, health and other expenditures, which are costs to state government.

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Table 1.1 Population Projections for the U.S. and World Regions

Population Aged 65 and Older (% of total)								
Country	1950	2000	2005	2010	2020	2030	2040	2050
United States of America	8.3	12.3	12.3	12.8	15.9	19.2	19.8	20
World	5.2	6.9	7.3	7.6	9.4	11.8	14.2	15.9
More developed regions	7.9	14.3	15.3	15.9	19.2	22.7	24.8	25.9
Less developed regions	3.9	5.1	5.5	5.8	7.5	9.8	12.4	14.3
Least developed countries	3.3	3	3.1	3.2	3.6	4.2	5	6.4
Africa	3.2	3.2	3.3	3.5	3.9	4.6	5.3	6.8
Asia	4.1	5.9	6.4	6.8	8.8	11.5	14.8	16.8
Europe	8.2	14.7	15.9	16.3	19.3	23.3	26.1	27.9
Latin America and the Caribbean	3.7	5.5	6	6.5	8.5	11.5	14.7	18.2
Northern America	8.2	12.3	12.4	13	16.2	19.6	20.3	20.5
Oceania	7.3	9.8	10.1	10.7	13.3	16	17.9	19.1

Population Aged 15 to 64 (% of total)								
Country	1950	2000	2005	2010	2020	2030	2040	2050
United States of America	64.7	65.9	66.5	66.6	64.1	61.5	61.7	62.1
World	60.5	63	64.3	65.3	65.4	65.1	64.4	64
More developed regions	64.8	67.4	67.7	67.8	65	61.8	59.7	58.4
Less developed regions	58.5	61.9	63.6	64.8	65.5	65.7	65.2	64.9
Least developed countries	55.6	53.7	54.5	55.5	57.8	60.4	63.1	65.3
Africa	54.8	54.1	55.1	55.9	58	60.8	63.5	65.4
Asia	59.4	63.7	65.5	66.8	67.1	66.7	65.4	64.5
Europe	65.6	67.8	68.4	68.9	66.4	62.7	59.7	57.3
Latin America and the Caribbean	56.3	62.6	64.2	65.5	66.9	66.7	65.6	63.7
Northern America	64.6	66.1	66.8	67	64.3	61.5	61.5	61.8
Oceania	62.8	64.4	65.1	66	65.5	63.6	63	62.8

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2002 Revision, <http://esa.un.org/unpp>.

Table 3.1 Voting Statistics in November 2002, Total U.S. (in thousands)

Age	Total Population				
	Total	Reported Registered		Reported Voted	
		Number	Percent	Number	Percent
18 to 24 years	27,377	10,470	38.2	4,697	17.2
25 to 34 years	38,512	19,339	50.2	10,450	27.1
35 to 44 years	43,716	26,214	60.0	17,569	40.2
45 to 54 years	40,043	27,006	67.4	20,088	50.2
55 to 64 years	26,881	19,424	72.3	15,432	57.4
65 to 74 years	17,967	13,681	76.1	11,339	63.1
75 to 84 years	12,287	9,446	76.9	7,600	61.9
18 years and over	210,421	128,154	60.9	88,903	42.3
65 year and over	30,254	23,127	76.4	18,939	62.6
85 year and over	3,640	2,573	70.7	1,729	47.5
75 years and over	15,925	12,020	75.5	9,328	58.6

Source: U.S. Census Bureau, Current Population Survey, November 2002.

Table 3.2 Voting Statistics in November 2002, West Virginia and Neighboring States

State	Total Population (in thousands)			
	Reported Number	Registered Percent	Reported Number	Voted Percent
UNITED STATES				
18 to 24	10,470	38.2	4,697	17.2
25 to 44	45,553	55.4	28,019	34.1
45 to 64	46,430	69.4	35,521	53.1
65 to 74	13,681	76.1	11,339	63.1
65+	25,701	75.8	20,667	61.0
75+	12,020	75.5	9,328	58.6
KENTUCKY				
18 to 24	147	43.6	71	21.2
25 to 44	698	63.9	428	39.2
45 to 64	726	71.9	542	53.6
65 to 74	253	80.5	196	62.4
65+	447	77.9	326	56.8
75+	194	74.6	130	50.0
MARYLAND				
18 to 24	174	41.7	81	19.5
25 to 44	761	51.8	544	37.0
45 to 64	943	69.7	762	56.4
65 to 74	263	73.7	232	65.1
65+	500	73.0	439	64.1
75+	237	72.4	207	63.1
OHIO				
18 to 24	497	43.5	209	18.3
25 to 44	1,876	59.5	1,134	36.0
45 to 64	2,084	70.3	1,495	50.4
65 to 74	574	78.6	475	64.9
65+	1,031	76.4	815	60.4
75+	457	74.0	340	55.0
PENNSYLVANIA				
18 to 24	467	37.5	196	15.8
25 to 44	1,970	60.4	1,206	37.0
45 to 64	1,970	66.0	1,444	48.4
65 to 74	6,790	71.0	552	57.7
65+	1,354	70.8	1,079	56.4
75+	675	70.6	527	55.1
VIRGINIA				
18 to 24	231	37.2	81	13.0
25 to 44	1,182	56.9	590	28.4
45 to 64	1,099	63.7	765	44.4
65 to 74	318	72.2	243	55.2
65+	551	71.3	371	48.0
75+	233	70.2	128	38.6
WEST VIRGINIA				
18 to 24	67	41.5	21	13.1
25 to 44	243	52.4	125	27.0
45 to 64	346	68.2	239	47.1
65 to 74	98	71.3	73	53.0
65+	171	69.2	122	49.4
75+	73	67.4	49	44.7

Source: U.S. Census Bureau, Current Population Survey, November 2002.

Table 4.1. Total Tax Collections By State, 2004

State	Total		Percent Of Total		Rank by per capita	Rank by % personal income
	Collected (1000s \$)	Taxes Per Capita (\$)	Taxes	Per Personal Income		
Alabama	7,018,242	1,549	5.61		46	40
Alaska	1,288,164	1,967	5.77		25	37
Arizona	9,606,318	1,672	5.85		41	34
Arkansas	5,580,678	2,027	7.88		23	8
California	85,721,483	2,388	6.79		9	15
Colorado	7,051,457	1,533	4.24		48	49
Connecticut	10,291,289	2,937	6.45		3	22
Delaware	2,375,482	2,862	8.24		5	4
Florida	30,767,561	1,769	5.62		35	38
Georgia	14,570,573	1,650	5.49		42	43
Hawaii	3,849,135	3,048	9.35		1	1
Idaho	2,647,790	1,901	7.08		32	14
Illinois	25,490,593	2,005	5.77		24	36
Indiana	11,957,470	1,917	6.38		30	25
Iowa	5,133,126	1,738	5.61		39	39
Kansas	5,283,676	1,931	6.23		29	28
Kentucky	8,463,400	2,041	7.52		21	9
Louisiana	8,025,507	1,777	6.53		34	19
Maine	2,896,759	2,200	7.34		16	11
Maryland	12,314,799	2,216	5.59		15	41
Massachusetts	16,698,723	2,602	6.18		7	30
Michigan	24,061,065	2,379	7.42		11	10
Minnesota	14,734,921	2,889	7.99		4	7
Mississippi	5,124,730	1,765	7.24		36	12
Missouri	9,119,664	1,585	5.19		45	46
Montana	1,625,692	1,754	6.34		37	26
Nebraska	3,639,811	2,083	6.45		18	23
Nevada	4,738,877	2,030	6.01		22	32
New Hampshire	2,005,389	1,543	4.21		47	50
New Jersey	20,981,428	2,412	5.79		8	35
New Mexico	4,001,780	2,103	8.04		17	6
New York	45,833,652	2,384	6.22		10	29
North Carolina	16,576,316	1,941	6.62		27	17
North Dakota	1,228,890	1,938	6.62		28	16
Ohio	22,475,528	1,961	6.30		26	27
Oklahoma	6,426,713	1,824	6.56		33	18
Oregon	6,103,071	1,698	5.55		40	42
Pennsylvania	25,346,869	2,043	6.14		20	31
Rhode Island	2,408,861	2,228	6.52		14	20
South Carolina	6,803,568	1,621	5.97		43	33
South Dakota	1,062,722	1,378	4.50		49	47
Tennessee	9,536,031	1,616	5.42		44	44
Texas	30,751,860	1,367	4.45		50	48
Utah	4,189,172	1,754	6.51		38	21
Vermont	1,766,719	2,845	8.96		6	2
Virginia	14,233,065	1,908	5.27		31	45
Washington	13,895,346	2,240	6.40		13	24
West Virginia	3,749,013	2,066	8.04		19	5
Wisconsin	12,531,098	2,275	7.09		12	13
Wyoming	1,504,777	2,968	8.69		2	3
United States	593,488,853	2,025	6.12			

Source: U.S. Census Bureau, Government Finance Statistics.

Table 4.2 State Personal Income Tax Rates, Brackets and Exemptions (As of January 2005)

State	No Income Tax	Tax Rate (%)		# of Brackets	Income Brackets		Personal Exemptions		
		Low	High		Low	High	Single	Married	Child
Alabama		2.0	5.0	3	500	3,000	1,500	3,000	300
Alaska	✓								
Arizona		2.9	5.0	5	10,000	150,000	2,100	4,200	2,300
Arkansas		1.0	7.0	6	3,999	28,500	20	40	20
California		1.0	9.3	6	6,147	40,346	85	170	251
Colorado		4.6	4.6	1					
Connecticut		3.0	5.0	2	10,000	10,000	12,750	24,500	0
Delaware		2.2	6.0	6	5,000	60,000	110	220	110
District of Columbia		5.0	9.3	3	10,000	30,000	1,370	2,740	1370
Florida	✓								
Georgia		1.0	6.0	6	750	7,000	2,700	5,400	2,700
Hawaii		1.4	8.3	9	2,000	40,000	1,040	2,080	1,040
Idaho		1.6	7.8	8	1,129	22,577	3,100	6,200	3,100
Illinois		3.0	3.0	1			2,000	4,000	2,000
Indiana		3.4	3.4	1			1,000	2,000	1,000
Iowa		0.4	9.0	9	1,242	58,890	40	80	40
Kansas		3.5	6.5	3	15,000	30,000	2,250	4,500	2,250
Kentucky		2.0	6.0	5	3,000	8,000	20	40	20
Louisiana		2.0	6.0	3	12,500	25,000	4,500	9,000	1,000
Maine		2.0	8.5	4	4,250	17,350	4,700	7,850	1,000
Maryland		2.0	4.8	4	1,000	3,000	2,400	4,800	2,400
Massachusetts		5.3	5.3	1			3,300	6,600	1,000
Michigan		3.9	3.9	1			3,100	6,200	3,100
Minnesota		5.4	7.9	3	19,890	63,350	3,100	6,200	3,100
Mississippi		3.0	5.0	3	5,000	10,000	6,000	12,000	1,500
Missouri		1.5	6.0	10	1,000	9,000	2,100	4,200	2,100
Montana		2.0	6.9	7	2,300	13,900	1,740	3,480	1,740
Nebraska		2.6	6.8	4	2,400	26,500	94	188	94
Nevada	✓								
New Hampshire		Limited to Dividends and Interest Income (5%)							
New Jersey		1.4	6.4	6	20,000	75,000	1,000	2,000	1,500
New Mexico		1.7	6.0	5	5,500	16,000	3,100	6,200	3,100
New York		4.0	7.7	7	8,000	500,000	0	0	1,000
North Carolina		6.0	8.3	4	12,750	120,000	3,100	6,200	3,100
North Dakota		2.1	5.5	5	29,050	319,100	3,100	6,200	3,100
Ohio		0.7	7.5	9	5,000	200,000	1,200	2,400	1,200
Oklahoma		0.5	6.7	8	1,000	10,000	1,000	2,000	1,000
Oregon		5.0	9.0	3	2,600	6,500	151	302	151
Pennsylvania		3.1	3.1	1					
Rhode Island		25% of Federal Tax Rate							
South Carolina		2.5	7.0	6	2,460	12,300	3,100	6,200	3,100
South Dakota	✓								
Tennessee		Limited to Dividends and Interest Income							
Texas	✓								
Utah		2.3	7.0	6	863	4,313	2,325	4,650	2,325
Vermont		3.6	9.5	5	29,900	326,450	3,100	6,200	3,100
Virginia		2.0	5.8	4	3,000	17,000	800	1,600	800
Washington	✓								
West Virginia		3.0	6.5	5	10,000	60,000	2,000	4,000	2,000
Wisconsin		4.6	6.8	4	8,840	132,580	700	1,400	400
Wyoming	✓								

Source: Federation of Tax Administrators (www.taxadmin.org) and State Tax Handbook, CCH (2005).

