How REMI Tax-PI Evaluates Fiscal Policy and Socioeconomic Indicators (SEI)

Regional Economic Models, Inc.
Introduction

Importance of Economic Modeling

What is REMI Tax-PI?

Modeling Fiscal Policy Changes

REMI SEI: Evaluating Socioeconomic Indicators

Conclusion

Q&A
About Us

We are the nation’s leader in dynamic local, state and national policy modeling.

From the start, REMI has sought to improve public policy through economic modeling software that informs policies impacting our day-to-day lives.

We were founded in 1980 on a transformative idea: government decision-makers should test the economic effects of their policies before they’re implemented.
At REMI, we’re inspired by a single goal: *improving public policies.*

Our models are built for any state, county, or combination of counties in the United States.

**Our Representative Clients**

Our model users and consulting clients use REMI software solutions to perform rigorous economic analysis that critically influences policy.
The REMI Model: Our Studies & Applications

- Medicaid Expansion Analysis
- Corporate Analysis Tax Rate Reduction Analysis
- Aerospace Tax Credit Analysis
- Potential Economic Impacts of COVID-19 on SCAG region
- Economic Impact of Fire Damage from a Business Perspective
- Economic Impact of the Preferred Energy Plan
- Economic Impact of Retiring & Replacing the San Juan Generating Station
- Impact Analysis for H-GAC’s High Capacity Transit Project
- Extension of Interstate 49 Analysis
- Kansas City Incentives Study
- O'Hare Intl. Airport Expansion Analysis
- Five year transportation plan
- Regional Greenhouse Gas Initiative
- Impact of Establishing Amazon HQ
- Corporate Analysis Tax Rate Reduction Analysis
- Medicaid Expansion Analysis
- Impact of increased Federal Funding Associated with Expansion of MO HealthNet Program
- Economic Impact of Downtown Miami
- Impact Analysis for H-GAC’s High Capacity Transit Project
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Conclusion

Q&A
Why Economic Modeling?

• You need a **software solution** that can clarify, calculate and communicate a **quantitative narrative** to policy makers and the general public about policies for your economy.

• Economic policy modeling can help agencies forecast the effects of policies before they are implemented

• **Guide Policy-making Process**
  • Formalize your decision-making process
  • Get policy right
  • Pass/Block legislation
  • Modernize and advance your agency

• Bidders for grants, contracts from Tax-PI will want to demonstrate that their proposals will have a positive economic impact in host communities and remain competitive

• Policy organizations and regional planners can use models to add quantitative rigor to their proposals, making the benefits clearer to stakeholders and decision-makers
Economic Modeling: Why does it matter?

**Clarify**
- Understand economic, fiscal and demographic implications of policies before implementation.
- Ensure that public policy serves the broad-based interests of the public.

**Predict**
- Make predictions about the effects of policies before implementation.
- Avoid unwanted negative impacts.
- Make effective use of resources.

**Inform**
- Inform policy with standard metrics rather than ideology or intention.
- Address stakeholders with evidence that communicates how policy benefits or disadvantages their communities broadly.
Integrated REMI Economic Modeling Approach

- General Equilibrium
- Input-Output
- Econometrics
- Economic Geography
Agenda

Introduction

Importance of Economic Modeling

What is REMI Tax-PI?

Modeling Fiscal Policy Changes

REMI SEI: Evaluating Socioeconomic Indicators

Conclusion

Q&A
REMI Tax-PI is the only commercially available dynamic macroeconomic and fiscal impact analysis tool.

Tax-PI allows users to understand the deep linkages and relationship between a budget and its economic foundation.
Dynamic Fiscal Analysis

- Tax/Spending Change
- Change in tax base and spending determinants
- Direct or “Static” fiscal impact
- Observed behavioral response
- Change in business and personal incentives
<table>
<thead>
<tr>
<th>Key Advantages of Tax-PI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dynamic Evaluations</strong></td>
</tr>
<tr>
<td>The credible economic and fiscal impacts produced using Tax-PI gives decision-makers the confidence to enact state, local, and regional policies.</td>
</tr>
<tr>
<td><strong>Customized Models</strong></td>
</tr>
<tr>
<td>Every model is custom-made and fully equipped with the complete inter-industry relationships found within your local, state, and regional economies.</td>
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<tr>
<td><strong>Intuitive Software</strong></td>
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<tr>
<td>Tax-PI is a desktop application with extensive user service and support functions. These are combined with unlimited assistance and professional training provided by REMI’s expert staff members.</td>
</tr>
</tbody>
</table>
## Agenda

<table>
<thead>
<tr>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
</tr>
<tr>
<td>Importance of Economic Modeling</td>
</tr>
<tr>
<td>What is REMI Tax-PI</td>
</tr>
<tr>
<td><strong>Modeling Fiscal Policy Changes</strong></td>
</tr>
<tr>
<td>REMI SEI: Evaluating Socioeconomic Indicators</td>
</tr>
<tr>
<td>Conclusion</td>
</tr>
<tr>
<td>Q&amp;A</td>
</tr>
</tbody>
</table>
Child Tax Credit in Oregon and its Effect on Socioeconomic Indicators

Regional Economic Models, Inc.
# Agenda

<table>
<thead>
<tr>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methodology</td>
</tr>
<tr>
<td>Notable Results</td>
</tr>
<tr>
<td>Highlights</td>
</tr>
<tr>
<td>Upcoming Developments</td>
</tr>
</tbody>
</table>
Agenda

- Introduction
- Methodology
- Notable Results
- Highlights
- Upcoming Developments
Benefits distributed through the Child Tax Credit in Oregon can be modeled through REMI using the Transfer Payments policy variable.

