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Regional Economic Analysis Laboratory

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THE ESTIMATED ECONOMIC  
& FISCAL IMPACT OF THE PROPOSED  
REVOLUTIONARY WAR  
DISCOVERY CENTER

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**Table of Contents**

Executive Summary..... v

I. Introduction..... 1

II. Methodology and Assumptions..... 1

III. Model Inputs..... 1

IV. Findings..... 2

V. Conclusion..... 4

Appendix..... 5

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## Executive Summary

The proposed Revolutionary War Discover Center (RWDC) will be located in downtown Gaffney, South Carolina. The City of Gaffney is located in Cherokee County, which is home to two Revolutionary War battlefields. The economic impact of the RWDC is expected to derive from direct, indirect, and induced effects of capital spending associated with renovation of the building in which the Center is to be located, operational spending by the Center upon its opening in 2024, including wages and salaries, and new tourist spending generated by the Center. The analysis was conducted using the REMI PI<sup>+</sup> model; additionally, local government fiscal impacts were projected using CU-REAL's Fiscal Impact Analysis Tool. Projections were made for the years 2022, the year in which construction is slated to begin, until 2030.

Most of the Center's economic impact is expected to result from new tourist spending. While the RWDC cannot be credited with extant spending by the estimated 215,000 annual visitors to Revolutionary War sites within the county, we estimate that approximately fifty percent of existing visitors will add a stop in Gaffney to visit the Center, leading to additional spending. We also estimate that the Center has the potential to draw some 12,000 to 15,000 new visitors to the county annually with the potential to see an additional 5,000 new visitors in each year. Note that the United States' Sesquicentennial in 2026 is expected to bring additional tourism interest to the county; for the sake of conservatism, we assume that the increase in visitors in conjunction with the Sesquicentennial will be independent of the RWDC and as such are not counted toward the Center's economic impact.

Construction of the RWDC is projected to generate up to **nineteen** jobs and **\$3.1 million** in annual output/total sales in Cherokee County over the years 2022-2024, peaking in 2023; these impacts of course only persist so long as construction is ongoing. Upon opening, the combined impact of RWDC operations and visitor spending within Cherokee County is projected to average **between 63 to 70** jobs between 2024-2030 and **\$6.7 to \$7.5 million** in annual output. The cumulative effect of the RWDC on county output (including construction) is projected to reach **between \$51.8 and \$57.3 million** by 2030. Cumulative fiscal impacts on local (county and municipal) governments in Cherokee County are projected to be net positive **between \$309,000 and \$324,000** by 2030; this is net of expected contributions from the county and city governments toward the Center and includes projected revenue from local accommodations and hospitality taxes.

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## I. Introduction

The following is a projection of the economic and fiscal impact of the proposed Revolutionary War Discovery Center (RWDC) in Gaffney, South Carolina. Gaffney is a city of approximately 12,500 people located in Cherokee County in the Upstate of South Carolina. Gaffney is adjacent to Interstate 85 less than one hour south of Charlotte, North Carolina. Cherokee County is home to the King's Mountain and Cowpens battlefields, the site of two major battles in the American Revolutionary War.

Economic and fiscal impacts estimated in this report for Cherokee County are those resulting from operations, including wages and salaries, capital expenditures, and spending by “non-local” visitors to the Center. Construction of the Center is expected to commence in 2022 with it opening in 2024. This analysis projects economic and fiscal impacts through 2030.

## II. Methodology

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

The REMI model is a new economic geography (NEG) model, taking into account trade flows between regions based upon availability of labor and natural resources and the efficacy of transporting goods and services to and from the region. The model can project economic impacts over multiple years, allowing for intertemporal, i.e., “spillover”, effects from one year to the next.

Outputs from the REMI model are used with our Fiscal Impact Analysis Tool in order to project the net fiscal impact that the modeled economic shocks will have on state and local (county and municipal) governments in the study region. The tool is calibrated

using U.S. Census of Governments data to estimate changes in revenue and expenditures for state and local governments based upon changes in metrics generated by the REMI model. Net fiscal impact is defined as the total revenue impact minus the total impact on expenditures.