Table 4.3 State Income Tax Treatment of Social Security and Benefits, 2000 (single filers)

State	Social Security Exemption	Private Exemption	Military Exemption	Federal Exemption	State/Local Exemption	Age Mimumum?
Alabama	Yes	Full	Full	Full	Full	No
Alaska	N/A	N/A	N/A	N/A	N/A	N/A
Arizona	Yes	None	2,500	2,500	2,500	No
Arkansas	Yes	6,000	6,000	6,000	6,000	No
California	Yes	None	None	None	Non	N/A
Colorado	No	24,000	24,000	24,000	24,000	Yes
Connecticut	No	None	None	None	Non	N/A
Delaware	Yes	12,500	12,500	12,500	12,500	Yes
District of Columbia	Yes	None	3,000	3,000	3,000	Yes
Florida	N/A	N/A	N/A	N/A	N/A	N/A
Georgia	Yes	14,000	14,000	14,000	14,000	Yes
Hawaii	Yes	Part	Full	Full	Full	No
Idaho	Yes	None	17,196	17,196	17,196	Yes
Illinois	Yes	Full	Full	Full	Full	No
Indiana	Yes	None	2,000	2,000	None	Yes
Iowa	No	5,000	5,000	5,000	5,000	Yes
Kansas	No	None	Full	Full	Full	No
Kentucky	Yes	36,414	Part	Part	Part	No
Louisiana	Yes	6,000	Full	Full	Full	Yes
Maine	Yes	6,000	6,000	6,000	6,000	No
Maryland	Yes	16,500	19,000	16,500	16,500	Yes
Massachusetts	Yes	None	Full	Full	Full	No
Michigan	Yes	34,920	Full	Full	Full	No
Minnesota	Yes	Part	Part	Part	Part	Yes
Mississippi	Yes	Full	Full	Full	Full	No
Missouri	No	4,000	6,000	6,000	6,000	No
Montana	No	3,600	3,600	3,600	3,600	No
Nebraska	No	None	None	None	None	N/A
Nevada	N/A	N/A	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A
New Jersey	Yes	9,375	Full	9,375	9,375	Yes
New Mexico	No	Part	Part	Part	Part	Yes
New York	Yes	20,000	Full	Full	Full	Yes
North Carolina	Yes	2,000	4,000	4,000	4,000	No
North Dakota	No	None	5,000	5,000	None	Yes
Ohio	Yes	Part	Part	Part	Part	No
Oklahoma	Yes	4,400	5,500	5,500	5,500	Yes
Oregon	Yes	Part	Part	Part	Part	No
Pennsylvania	Yes	Full	Full	Full	Full	Yes
Rhode Island	No	None	None	None	None	N/A
South Carolina	Yes	10,000	10,000	10,000	10,000	Yes
South Dakota	N/A	N/A	N/A	N/A	N/A	N/A
Tennessee	N/A	N/A	N/A	N/A	N/A	N/A
Texas	N/A	N/A	N/A	N/A	N/A	N/A
Utah	No	7,500	7,500	7,500	7,500	Yes
Vermont	No	None	None	None	None	N/A
Virginia	Yes	Part	Part	Part	Part	Yes
Washington	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	No	None	2,000	2,000	2,000	No
Wisconsin	No	None	None	None	None	No
Wyoming	N/A	N/A	N/A	N/A	N/A	N/A

Source: Federation of Tax Administrators (www.taxadmin.org).

Table 4.4 State General Sales Tax Rates by U.S. States (As of January 2005)

State	Tax Rate Percent	Food Exemption	Prescription Drugs Exemption	Non-Prescription Drugs Exemption
Alabama	4.0		*	
Alaska	0.0			
Arizona	5.6	*	*	
Arkansas	6.0		*	
California	7.3	*	*	
Colorado	2.9	*	*	
Connecticut	6.0	*	*	*
Delaware	0.0			
District of Columbia	5.8	*	*	*
Florida	6.0	*	*	*
Georgia	4.0	*	*	
Hawaii	4.0		*	
Idaho	6.0		*	
Illinois	6.3	1.0	1.0	1.0
Indiana	6.0	*	*	
Iowa	5.0	*	*	
Kansas	5.3		*	
Kentucky	6.0	*	*	
Louisiana	4.0	*	*	
Maine	5.0	*	*	
Maryland	5.0	*	*	*
Massachusetts	5.0	*	*	
Michigan	6.0	*	*	
Minnesota	6.5	*	*	*
Mississippi	7.0		*	
Missouri	4.2	1.2	*	
Montana	0.0			
Nebraska	5.5	*	*	
Nevada	6.5	*	*	
New Hampshire	0.0			
New Jersey	6.0	*	*	*
New Mexico	5.0	*	*	
New York	4.3	*	*	*
North Carolina	4.5	*	*	
North Dakota	5.0	*	*	
Ohio	6.0	*	*	
Oklahoma	4.5		*	
Oregon	0.0			
Pennsylvania	6.0	*	*	*
Rhode Island	7.0	*	*	*
South Carolina	5.0		*	
South Dakota	4.0		*	
Tennessee	7.0	6	*	
Texas	6.3	*	*	*
Utah	4.8		*	
Vermont	6.0	*	*	*
Virginia	5.0	4.0	*	*
Washington	6.5	*	*	
West Virginia	6.0		*	
Wisconsin	5.0	*	*	
Wyoming	4.0		*	

Source: Federation of Tax Administrators (www.taxadmin.org).

Table 4.5 Comparison of State and Local Property Taxes, 2002

State	Percent of Total Tax Collection (2002)
Alabama	15.2
Alaska	40.1
Arizona	29.5
Arkansas	15.5
California	25.1
Colorado	29.9
Connecticut	39.6
Delaware	14.9
Florida	35.1
Georgia	27.6
Hawaii	14.5
Idaho	29.1
Illinois	38.2
Indiana	35.2
Iowa	34.5
Kansas	31.7
Kentucky	18.3
Louisiana	15.9
Maine	42.1
Maryland	27.2
Massachusetts	36.5
Michigan	32
Minnesota	28.3
Mississippi	25.2
Missouri	25.7
Montana	39.9
Nebraska	32.9
Nevada	26.5
New Hampshire	60.3
New Jersey	46.3
New Mexico	15.5
New York	30.2
North Carolina	24
North Dakota	30.8
Ohio	29.4
Oklahoma	16.9
Oregon	34.9
Pennsylvania	29
Rhode Island	40.4
South Carolina	31.8
South Dakota	36.3
Tennessee	26.6
Texas	41.6
Utah	23.6
Vermont	41.9
Virginia	30.3
Washington	29.7
West Virginia	19.4
Wisconsin	34.7
Wyoming	38.1
United States	30.8

Source: U.S. Census Bureau and Federation of Tax Administrators (www.taxadmin.org).

Table 4.6 Comparison of Property Tax Relief and Restrictions Programs By State, 2002

State	Homestead Programs	Circuitbreaker Program	Deferral Program	Property Tax Rate Limits	Assessment Limits	Revenue Rollbacks	Expenditure Limits	Property Tax Freeze	Total Programs
Alabama	Yes			Yes	Yes				3
Alaska	Yes	Yes		Yes					3
Arizona	Yes	Yes	Yes	Yes	Yes		Yes	Yes	7
Arkansas	Yes			Yes	Yes	Yes		Yes	5
California	Yes	Yes	Yes	Yes	Yes		Yes		6
Colorado	Yes	Yes	Yes	Yes			Yes		5
Connecticut	Yes	Yes						Yes	3
Delaware	L					Yes			2
District of Columbia	Yes	Yes	Yes						3
Florida	Yes		Yes	Yes	Yes	Yes			5
Georgia	Yes		Yes		L				3
Hawaii	Yes	Yes							2
Idaho	Yes	Yes		Yes					3
Illinois	Yes	Yes	Yes	Yes	Yes			Yes	6
Indiana	Yes			Yes					2
Iowa	Yes	Yes	Yes	Yes	Yes		Yes		6
Kansas	Yes	Yes		s		Yes	Yes		5
Kentucky	Yes			Yes		Yes			3
Louisiana	Yes			Yes		Yes		Yes	4
Maine	Yes	Yes	Yes						3
Maryland	Yes	Yes	L		Yes				4
Massachusetts	Yes	Yes	Yes	Yes					4
Michigan	Yes	Yes	Yes	Yes	Yes	Yes			6
Minnesota	Yes	Yes	Yes	Yes					4

L- Local Option

a- selected counties

s- school districts

m- municipalities

Source: National Conference of State Legislatures NCSL (2002b).

Table 4.6 cont'd.

State	Homestead Programs	Circuitbreaker Program	Deferral Program	Property Tax Rate Limits	Assessment Limits	Revenue Rollbacks	Expenditure Limits	Property Tax Freeze	Total Programs
Mississippi	Yes			Yes					2
Missouri		Yes		Yes		Yes			3
Montana	Yes	Yes		Yes		Yes			4
Nebraska	Yes			Yes			Yes		3
Nevada	Yes	Yes		Yes	Yes				4
New Hampshire	Yes		L						2
New Jersey	Yes	Yes			Yes		m	Yes	5
New Mexico	Yes	Yes		Yes	Yes				4
New York	Yes	Yes		Yes	a				4
North Carolina	Yes			Yes					2
North Dakota		Yes	Yes	Yes					3
Ohio	Yes			Yes		Yes			3
Oklahoma	Yes	Yes		Yes	Yes			Yes	5
Oregon	Yes	Yes	Yes	Yes	Yes				5
Pennsylvania	L	Yes	L	Yes					4
Rhode Island	Yes	Yes		Yes				L	4
South Carolina	Yes				Yes	Yes			3
South Dakota	Yes	Yes	Yes	Yes		Yes		Yes	6
Tennessee	Yes		L					L	3
Texas	Yes		Yes	Yes	Yes	Yes		s	6
Utah	Yes	Yes	L	Yes					4
Vermont	Yes	Yes							2
Virginia	Yes		L			Yes			3
Washington	Yes	Yes	Yes	Yes	Yes	Yes		Yes	7
West Virginia	Yes	Yes		Yes					3
Wisconsin	Yes	Yes	Yes	a			L		5
Wyoming	Yes	Yes	Yes	Yes					4

L- Local Option

a- selected counties

s- school districts

m- municipalities

Source: National Conference of State Legislatures NCSL (2002b).

