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Joe Biden's "Georgia Tax"

Progressive Policies Will Cost the Average Georgia Family Over $3,900 Annually

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Executive Summary

In this study we analyze six components of President-elect Joe Biden's economic agenda and find that those policies have substantial negative effects on the state of Georgia. The main impact of the Biden agenda is to redistribute income and wealth from Republican-led red states, generally in the South, to Democratic-run blue states, mostly in the Northeast and the West Coast. These policies include a higher national minimum wage rate, abolition of right-to-work laws, "green" energy mandates, bailing out primarily Democrat-run states and cities, and repealing several key components of the TCJA, including the cap on SALT deductions. When we add to these redistribution policies the cost to Georgia families of the proposed repeal of the Trump tax rate reductions on individuals and businesses, we estimate that over the next decade these policies will cause the average Georgian household to lose approximately $6,189 annually in a combination of tax increases and lost economic activity.

Georgia ranks the third largest loser state from the Biden economic agenda. Only Texas and Florida would lose more income due to these interstate redistribution policies.

How Much Each State Stands to Lose

State	Cost to the State Over a Decade
Texas	$426 billion
Florida	$316 billion
Georgia	$156 billion*
North Carolina	$154 billion
Virginia	$126 billion
Arizona	$107 billion
Tennessee	$100 billion
South Carolina	$76 billion
Alabama	$72 billion
Louisiana	$68 billion
Kentucky	$66 billion
Oklahoma	$58 billion
Arkansas	$44 billion
Mississippi	$44 billion
West Virginia	$26 billion

**These values do not include the full spectrum of Biden's "green" energy mandates nor his plan to repeal the TCJA but do include the cost of a potential nationwide lockdown. Due to this difference in methodology, the estimate for Georgia in this chart differs from the total in a subsequent chart.*

Introduction

Joe Biden's economic agenda would transfer more than $2 trillion of income and wealth over the next decade from red states across the South, Sunbelt, Plains, and Mountain regions to the blue states on the West Coast and in the Northeast.

This study finds that only two states in the south—Florida and Texas—would suffer more income loss from the Biden policies than the Peach State. In other words, "Bidenomics," if fully implemented, makes Georgia a major losing state. Finally, this study also considers the impact on Georgia of Biden's plan to repeal the lower tax rates from President Trump's Tax Cuts and Jobs Act, while also removing the step-up basis and instating Biden's higher capital gains tax rate.

Georgia has been one of the highest growth states, ranking 10th on an ALEC index over a decade on population, jobs, and income growth.[1]

ALEC-Laffer State Economic Performance Rankings, 2008-2018

Rank	State	State Gross Domestic Product	Absolute Domestic Migration	Non-Farm Payroll
1	Texas	7	1	2
2	Washington	2	7	7
3	Utah	3	13	1
4	Colorado	9	5	4
5	North Dakota	1	16	5
6	Florida	21	2	3
7	South Carolina	12	6	10
8	Oregon	10	9	11
9	Tennessee	11	8	12
10	Georgia	13	10	13

Source: https://www.alec.org/app/uploads/2020/08/RSPS_13th-Edtion_State-Pages_final.pdf

Georgia has seen a net increase of more than 250,000 additional residents from other states since 2010.[2] Most of these residents have been fleeing the Northeast and Midwest. This domestic migration flood has brought a cumulative $13.9 billion into the state of Georgia, according to IRS tax return data.[3] Jobs follow this capital migration. The just-released jobs data from BLS for the month of November 2020 find that today Georgia has an unemployment rate of just 5.7%, a full percentage points less than the national average of 6.7%.[4]

1 https://www.alec.org/app/uploads/2020/08/RSPS_13th-Edtion_State-Pages_final.pdf

2 https://www2.census.gov/programs-surveys/popest/tables/2010-2019/state/totals/nst-est2019-04.xlsx

3 https://www.irs.gov/statistics/soi-tax-stats-migration-data

4 https://www.bls.gov/charts/state-employment-and-unemployment/state-unemployment-rates-map.htm

Much of the rapid increase in living standards in Georgia is a result of pro-growth policies: a relatively low income tax of 5.75%, a right to work law which forbids forced union participation, a relatively low minimum wage and low cost of living, and low energy costs.