Impacts are reported using the following metrics; all dollar amounts are stated in constant 2020 dollars in order to control for inflation.

- Employment is the number of jobs or job equivalents created within the study region through direct, indirect, and induced effects.

Direct employment consists of those employed by the Center, for example. Indirect employment effects are the jobs created at first and second tier suppliers located within the region, while induced employment effects are jobs created by consumer spending of wage income generated by direct and indirect effects.

- Total compensation is the impact on aggregated annual wage income (including fringes) for all workers in the region.
- Output, or total sales, is the dollar value of all goods and services produced within the region within a given year.
- Net local government revenue: Economic activity impacts local government revenue; this analysis estimates revenue impact from all revenue sources, including taxes, licensing, fees, and intergovernmental transfer. However, economic activity also creates demands on local government services, including public safety, infrastructure, and so forth; therefore, this fiscal analysis also projects the impact on local government expenditures. The estimated fiscal impact is therefore reported as revenue net of expenses. This value is aggregated for all local governments (county and municipal) within the region.

## III. Model Inputs & Assumptions

Operational and capital expenditure data for the analysis were obtained from the City of Gaffney. Visitor projections and spending data were estimated using visitor data from similar historic and cultural attrac-

tions. Our projections include a low and high range estimate as outlined below.

It is estimated that a total of approximately 215,000 people currently visit the existing Revolutionary War sites in Cherokee County per year. We estimate that approximately fifty percent, or 107,500 of those existing visitors to the county will add a stop at the new RWDC once it is completed. While extant spending by these visitors cannot be counted toward the RWDC in terms of economic impact, any additional spending done by these visitors in conjunction with their adding a stop at the Center can be counted. We estimate that these visitors will spend an additional \$15 (low) to \$18 (high) per person in Gaffney, divided between lunch and the purchase of souvenirs or other retail items. This amounts to an additional \$1.6-\$1.9 million in direct visitor spending.

In addition to additional spending by existing visitors, we project that as the new Center is promoted, it may draw an additional 12,000 (low) to 15,000 (high) visitors to the region in the first year of operation. These additional visitors are expected to spend approximately \$118 per person, divided between lodging, food, automobile transportation, retail, and entertainment. This amounts to an increase of an additional \$1.4-\$1.8 million in direct spending in the region.

In subsequent years, for each additional 5,000 visitors attracted per year, annual direct spending is projected to increase by approximately \$590,000.

It is important to note that the United States’ Sesquicentennial will be celebrated in 2026. This is expected to bring additional tourism interest to the Rev-

olutionary War historical sites within Cherokee County. However, since this study only considers the *additional* tourism spending specifically generated by the RWDC, for the sake of conservatism, we assume that the increase in visitors in conjunction with the Sesquicentennial will be independent of the Center.

Model inputs by year are presented in Table A-1 in the Appendix.

#### IV. Results

Detailed economic and fiscal impact estimates are presented in the tables in the Appendix of this report. Impacts are projected for the years 2022, the year in which construction is projected to begin, until 2030.

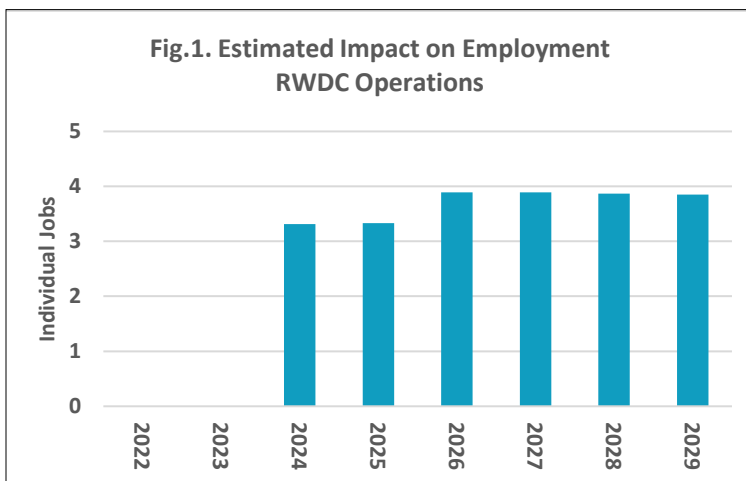
##### Operations

The economic impact from operations of the RWDC are relatively small, as the Center itself will only employ a small paid staff and will not be engaged in purchasing inputs from local suppliers to a large extent. Most of the impact from the Center is projected to come from visitor spending, which will be detailed shortly.