Table 4.7 Status of State Estate, Inheritance and Gift Taxes, 2005

State	Estate Tax	Inheritance Tax	Gift Tax	Decoupling
Alabama	Pick Up Tax			
Alaska	Pick Up Tax			
Arizona	Pick Up Tax			
Arkansas	Pick Up Tax			
California	Pick Up Tax			
Colorado	Pick Up Tax			
Connecticut	Pick Up Tax			
Delaware	Pick Up Tax			
District of Columbia	Pick Up Tax			Yes
Florida	Pick Up Tax			
Georgia	Pick Up Tax			
Hawaii	Pick Up Tax			
Idaho	Pick Up Tax			
Illinois	Pick Up Tax			Yes
Indiana	Pick Up Tax	1%-20%		
Iowa	Pick Up Tax	5%-15%		
Kansas	Succession Tax			Yes
Kentucky	Pick Up Tax	4%-16%		
Louisiana	Pick Up Tax	2%-10%	2%-3%	
Maine	Pick Up Tax			Yes
Maryland	Pick Up Tax	10%		Yes
Massachusetts	Pick Up Tax			Yes
Michigan	Pick Up Tax			
Minnesota	Pick Up Tax			Yes
Mississippi	Pick Up Tax			
Missouri	Pick Up Tax			
Montana	Pick Up Tax			
Nebraska	Pick Up Tax	1%-18%		Yes
Nevada	Pick Up Tax			
New Hampshire	Pick Up Tax			
New Jersey	Pick Up Tax	11%-16%		Yes
New Mexico	Pick Up Tax			
New York	Pick Up Tax			Yes
North Carolina	Pick Up Tax			Yes
North Dakota	Pick Up Tax			
Ohio	Pick Up Tax			Yes
Oklahoma	Pick Up Tax			Yes
Oregon	Pick Up Tax			Yes
Pennsylvania	Pick Up Tax	4.5%-15%		Yes
Rhode Island	Pick Up Tax			Yes
South Carolina	Pick Up Tax			
South Dakota	Pick Up Tax			
Tennessee	Pick Up Tax	5.5%-9.5%		
Texas	Pick Up Tax			
Utah	Pick Up Tax			
Vermont	Pick Up Tax			Yes
Virginia	Pick Up Tax			Yes
Washington	Pick Up Tax			Yes
West Virginia	Pick Up Tax			
Wisconsin	Pick Up Tax			Yes
Wyoming	Pick Up Tax			

Source: Conway and Rork (2004) and State Tax Handbook, CCH (2005).

Table 5.1
Economic Impact of an Immigrant in the Age Group 55-64 by Different Income Groups
West Virginia Economy, FY2005

Income Groups (income brackets in dollars)

Type of Impact	Total Average	0-10K	10-15K	15-20K	20-30K	30-40K	40-50K	50-70K	70K+
Business Volume (Sales)	\$69,000	\$35,000	\$36,000	\$40,000	\$46,000	\$58,000	\$63,000	\$75,000	\$114,000
Employment per Year (Jobs)	0.7	0.4	0.4	0.4	0.5	0.6	0.7	0.8	1.3
Employee Compensation	\$14,000	\$7,000	\$7,000	\$8,000	\$9,000	\$12,000	\$13,000	\$15,000	\$24,000
Value Added	\$29,000	\$15,000	\$15,000	\$17,000	\$20,000	\$24,000	\$26,000	\$32,000	\$48,000
Assorted State Taxes	\$2,000	\$700	\$1,000	\$1,200	\$2,000	\$2,400	\$3,000	\$4,000	\$10,000
Property Tax	\$940	\$340	\$470	\$400	\$560	\$650	\$740	\$940	\$1,650

Notes: Employment is reported in average annual jobs. Totals may not sum due to rounding.
 Assorted state taxes include personal income tax, consumer sales tax, corporate net income and business franchise taxes, state business & occupation tax and severance tax.

Table 5.2
Economic Impact of an In-migrant in the Age Group 65 and Older by Different Income Groups
West Virginia Economy, FY2005

Income Groups (income brackets in dollars)

Type of Impact	Total Average	0-10K	10-15K	15-20K	20-30K	30-40K	40-50K	50-70K	70K
Business Volume (Sales)	\$49,000	\$27,000	\$32,000	\$40,000	\$51,000	\$59,000	\$62,000	\$77,000	\$112,000
Employment per Year (Jobs)	0.6	0.3	0.3	0.4	0.6	0.7	0.7	0.8	1.3
Employee Compensation	\$10,000	\$5,000	\$6,000	\$8,000	\$11,000	\$13,000	\$13,000	\$16,000	\$25,000
Value Added	\$21,000	\$12,000	\$14,000	\$17,000	\$22,000	\$25,000	\$26,000	\$32,000	\$48,000
Assorted State Taxes	\$1,400	\$560	\$700	\$960	\$1,000	\$2,000	\$2,000	\$4,000	\$10,000
Property Tax	\$750	\$430	\$460	\$680	\$700	\$800	\$900	\$1,000	\$1,600

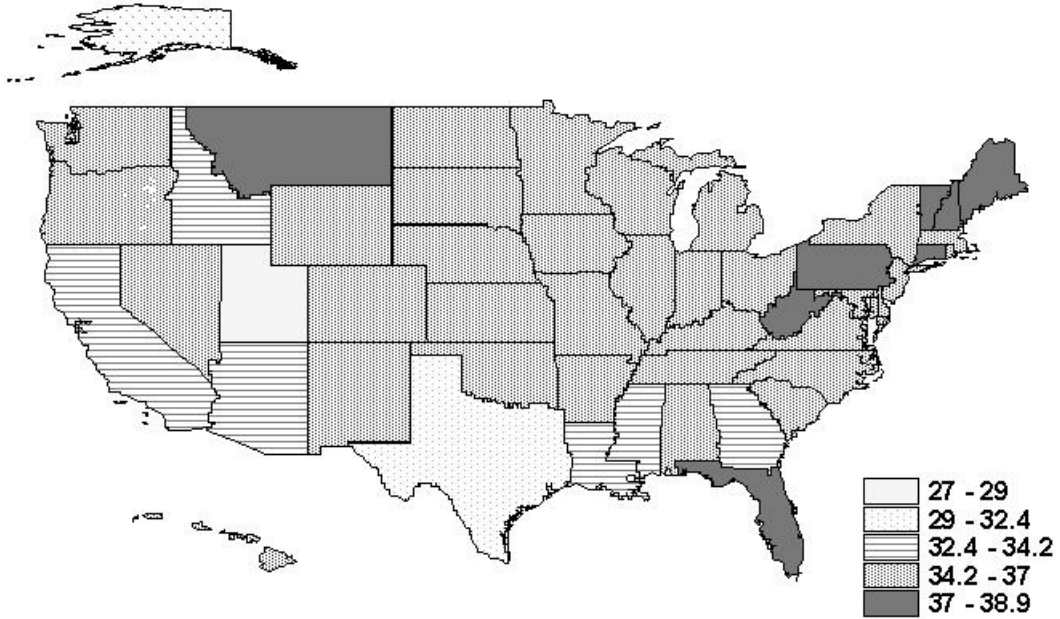
Notes: Employment is reported in average annual jobs. Totals may not sum due to rounding.
 Assorted state taxes include personal income tax, consumer sales tax, corporate net income and business franchise taxes, state business & occupation tax and severance tax.

Table 6.1
Economic Impact of a Retirement Community
West Virginia Economy, FY2005

Type of Impact	Direct Impact	Indirect and Induced Impact	Total Impact
Business Volume (Sales)	\$4,106,000	\$2,939,000	\$7,045,000
Employment per Year (Jobs)	56	27	83
Employee Compensation	\$1,714,000	\$605,000	\$2,319,000
Assorted State Taxes	\$125,000	\$73,000	\$198,000

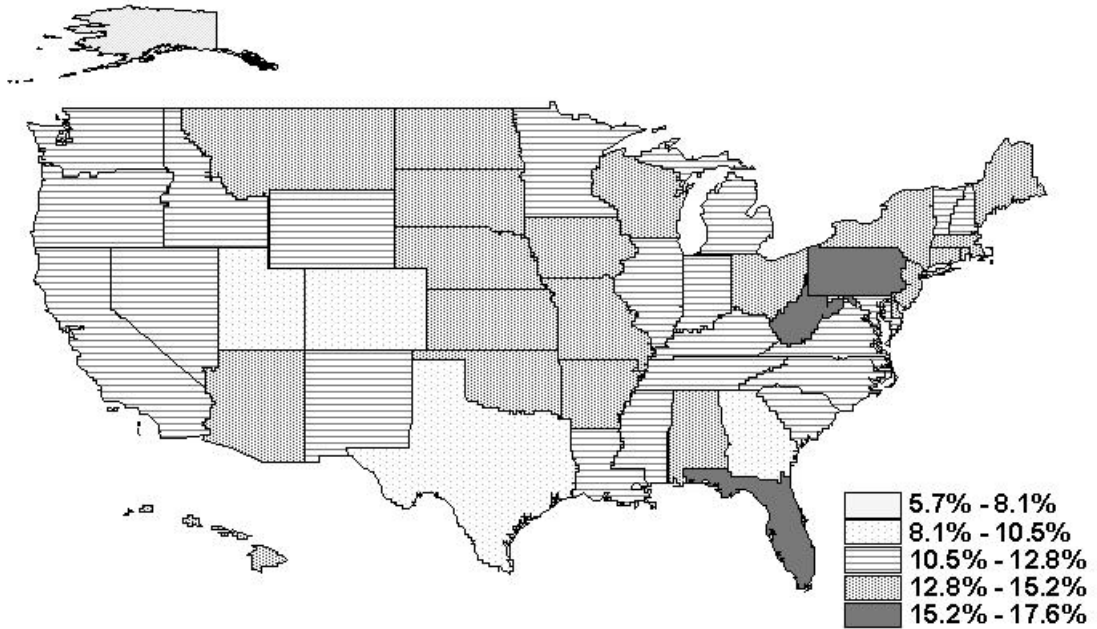
Notes: Employment is reported in average annual jobs. Totals may not sum due to rounding.
 Assorted state taxes include personal income tax, consumer sales tax, corporate net income and business franchise taxes, state business & occupation tax and severance tax.