Conversely, "progressive" policies, from high tax rates to green energy mandates, and from forced union rules to $12- to $15-an-hour minimum wages, are now standard fare in the ultra-liberal northeastern states, and other longtime Democratic strongholds like California, Illinois and Michigan. These policies have disadvantaged their states' economies as Americans flee progressivism in record numbers. Jobs, factories, corporate headquarters, and investment dollars are leaving with them.

Five Biden policies in particular will have a small or negative impact on the northeastern and other progressive blue states (and in some cases will benefit these states), but will disadvantage or even severely damage the economies of red states by eroding the competitively strategic policies the red states have used to outcompete their blue state counterparts:

1) $15-an-hour federal minimum wage

2) Abolition of state right-to-work laws

3) Anti-fossil fuel policies / "Green" energy mandates

4) $500 billion federal bailout of blue states

5) Eliminate the cap on state and local tax (SALT) deductions on federal tax returns

We estimate that these policies all combined would highly disadvantage Georgia and make the state poorer. The net cost to Georgia over the next decade would be $151.33 billion. On a per household basis this means a loss of income (call it the "Georgia Tax") of more than $39,200 over the decade, or $3,920 per year.[5] The sixth Biden policy considered here will negatively impact not just Georgia, but the entire country:

6) Replacing President Trump's low federal tax rates with Biden's higher rates

We estimate this last policy alone will cost the state of Georgia $87.1 billion over the next decade, bringing the net cost to Georgia of these six policies to $238.43 billion over ten years, or about $6,189 per household per year.

One study by Casey Mulligan and Kevin Hassett that examines more of Biden's tax increases and regulatory burdens estimates a reduction of income across the country by an average of $6,000 per household. This study, however, focuses mainly on the policies that transfer income and wealth from Georgia to blue states by reducing Georgia's competitiveness, while only examining a few of Biden's proposed tax increases.

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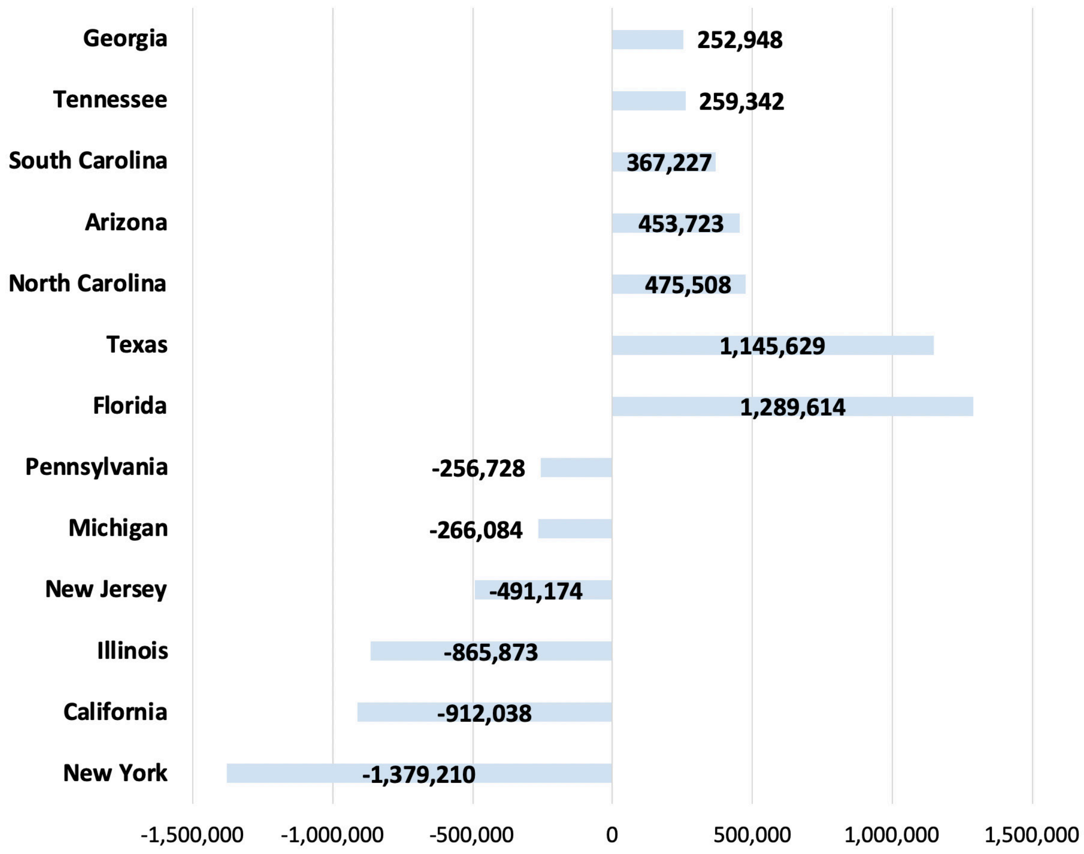
5 Derived via the US Census Bureau estimate of 3,852,710 households in the state of Georgia. https://data.census.gov/cedsci/table?q=B10063&g=0100000US.04000.001&tid=ACSDT1Y2019.B10063&hidePreview=true and the author's estimates found in the following pages.