Assumption: payments total $100 million per year for the program, the inputs to the model are $100 million in Transfer Payments annually.
Agenda

Introduction
Methodology
Notable Results
Highlights
Upcoming Developments
Economic Results – Fiscal Impacts (Revenues)

- Revenues stemmed primarily from ‘Individual Income Taxes’ and ‘Selective Sales Taxes’.

Note: Oregon does not have a general sales or use/transaction tax.
Economic Results – GDP, Output, and Income

- **GDP** increased significantly from 2022-2024. However, Personal Income, Output, and GDP followed the trend downward.
Economic Results – Value Added

- ‘Real estate and rental and leasing’, ‘Construction’, and ‘Health care and social assistance’ were the biggest value-adds to Oregon.
The first, second, and middle 20% income groups increased their consumption power within Oregon.
SEI Results – Consumption Price by Income Quintile

• There is a relatively normal distribution for consumption price changes.
SEI Results – Compensation Distribution

• The first, second, and middle 20% income groups receive the largest percentage increase from the baseline.
The first four quintiles receive the largest percentage increase from baseline.
• Relatively normal distribution for consumption price changes in years 2021-2026.

• The largest percentage increase in employment in the outer years is for the white non-Hispanic population.

• Note: Oregon’s population is 86% white non-hispanic.
SEI Results – Employment by Gender

- There is a larger increase in male employment in the first few years (2021-2026), but the longer-term increases are majority female employment.

- This is due to a construction boom at the beginning.
The majority employment increase in 2021 comes from jobs not requiring a college degree.
SEI Results – Employment by Educational Attainment (2030)

- The majority employment increase in 2030 also comes from jobs not requiring a college degree.
Agenda

- Introduction
- Methodology
- Notable Results
- Highlights
- Upcoming Developments
Highlights

**Income Quintiles**
- 2024
  - Middle 20% peaked at: 
    - .09%

**Race and Gender**
- 2022-2040
  - Average growth rate of yearly Male/Female employment: 
    - .6%

**Fiscal and Economic**
- 2022-2060
  - ‘Income Taxes’ and ‘Select Sales Taxes & Gross Receipts’: 
    - %100

**Educational Attainment**
- 2030
  - Jobs created from those not needing a college degree increased by: 
    - 3.67%
Agenda

- Introduction
- Methodology
- Notable Results
- Highlights
- Upcoming Developments
Upcoming Developments for Tax-PI and SEI

- **Asian Population Breakout**: Increased insights into components of a region’s population, otherwise classified as ‘Other-Non Hispanic’
- **Enhanced User Calibration**: The ability to assign progressive, proportional, and regressive taxes to income quintiles
- **Income Bracket Analysis**: Expanded capability to analyze tax incidence by income quintile through a regional control
- **Dynamic Fiscal Scoring**: Enables users to attach scores for enhanced policy evaluation
The ability of users to efficiently and dynamically interpret census data that address upcoming changes to the socioeconomic makeup of a region

Structural shift in economic geography:
- States and Localities Face Ongoing and Persistent Challenges

Analysis to highlight socioeconomic challenges for states and cities, in particular, the widening of income and racial disparities
Introduction
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What is REMI Tax-PI
Modeling Fiscal Policy Changes
REMI SEI: Evaluating Socioeconomic Indicators
Conclusion
Q&A
REMI SEI is the premiere modeling solution for evaluating the socioeconomic indicators (SEI) of projects and policies across a variety of topic areas.

The industries of economic development that rely on dynamic SEI impact analysis to influence their policies and practices include:

- Education
- Transportation
- Taxation
- Healthcare and Social Services
- Housing and Community Development
- Labor and Workforce Development
- Consulting Firms
- Energy and Environment
- Immigration
Capabilities

- Jobs by Race/Gender
- Regional Disparities by County
- Labor Force by Race/Gender
- Jobs by Education Level
- Income by Quintile
- Inflation Impact by Income
Conclusion

Forecasting revenues

• Property taxes
• Sales/use taxes
• Licensing fees
• Alcohol taxes
• Gasoline taxes

Forecasting expenditures

• Education
• Judicial & Corrections
• Public health
• Parks & Recreation
• Transportation
In Conjunction...

**REMI SEI**
- Jobs by Race/Gender
- Regional Disparities by County
- Labor Force by Race/Gender
- Jobs by Education Level
- Income Quintile
- Inflation Impact by Income

**REMI Tax-PI**
- State and Local Tax Changes
- State and Local Fiscal Budgets
- Education and Infrastructure Investments

How do they work together?
Thank you for attending!

For more information, please contact info@remi.com