Figure 1.1: Median Age of Population in the United States in 2000



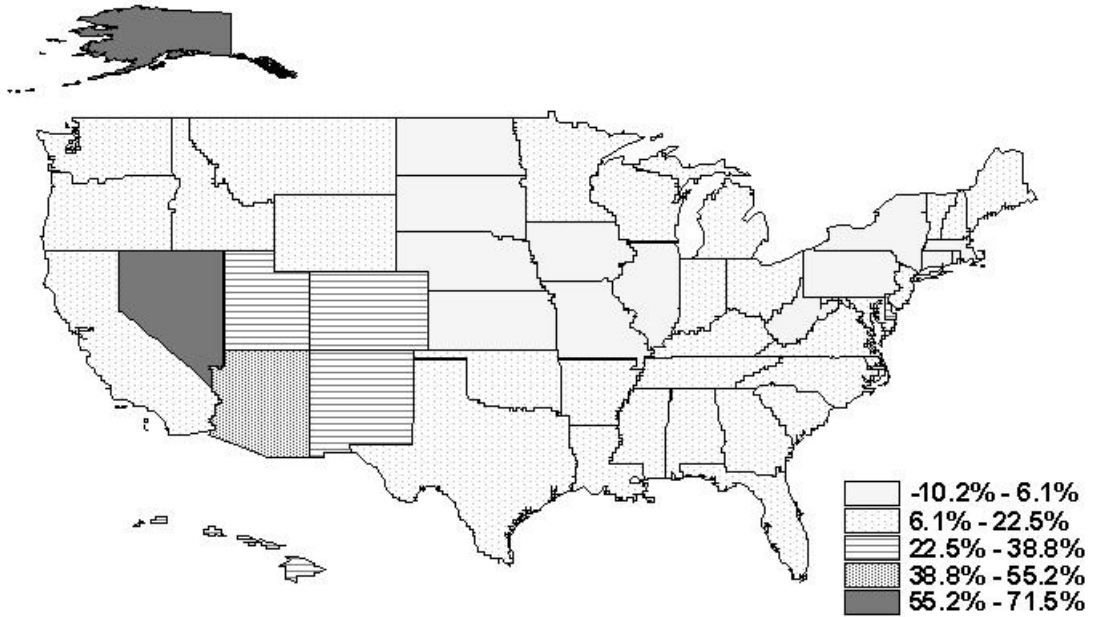
Source: U.S. Census Bureau.

Figure 1.2: Percentage of Population 65 Years and Older in the United States (2000)



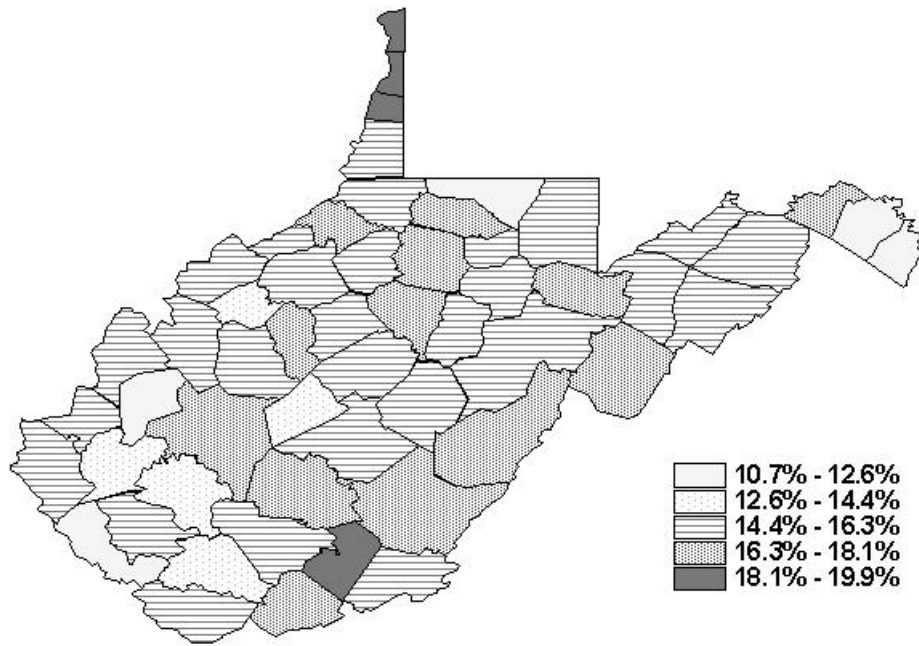
Source: U.S. Census Bureau.

Figure 1.3: Percent Change in Population 65 and Older in the United States between 1990 and 2000.



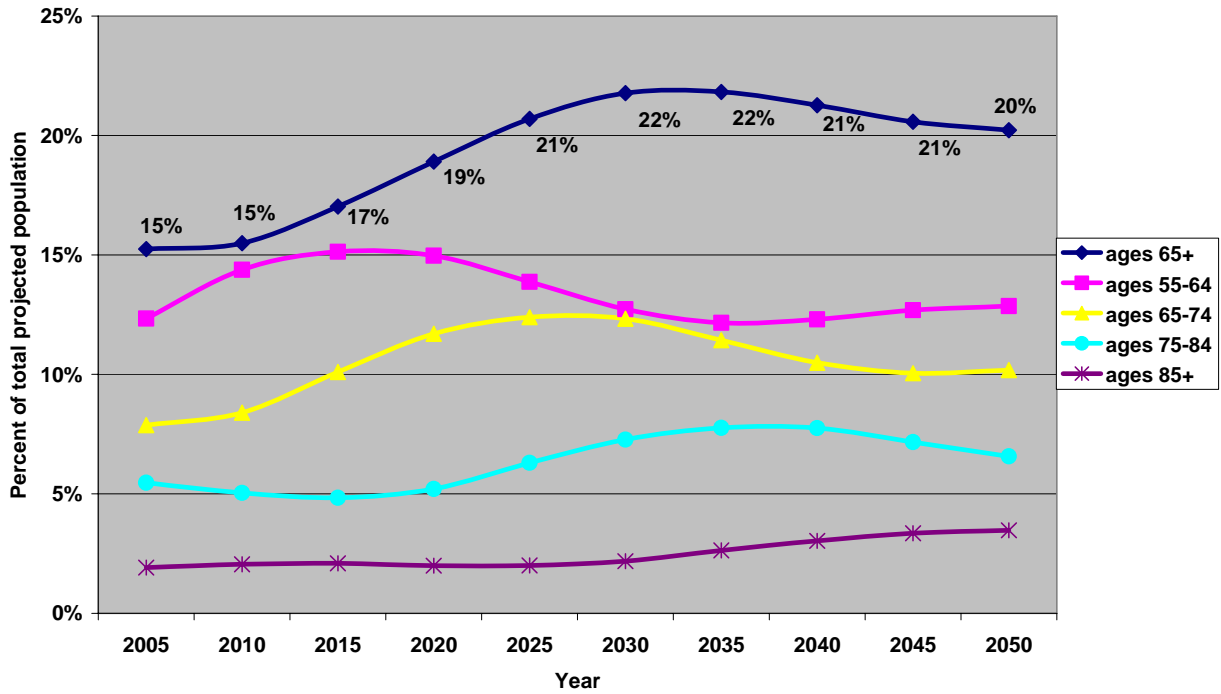
Source: U.S. Census Bureau.

Figure 2.1: Percentage of Population 65 and Older in West Virginia Counties (2000)



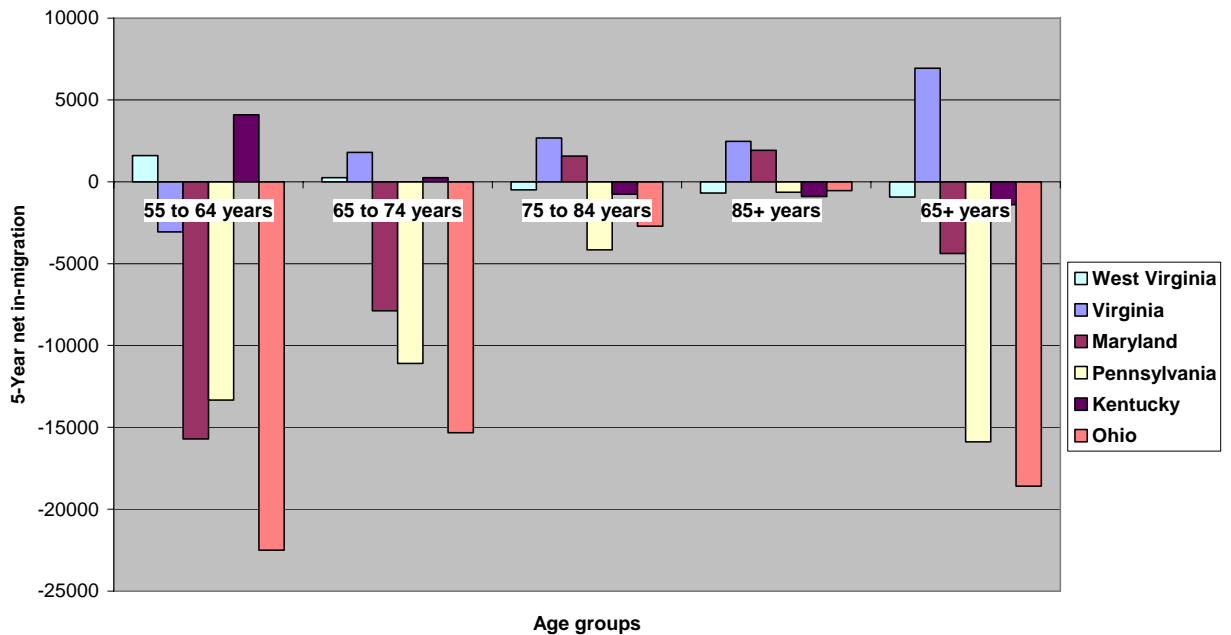
Source: U.S. Census Bureau.

Figure 2.2: Projections of Retiree Age Groups as Shares of Total West Virginia Population, 2005-2050



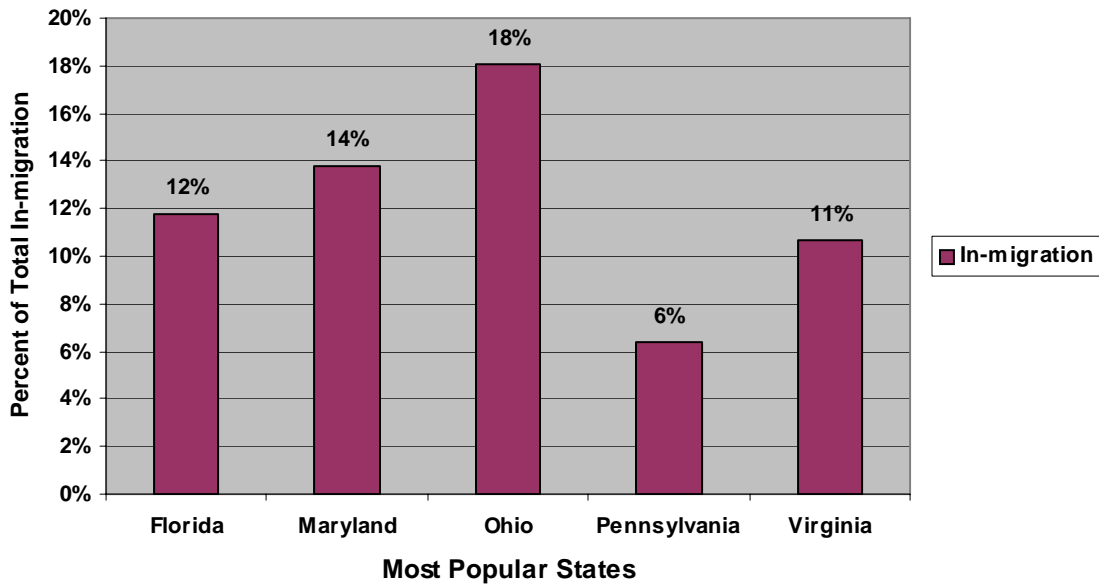
Source: U.S. Census Bureau.