Georgia's Red State Advantage: Outcompeting Progressive Blue States

Joe Biden will enter the White House with the most progressive tax, spend, borrow and regulate policies of any new president in at least 50 years. That is not our judgment; it is that of Senator Bernie Sanders, the liberal Democrat from Vermont. Biden's plan to increase taxes $4 trillion, for example, is at least twice as large as any other plan that a president has imposed in modern times.

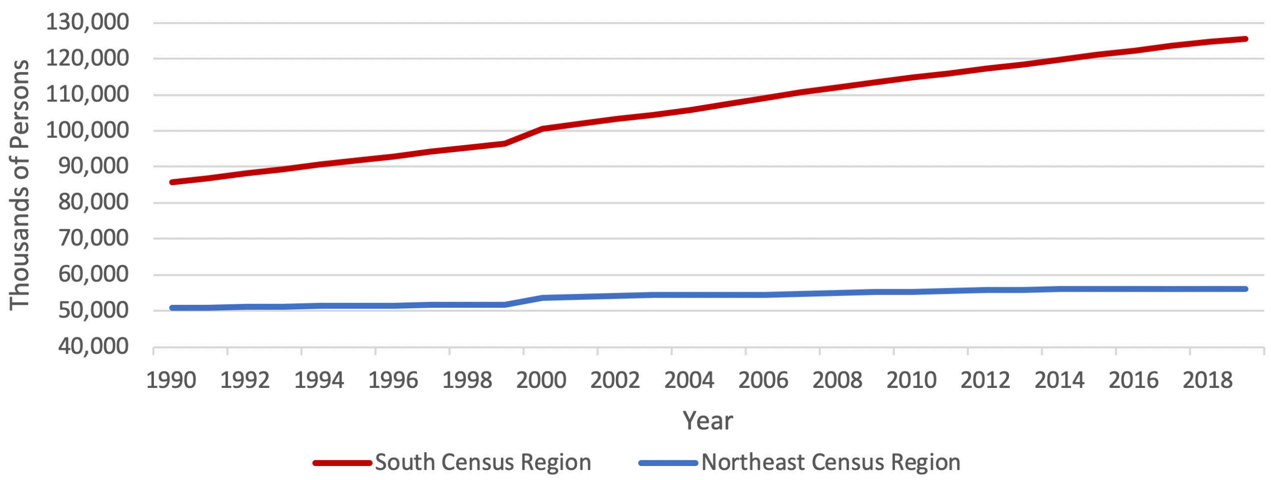
We already have a preview of how these plans are likely to work by examining the states that have already tried them. If Biden's progressive economic policies actually worked, we would see the results in robust income and jobs gains in blue states that have been following the Democrat playbook. The progressives and academics assured us that states like New York, New Jersey and Illinois would be progressive worker paradises, and that the Southern and Mountain states would be left behind. Instead, the stampede to red states, particularly the Southern states, rolls on day after day.