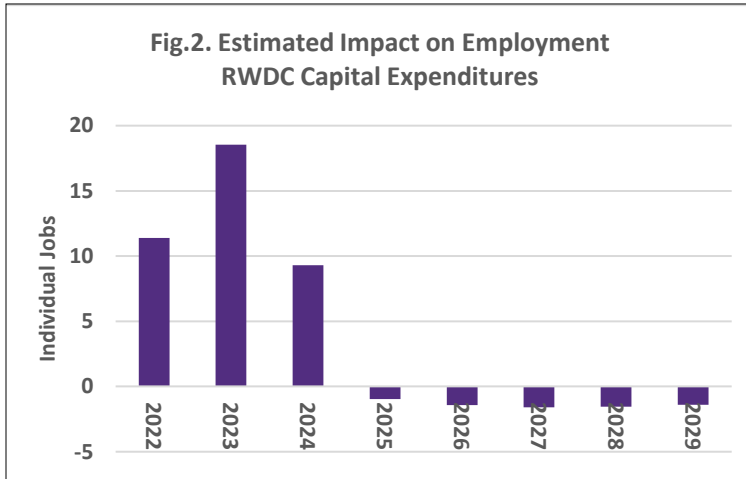
The employment impact from operational spending by the Center, including wages and salaries, beginning with the opening of the Center in 2024, is projected to be three to four jobs. Between 2022-2030, we project an average annual impact of \$155,000 in total compensation and \$493,000 in output/total sales. Employment impact projections are presented graphically in Figure 1.

##### Capital Spending

Capital spending includes the construction involved with renovation to the existing building in which the Center will be located as well as the purchase of equipment. Direct investment spending is expected to total \$5.3 million in construction over the years 2022-2024 and \$382,500 in equipment purchases in 2024. The economic impact of this capital spending is projected to be an average of 13 jobs in Cherokee County over the years 2022-2024, \$707,000 in total annual compensation, and \$2.2 million in annual output.







however, more than offset overall by positive operational and visitor spending impacts.

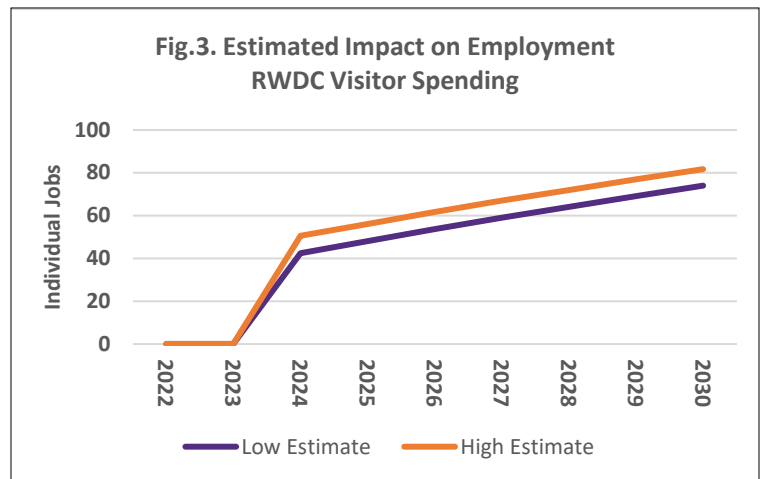
*Visitor Spending*

Using the more conservative visitor projections (the “low” estimate), the additional spending by existing visitors to Revolutionary sites in the county along with additional visitors drawn by the RWDC are projected to impact the county’s economy by 42 jobs and \$4.1 million in output in the first year of operation (2024). Assuming an increase of 5,000 visitors per year, these impacts are projected to grow to 74 jobs and \$8.2 million by 2030.