Figure 2.3: Net Retiree Immigration in West Virginia and its Neighbors by Age Groups, 1995-2000



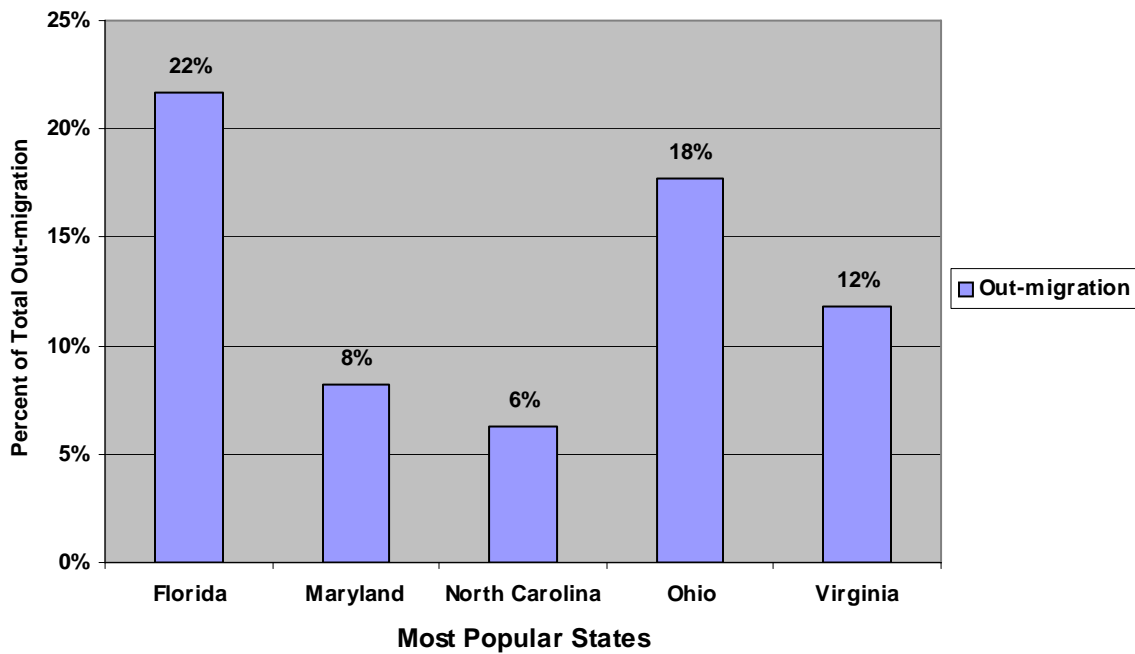
Source: U.S. Census Bureau.

Figure 2.4: In-migration of Retirees 65 and Older to West Virginia by Destination, 1995-2000



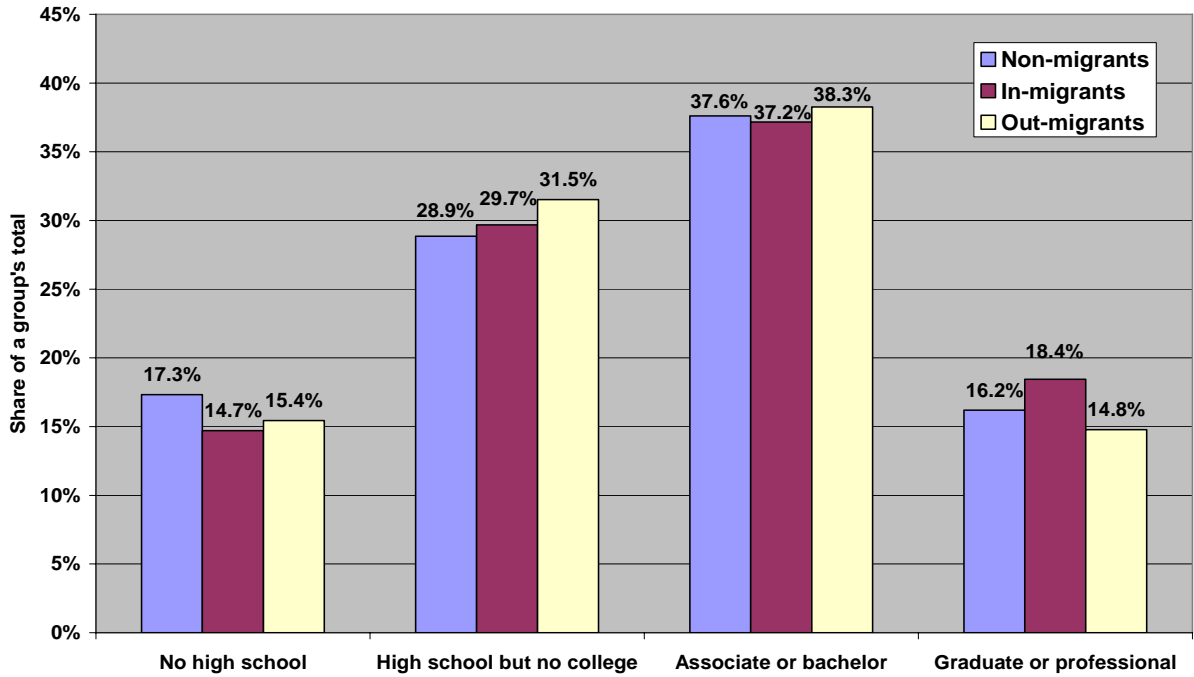
Source: U.S. Census Bureau.

Figure 2.5: Out-migration of Retirees 65 and Older from West Virginia by Destination, 1995-2000



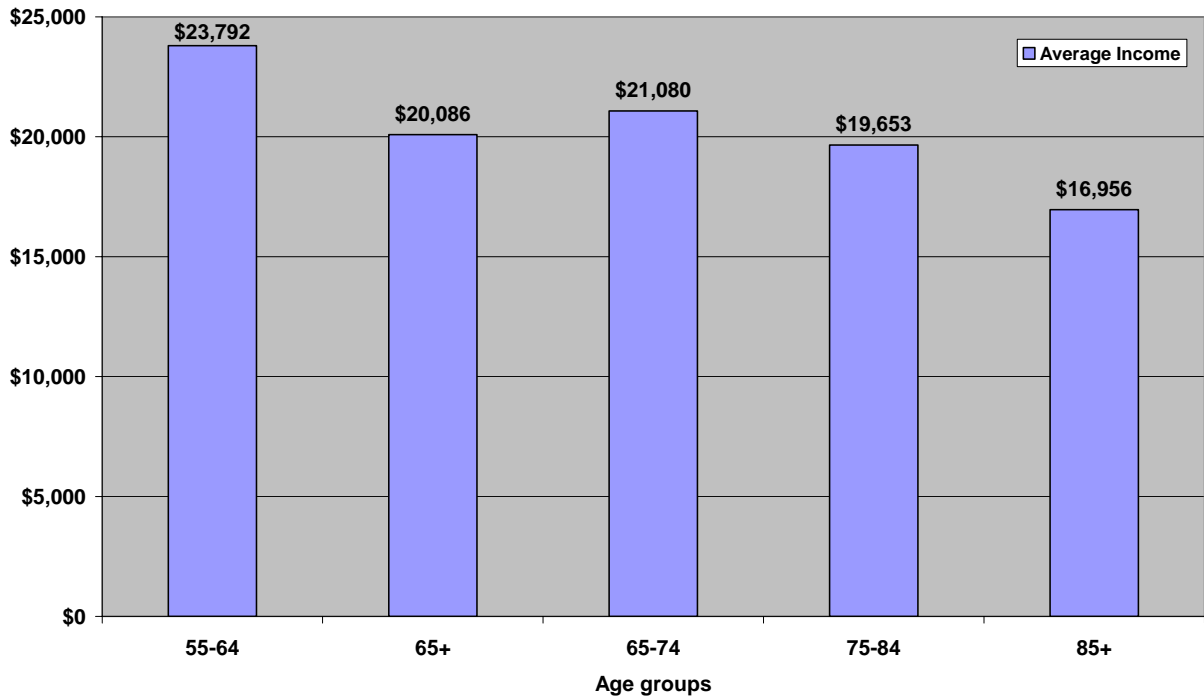
Source: U.S. Census Bureau.

Figure 2.6: Educational Attainment of West Virginia's Retiree Migrants and Non-Migrants 65 and Older, 1995-2000



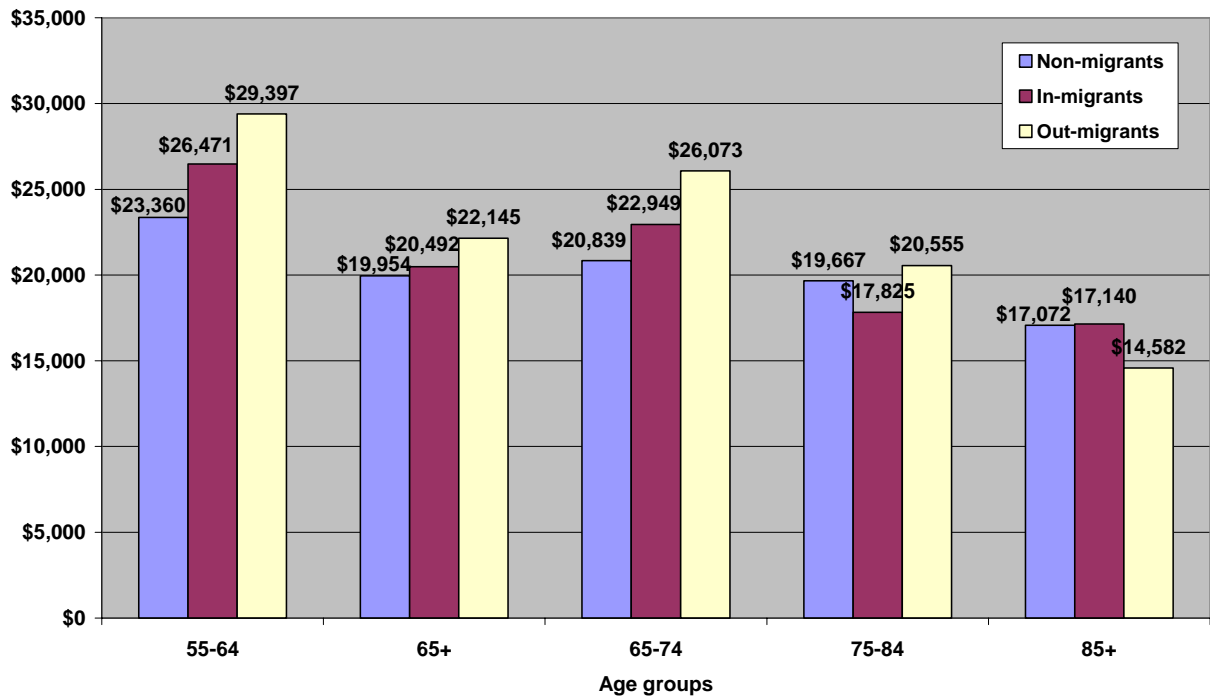
Source: U.S. Census Bureau.