People Voting with Their Feet Against High-Tax States and Moving South

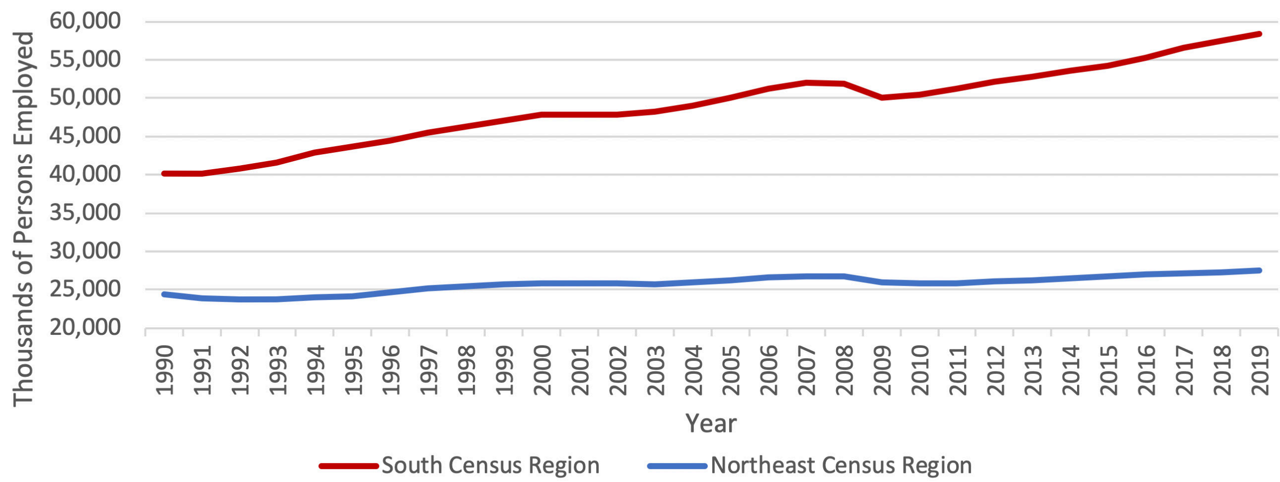


Source: US Census Bureau

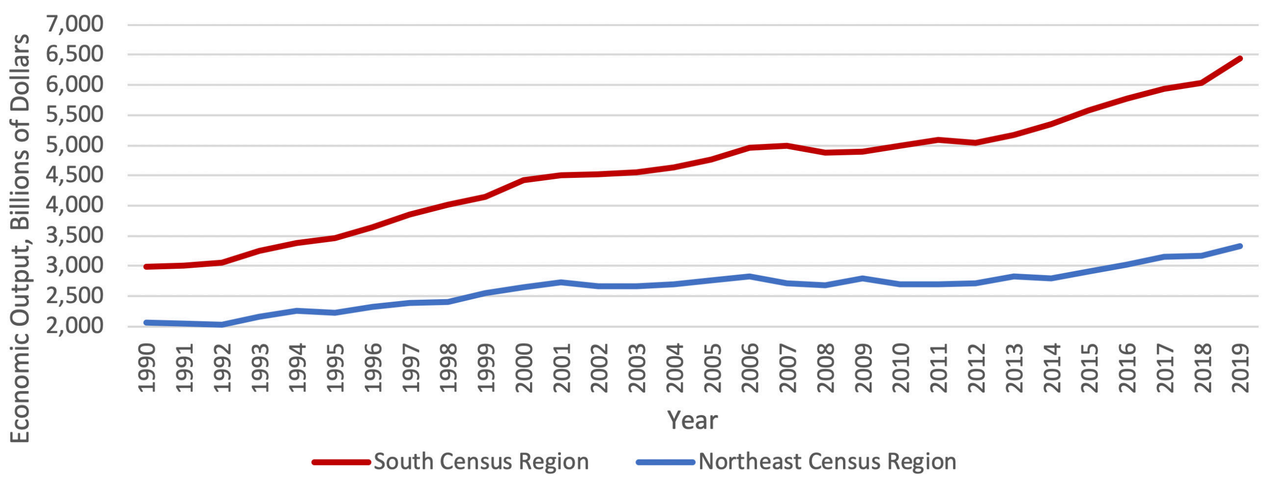
30 Years of Growth in the South, Stagnation in the Northeast



Robust Employment Gains in the South, Anemic Increase in the Northeast



Economic Growth Significantly Larger in South than Northeast



Clearly, Americans are “voting with their feet” against the progressive policies of the left. States are laboratories of democracy, and the experiments are teaching us that the Biden policies have failed to create growth or fairness.

The Biden plan would thus attempt to “level the playing field” by forcing economically free market states in the south like Georgia to add the very same weights on the backs of their economies that have disabled the northern states. States cannot compete against each other and serve as “laboratories of democracy” if every state must adopt the same nationwide policies. Nationalization of economic policies is the essence of the Biden strategy and this will hurt red states like Georgia the most.