Note that local economic impact from capital spending is often less than the total amount of direct expenditure; this is due to the need to import equipment and many of the materials needed for construction. For example, steel girders used in erecting a structure are not manufactured locally, so the impact associated with their manufacture and sale will accrue in their place of origination.

The high-end projection estimates the impact to Cherokee County at 50 jobs and \$4.9 million in out-

Note in Figure 2 that in the years following completion of the construction phase there are slightly negative economic impacts projected for the region. This is the result of the projected impact on relative labor costs (wages) resulting from construction spending. When the capital project is ongoing, the positive effect on the local economy creates demand for new workers, which puts upward pressure on local relative wage rates. Once the construction is completed, these higher wage rates persist for a period of time, which creates a short-term dampening effect on the local economy. This is,

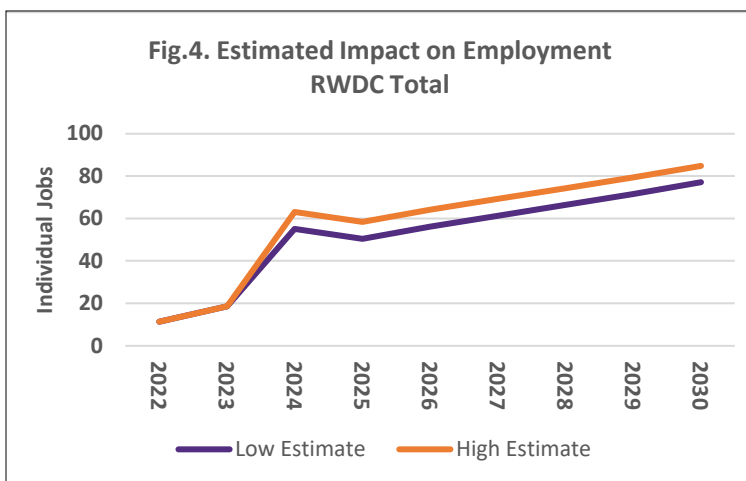


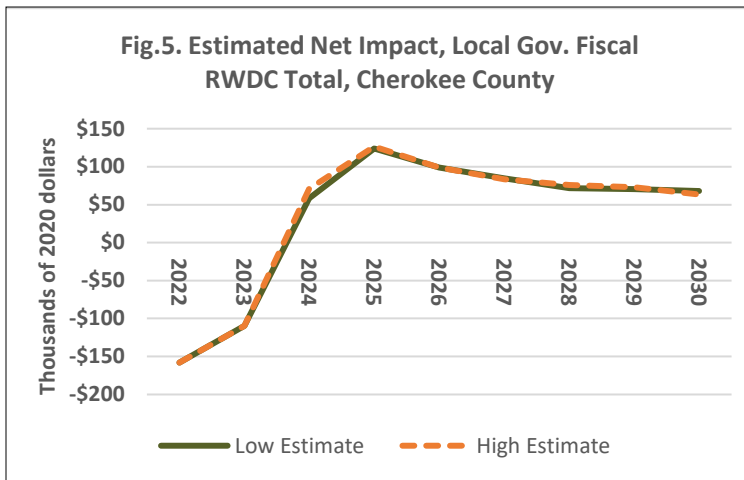
put in the first year increasing to 82 jobs and \$9 million in output by 2030.

Projections for the jobs impact from visitor spending are presented in Figure 3.

*Total Economic Impact*

Including all of the above components, the total employment impact of the RWDC on Cherokee County following its opening in 2024 is projected to average between 63 and 70 jobs over the years 2024-2030 and \$6.7 to \$7.5 million in annual output. The cumulative impact on output in the county between 2022-2030, which includes the construction phase, is projected to be between \$51.8 and





pects. Overall, summing the net fiscal impact over the years 2022-2030, the cumulative effect on local government revenues in the county is projected to be positive, with relatively little variation between the high and low estimates. Cumulative net revenue is projected to be approximately \$309,000 in the low range estimate and \$324,000 in the high range estimate. Again, this is net of the financial investment in the Center by local governments during the construction phase in the early years. This indicates overall that the investment can be expected to be recouped by local governments within a short time following opening of the Center. The net fiscal impact projection is presented in Figure 5.