Figure 2.7: Average Incomes of West Virginia's Retirees by Age Groups, 1995-2000



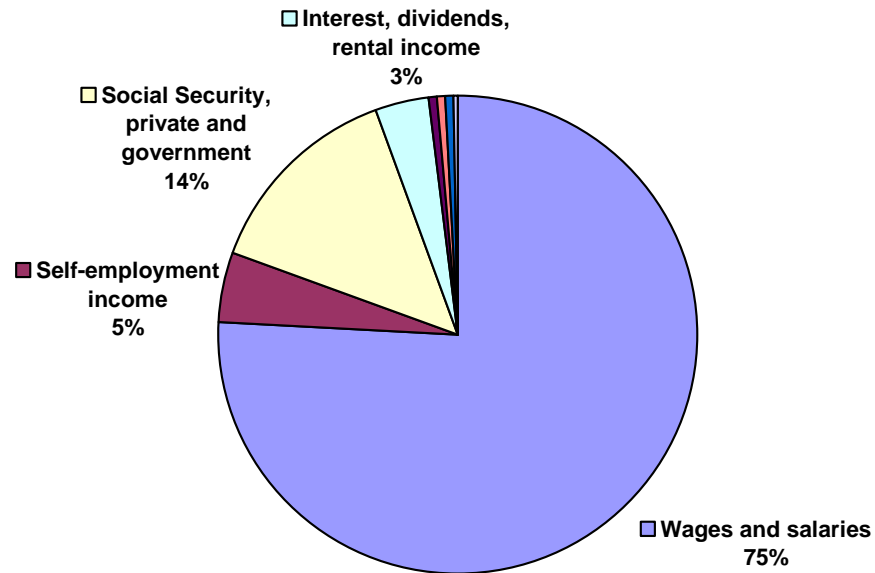
Source: U.S. Census Bureau.

Figure 2.8: Average Incomes of West Virginia's Retiree Migrants and Non-Migrants by Age Groups, 1995-2000



Source: U.S. Census Bureau.

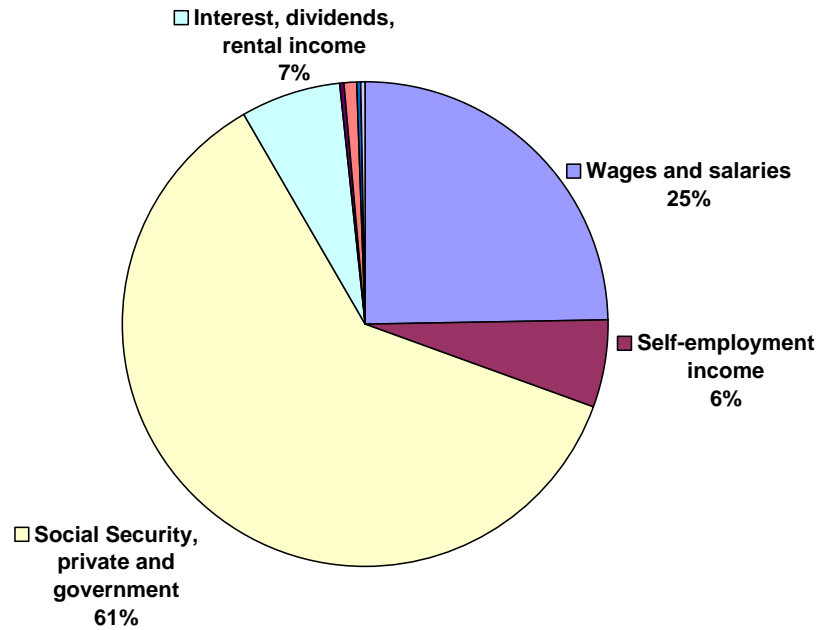
Figure 2.9: Retiree Income Sources: 55-64 Age Group, Consumer Expenditure Survey 2003



Source: Consumer Expenditure Survey, 2003.

Note: Other income sources include unemployment and workers' compensation, public assistance and supplemental security income, and regular contributions for support income. Social Security, private and government income sources include Social Security payments, pensions, and annuities.

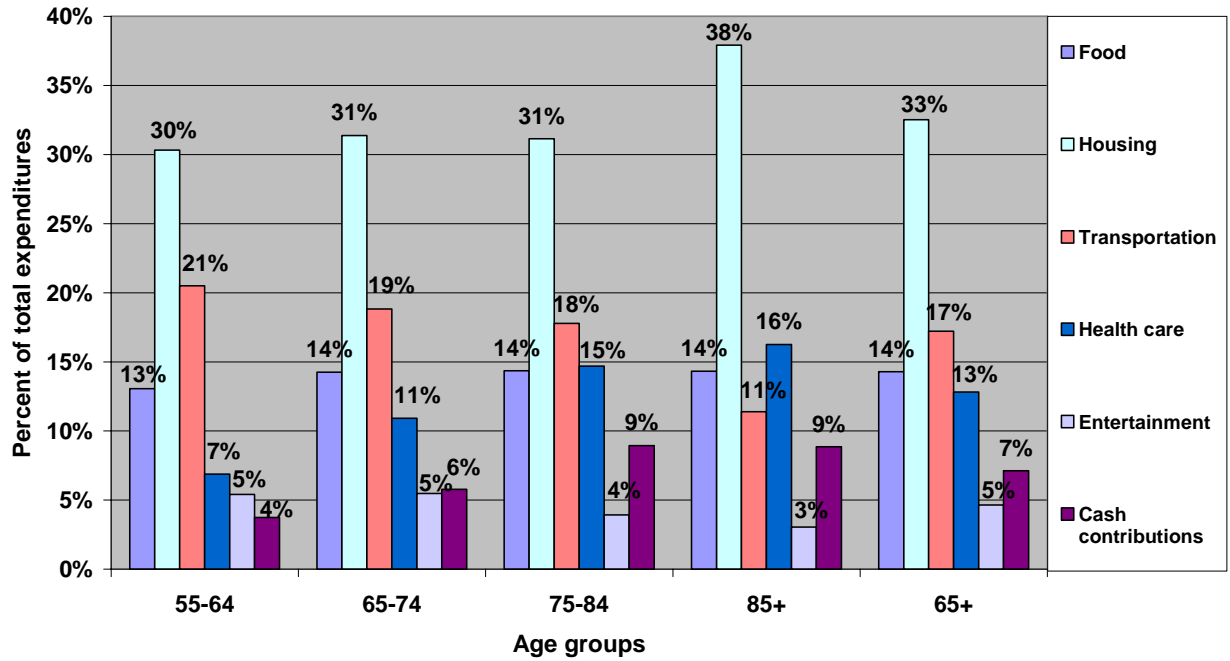
Figure 2.10: Retiree Income Sources: 65 and Older, Consumer Expenditure Survey, 2003



Source: Consumer Expenditure Survey, 2003.

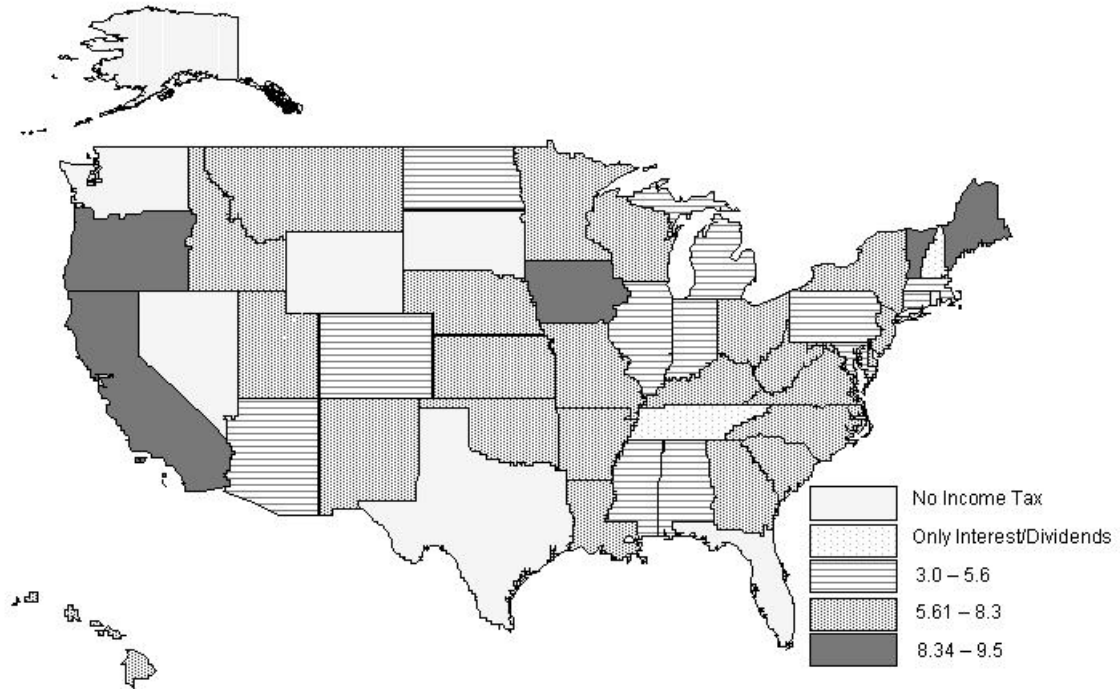
Note: Other income sources include unemployment and workers' compensation, public assistance and supplemental security income, and regular contributions for support income. Social Security, private and government income sources include Social Security payments, pensions, and annuities.

Figure 2.11: Composition of Total Expenditures of Different Age Groups, Consumer Expenditure Survey 2003



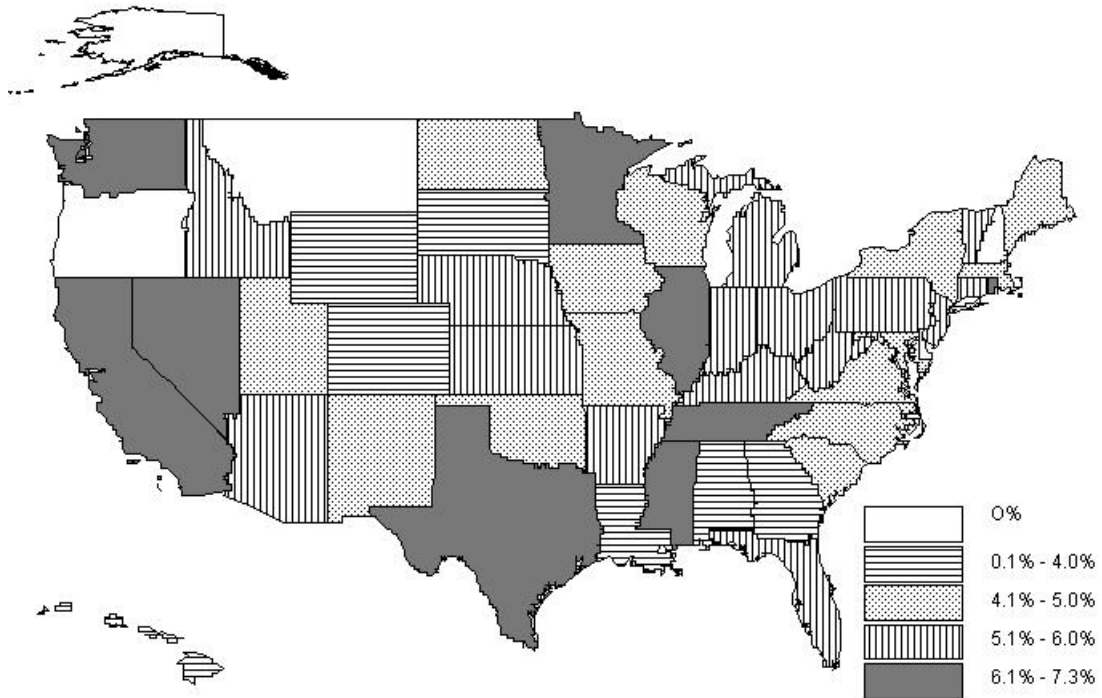
Source: Consumer Expenditure Survey, 2003.