Six Biden Policies that Hurt Georgia

1) Abolish Georgia’s Right-to-Work Law

As of October, 2020, blue states have unemployment rates more than 2.3 percentage points higher than red states.[6] The unemployment rates have been consistently lower in red states for the better part of the past two decades. One reason is that 26 states, including Georgia, have right to work laws. According to a study by ALEC, right to work states have created roughly twice the number of jobs as forced union states.[7,8] Eliminating Georgia’s right to work law would increase unemployment in the state by about 1.1% and decrease investment by 1.0%.

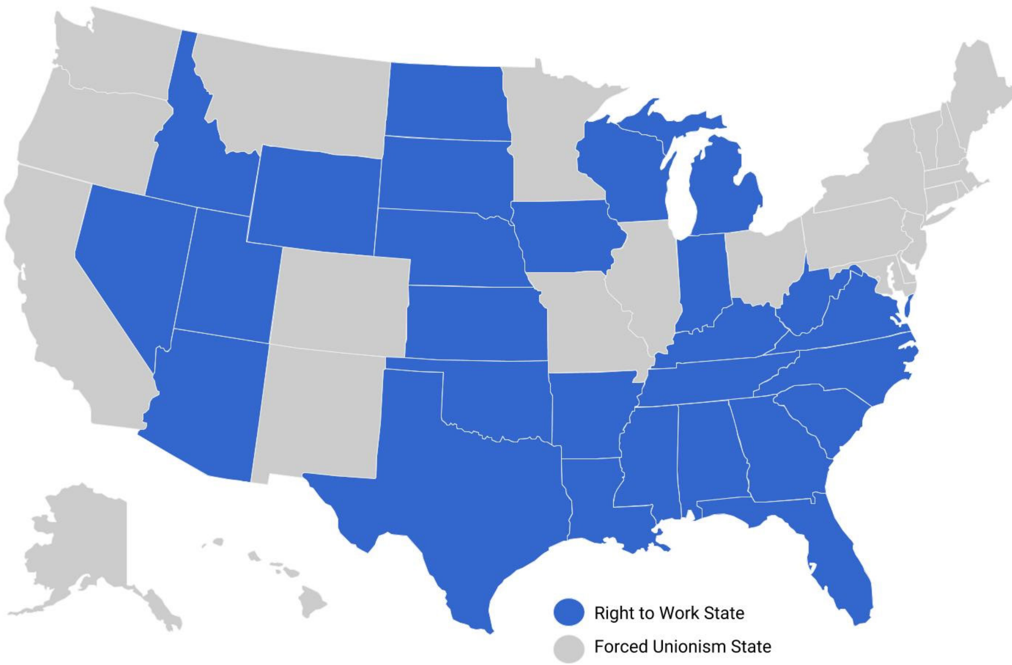
Auto, steel, and light manufacturing plants have left the Northeast and Midwest and relocated to the right to work states in the South. One prominent example was the decision by Boeing to move its manufacturing center for jumbo jets from forced-union Seattle to right-to-work Charleston, South Carolina.

The logical solution would be for the Northeastern and Midwestern states to enact right-to-work laws and some, like Michigan and Indiana, have. Instead, Biden’s plan forces Georgia and other right-to-work states to adopt forced union rules at their business establishments. This crushes the competitive advantage of the South. And the biggest problem: instead of auto assembly plants moving to Texas and Alabama, they would move to Mexico and China.

6 https://www.bls.gov/charts/state-employment-and-unemployment/state-unemployment-rates-map.htm and authors’ calculations.

7 https://www.alec.org/publication/rich-states-poor-states/

8 https://www.bls.gov/lau/data.htm



Source: https://www.nrtw.org/es/right-to-work-states

Banning right-to-work laws nationwide would cost Georgia approximately $16.87 billion over the next decade.

2) Phase Out Fossil Fuels and Impose "Clean" Energy Requirement

America's comeback from the 2008-09 financial collapse was driven by the birth of the modern age of shale oil and gas production with fracking and horizontal drilling technologies. From 2008-12 the oil and gas industry accounted for more than half the new jobs created and added hundreds of billions of dollars to the U.S. GDP over the period.