\$57.3 million. These impacts are presented graphically in Figure 4.

#### *Fiscal Impact*

The RWDC is expected to generate an increase in both revenue and expenditures for local governments in Cherokee County. The fiscal impact, due partly to county and city government financial contributions to the project, is mostly negative during the construction phase. However, once the RWDC opens and visitation commences, the net fiscal impact turns positive, largely attributable to expected accommodations (ATAX) and hospitality (HTAX) tax revenue im-

#### **V. Conclusion**

The Revolutionary War Discovery Center, planned for downtown Gaffney, South Carolina, is projected to generate a net positive impact on the local economy within Cherokee County as well as, beginning in the year following opening of the center, positive net local fiscal effects. This impact is projected to largely be generated by spending by additional visitors to the region drawn by marketing of the new Center, along with expected additional spending by some currently existing visitors to Revolutionary War sites within the county.

Table A-1. Model Inputs\*

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operational Spending (incl. wages)	\$ -	\$ -	\$ 300,000	\$ 300,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 400,000
CapEx	\$ 1,525,000	\$ 2,525,000	\$ 1,662,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Visitors (Low Estimate)	119,500	124,500	129,500	134,500	139,500	144,500	149,500	154,500	159,500
Total Visitors (High Estimate)	122,500	127,500	132,500	137,500	142,500	147,500	152,500	157,500	162,500

\*All dollar amounts stated in thousands of 2020 dollars.

Table A-2. Estimated Operational Impact, Cherokee County

Category	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030
Employment	Individuals (Jobs)	-	-	3	3	4	4	4	4	4
Compensation	Thousands of Fixed (2020) Dollars	\$ -	\$ -	\$ 125	\$ 129	\$ 156	\$ 160	\$ 163	\$ 165	\$ 187
Output	Thousands of Fixed (2020) Dollars	\$ -	\$ -	\$ 424	\$ 429	\$ 504	\$ 506	\$ 507	\$ 506	\$ 575

Table A-3. Estimated Impact of Capital Spending, Cherokee County

Category	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030
Employment	Individuals (Jobs)	11	19	9	(1)	(1)	(2)	(2)	(1)	(1)
Compensation	Thousands of Fixed (2020) Dollars	\$ 607	\$ 1,001	\$ 513	\$ (35)	\$ (63)	\$ (84)	\$ (90)	\$ (88)	\$ (81)
Output	Thousands of Fixed (2020) Dollars	\$ 1,925	\$ 3,148	\$ 1,567	\$ (220)	\$ (295)	\$ (320)	\$ (306)	\$ (278)	\$ (242)

Table A-4. Estimated Impact of Visitor Spending, Cherokee County - Low Estimate

Category	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030
Employment	Individuals (Jobs)	-	-	42	48	54	59	64	69	74
Compensation	Thousands of Fixed (2020) Dollars	\$ -	\$ -	\$ 1,281	\$ 1,494	\$ 1,746	\$ 1,980	\$ 2,204	\$ 2,425	\$ 2,643
Output	Thousands of Fixed (2020) Dollars	\$ -	\$ -	\$ 4,136	\$ 4,823	\$ 5,531	\$ 6,214	\$ 6,883	\$ 7,556	\$ 8,220

Table A-5. Estimated Impact of Visitor Spending, Cherokee County - High Estimate

Category	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030
Employment	Individuals (Jobs)	-	-	50	56	62	67	72	77	82
Compensation	Thousands of Fixed (2020) Dollars	\$ -	\$ -	\$ 1,523	\$ 1,740	\$ 2,003	\$ 2,243	\$ 2,471	\$ 2,694	\$ 2,914
Output	Thousands of Fixed (2020) Dollars	\$ -	\$ -	\$ 4,911	\$ 5,603	\$ 6,319	\$ 7,006	\$ 7,675	\$ 8,349	\$ 9,013