Figure 4.1: State Income Tax Rates (as of January 1, 2005)



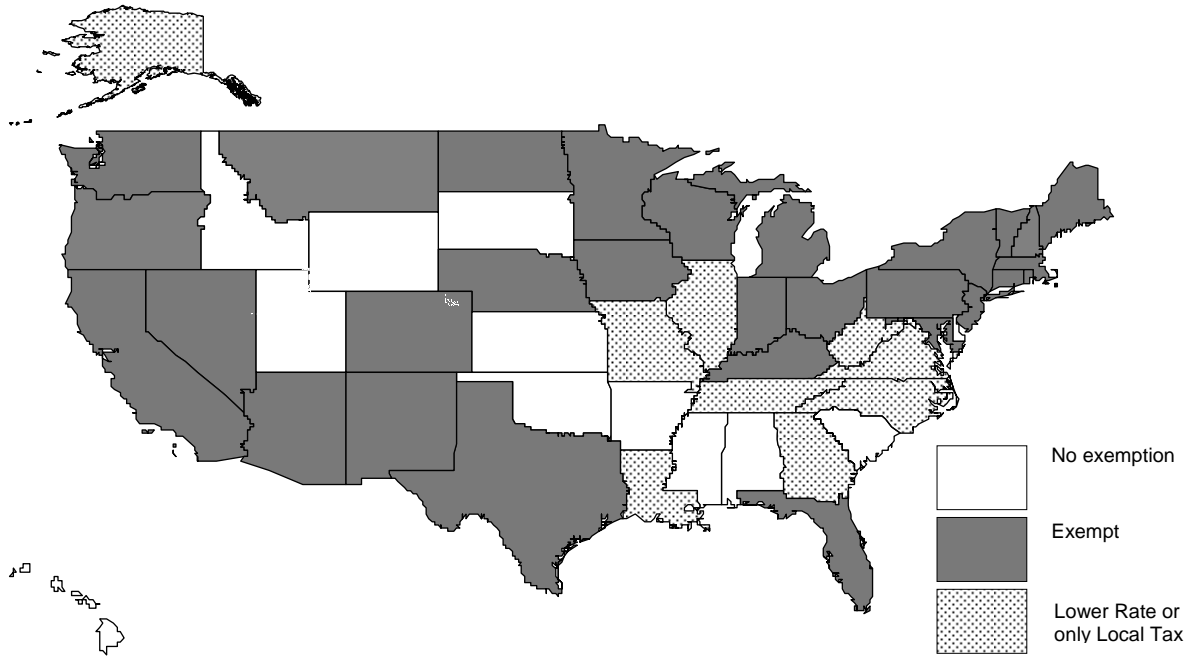
Source: Federation of Tax Administrators (www.taxadmin.org) and State Tax Handbook, CCH (2005).

Figure 4.2: State General Sales Tax Rates (as of January 1, 2005)



Source: Federation of Tax Administrators (www.taxadmin.org).

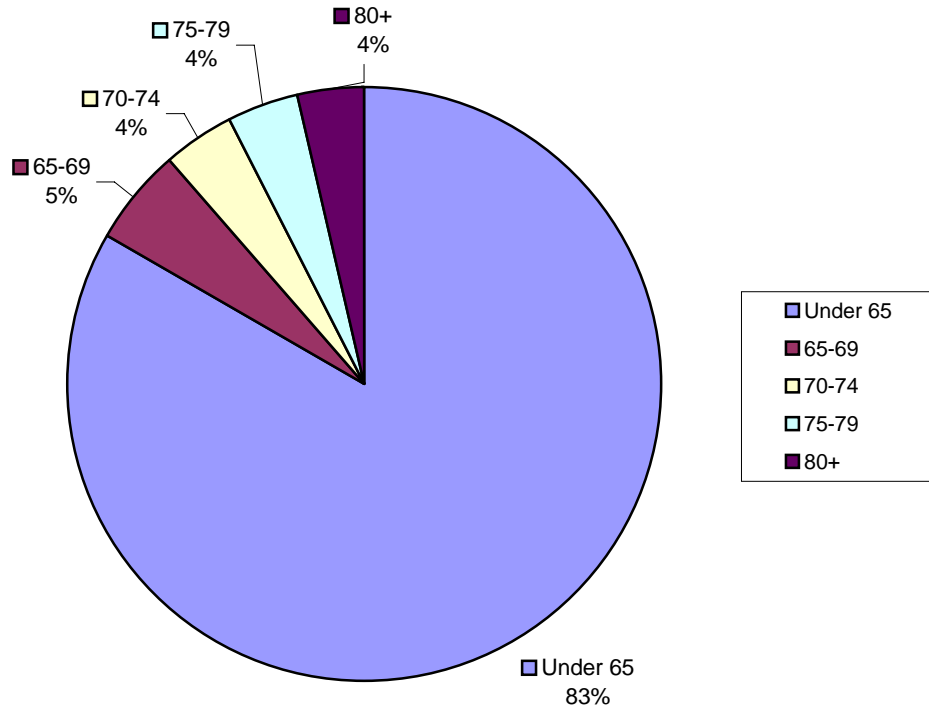
Figure 4.3: Sales Tax Treatment of Food for Home Consumption in the U.S. (as of January 1, 2006)*



Source: Federation of Tax Administrators. <http://www.taxadmin.org/fta/rate/sales.html>

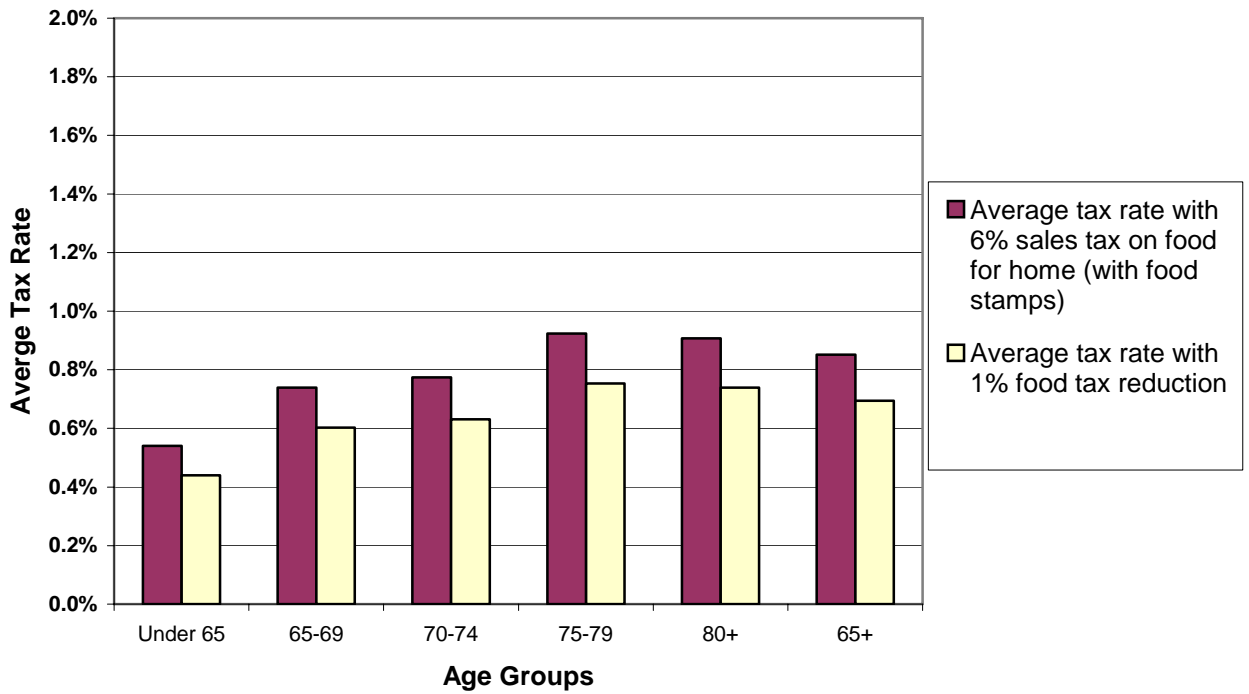
* Alaska, Georgia, Louisiana and North Carolina impose only local sales taxes on food for home consumption. Hawaii, Idaho, Kansas, South Dakota and Wyoming provide an income related tax credit to offset food tax to compensate poor households.

Figure 4.4: Distribution of Sales Tax on Food for Home Consumption by Age Groups (2004)



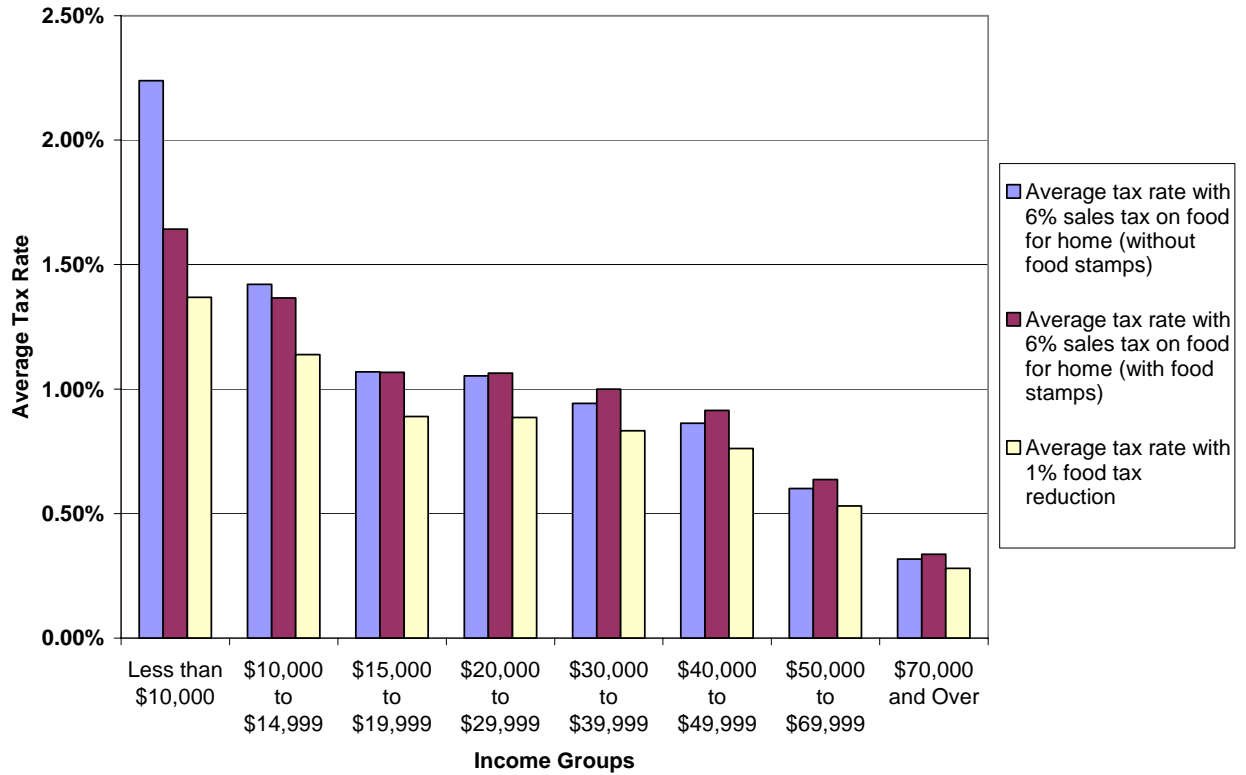
Source: West Virginia State Tax Department; Consumer Expenditure Survey (2004).