Table A-6. Total Estimated Impact, Cherokee County - Low Estimate

Category	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030
Employment	Individuals (Jobs)	11	19	55	50	56	61	66	72	77
Compensation	Thousands of Fixed (2020) Dollars	\$ 607	\$ 1,001	\$ 1,920	\$ 1,589	\$ 1,839	\$ 2,056	\$ 2,278	\$ 2,503	\$ 2,750
Output	Thousands of Fixed (2020) Dollars	\$ 1,925	\$ 3,148	\$ 6,128	\$ 5,033	\$ 5,740	\$ 6,401	\$ 7,083	\$ 7,785	\$ 8,553
Gross Revenue*	Thousands of Fixed (2020) Dollars	\$ 52	\$ 117	\$ 196	\$ 202	\$ 255	\$ 289	\$ 319	\$ 340	\$ 363
ATAX (2%)	Thousands of Fixed (2020) Dollars	\$ 0.0	\$ 0.0	\$ 5.2	\$ 6.7	\$ 8.3	\$ 9.8	\$ 11.3	\$ 12.8	\$ 14.3
HTAX (1%)	Thousands of Fixed (2020) Dollars	\$ 0.3	\$ 0.5	\$ 32.9	\$ 36.3	\$ 40.1	\$ 43.8	\$ 47.5	\$ 51.3	\$ 55.1
Local Gov. Expenditures	Thousands of Fixed (2020) Dollars	\$ 10	\$ 28	\$ 76	\$ 121	\$ 204	\$ 257	\$ 306	\$ 334	\$ 365
Local Gov. Contribution	Thousands of Fixed (2020) Dollars	\$ 200	\$ 200	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Local Gov. Revenue	Thousands of Fixed (2020) Dollars	\$ (158)	\$ (110)	\$ 58	\$ 124	\$ 99	\$ 85	\$ 72	\$ 71	\$ 68

\* Excluding ATAX &amp; HTAX revenue

Table A-7. Total Estimated Impact, Cherokee County - High Estimate

Category	Units	2022	2023	2024	2025	2026	2027	2028	2029	2030
Employment	Individuals (Jobs)	11	19	63	58	64	69	74	79	85
Compensation	Thousands of Fixed (2020) Dollars	\$ 607	\$ 1,001	\$ 2,161	\$ 1,834	\$ 2,096	\$ 2,319	\$ 2,544	\$ 2,772	\$ 3,021
Output	Thousands of Fixed (2020) Dollars	\$ 1,925	\$ 3,148	\$ 6,902	\$ 5,813	\$ 6,529	\$ 7,193	\$ 7,875	\$ 8,578	\$ 9,346
Gross Revenue*	Thousands of Fixed (2020) Dollars	\$ 52	\$ 117	\$ 209	\$ 228	\$ 282	\$ 318	\$ 340	\$ 363	\$ 400
ATAX (2%)	Thousands of Fixed (2020) Dollars	\$ 0.0	\$ 0.0	\$ 6.2	\$ 7.7	\$ 9.2	\$ 10.7	\$ 12.2	\$ 13.7	\$ 15.3
HTAX (1%)	Thousands of Fixed (2020) Dollars	\$ 0.3	\$ 0.5	\$ 39.2	\$ 42.5	\$ 46.3	\$ 50.0	\$ 53.8	\$ 57.6	\$ 61.4
Local Gov. Disbursements	Thousands of Fixed (2020) Dollars	\$ 10	\$ 28	\$ 83	\$ 152	\$ 238	\$ 295	\$ 330	\$ 361	\$ 413
Local Gov. Contribution	Thousands of Fixed (2020) Dollars	\$ 200	\$ 200	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Local Gov. Revenue	Thousands of Fixed (2020) Dollars	\$ (158)	\$ (110)	\$ 71	\$ 126	\$ 99	\$ 83	\$ 76	\$ 73	\$ 63

\* Excluding ATAX &amp; HTAX revenue