**Figure 4.5: Incidence of the West Virginia Sales Tax on Food by Age Groups
(average share of tax burden in federal adjusted gross income, 2004)**



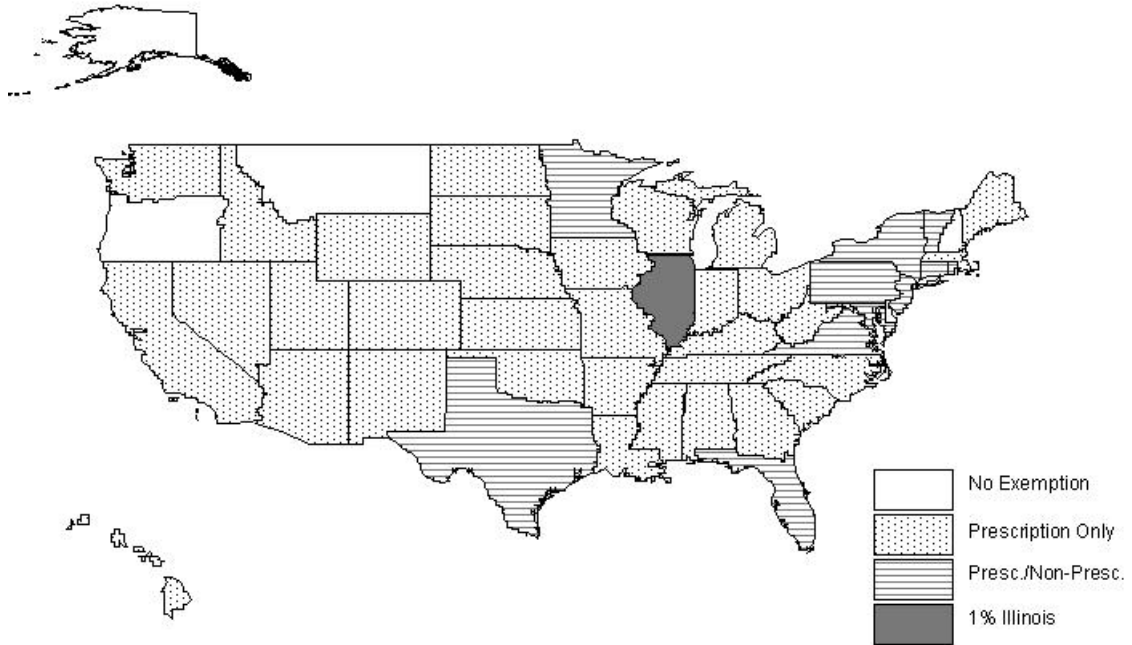
Source: West Virginia State Tax Department; Consumer Expenditure Survey (2004).

Figure 4.6: Incidence of the West Virginia Sales Tax on Food by Income Groups Within 65 and Older Age Group (average share of tax burden in federal adjusted gross income, 2004)



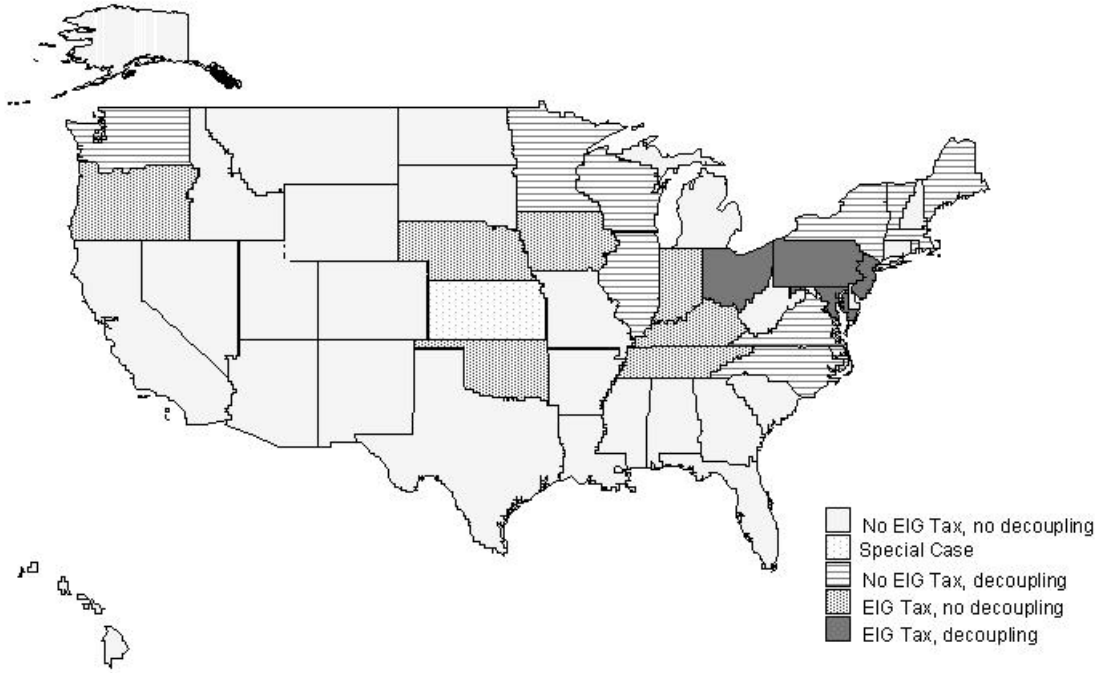
Source: West Virginia State Tax Department; Consumer Expenditure Survey (2004).

Figure 4.7: Prescription and Non-Prescription Drug Exemptions (as of January 1, 2005)



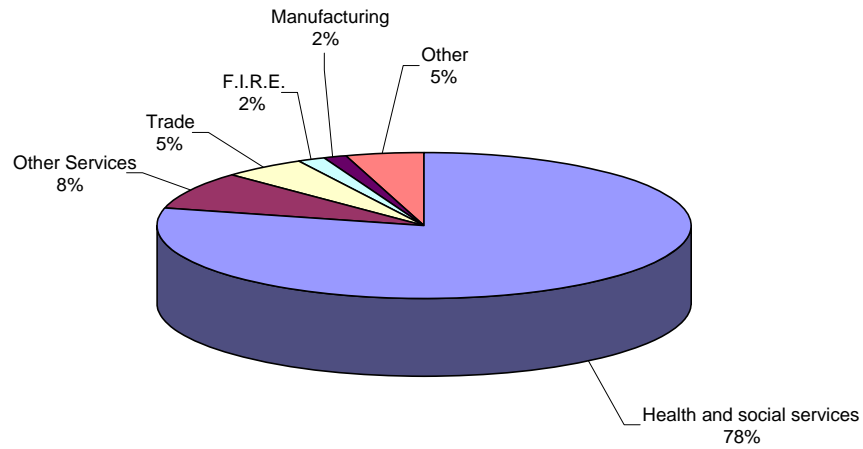
Source: Federation of Tax Administrators (www.taxadmin.org).

Figure 4.8: Status of State Estate, Inheritance and Gift (EIG) Taxes (as of January 1, 2005)



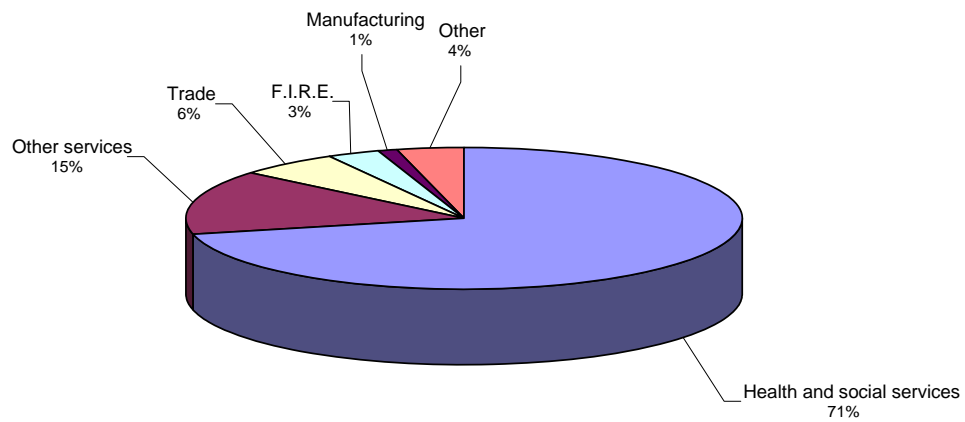
Source: Conway and Rork (2004) and State Tax Handbook, CCH (2005).

Figure 6.1: Employee Compensation Impact of the Village at Heritage Point by Industry (FY 2005)



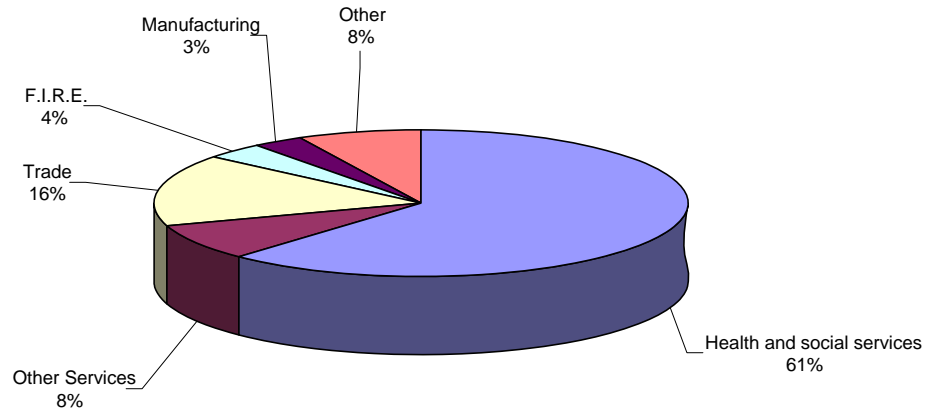
Source: Computed by the authors.

Figure 6.2: Employee Impact of the Village at Heritage Point by Industry (FY 2005)



Source: Computed by the authors.

Figure 6.3: Business Volume or Sales Impact of the Village at Heritage Point by Industry (FY 2005)



Source: Computed by the authors.

APPENDIX A IMPACT DEFINITIONS

Assorted State Taxes:	West Virginia state revenues from personal income tax, consumer sales tax, corporate net income and business franchise taxes, state business & occupation tax and severance tax.
Business Volume:	Sales plus net increase in finished inventories and the value of intra-corporate shipments. Equals output (see below) plus the cost of goods sold in retail and wholesale trade.
Employment:	The number of jobs in a business, industry, or region. Also the number of jobs attributable to an impact (see below). This is a measure of the number of full-time and part-time positions, not necessarily the number of employed persons. Annual average by place of work unless otherwise stated.
Employee Compensation:	Wages and salaries plus employers' contribution for social insurance (social security, unemployment insurance, workers compensation, etc.) and other labor income (pension contributions, health benefits, etc.). By place of work unless otherwise stated.
Impacts:	The results of the recirculation of funds throughout a regional economy due to the activity of a business, industry, or institution. Estimated by tracing back the flow of money through the initial businesses' employees and suppliers, the businesses selling to the employees and suppliers, and so on. Thus, they are a way to examine the distribution of industries and resources covered in the costs of the initial activity.
Value Added:	A measure of the value created by a business or industry, or attributable to an impact (see above). Equal to value of production minus the cost of purchased goods and services. Also equal to employee compensation plus capital income (profits, interest paid, depreciation charges) and indirect business taxes (e.g. severance, excise). Corresponds to the aggregate concepts of gross domestic product (GDP) and gross state product (GSP).