The heart of Biden's energy policy is to convert away from oil, gas, and coal and impose more mandates for use of expensive "green" energy alternatives. He favors zero carbon emissions by 2035. This will negatively impact Georgia's economy in two ways. First, a moratorium on oil and gas could put 9.8 million jobs directly and indirectly in jeopardy, according to a study by the American Petroleum Institute. Over 141,000 of these energy-related jobs would be lost in Georgia, along with $12.9 billion a year in GDP.[9]

Second, the Biden move to mandate renewable energy will raise energy costs in the state. The Biden plan's "clean energy standard" would requires 100 percent electricity to be generated from non-carbon sources by 2035. The chart below shows that some 35 states, most of them Democratic states, already have renewable standards, mandating 30 – 50% or more of electric power generation come from wind and solar energy, while Georgia and most of its neighboring states do not have these requirements.

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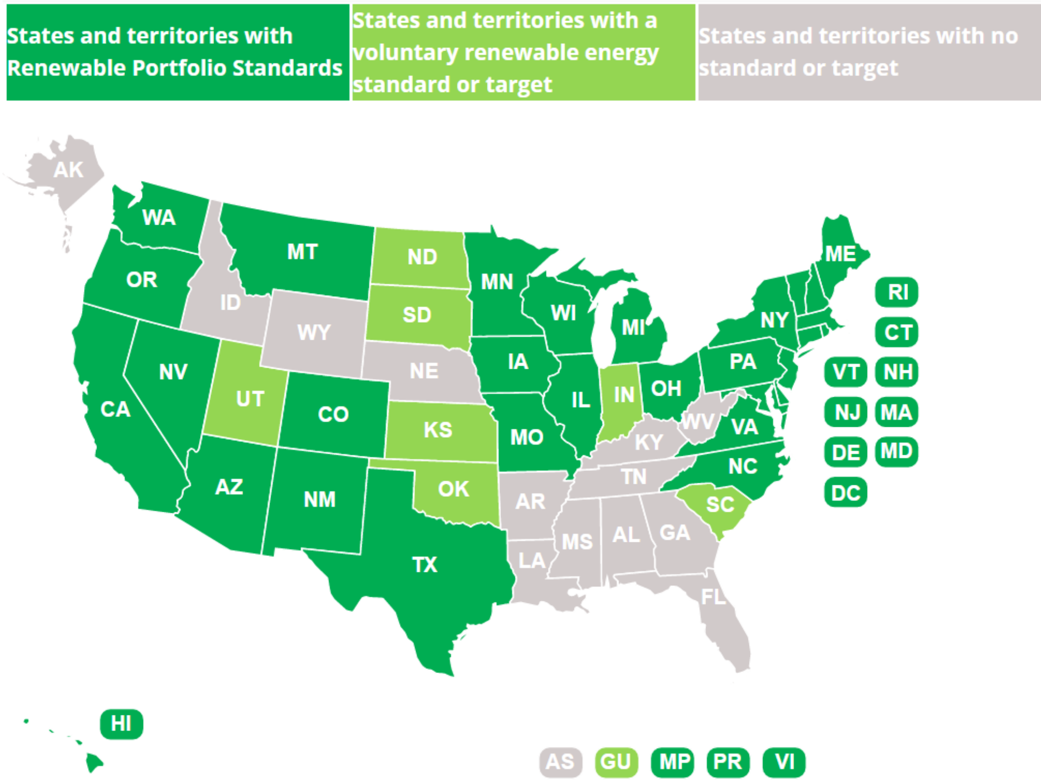
[9] https://www.api.org/-/media/Files/Policy/Jobs/EnergyWorks/EnergyWorks_Georgia-API.pdf?la=en&hash=76C35B-9C4E0704935D7346F64B548E515887C21E



Source: https://www.ncsl.org/research/energy/renewable-portfolio-standards.aspx

A 2018 study by the Goldwater Institute found that electric utility costs are almost twice as high in states with strict REP (Renewable Energy Policies) versus states that have none.[10] Another study by the Institute for Energy Research found that one state's energy policies (California's) most resemble the Biden national plan.[11]

California's energy costs are almost double the rate in many other states. Not all this differential is due to the California RPS (Renewable Portfolio Standard), but much of it is. The chart below shows that Georgia would likely see at least a 40% rise in power costs due to the Biden requirement because Georgia, which produces more electricity than 41 other states, gets 48.5% of its electricity from natural gas and less than 0.05% of its electricity from either solar or wind.[12]

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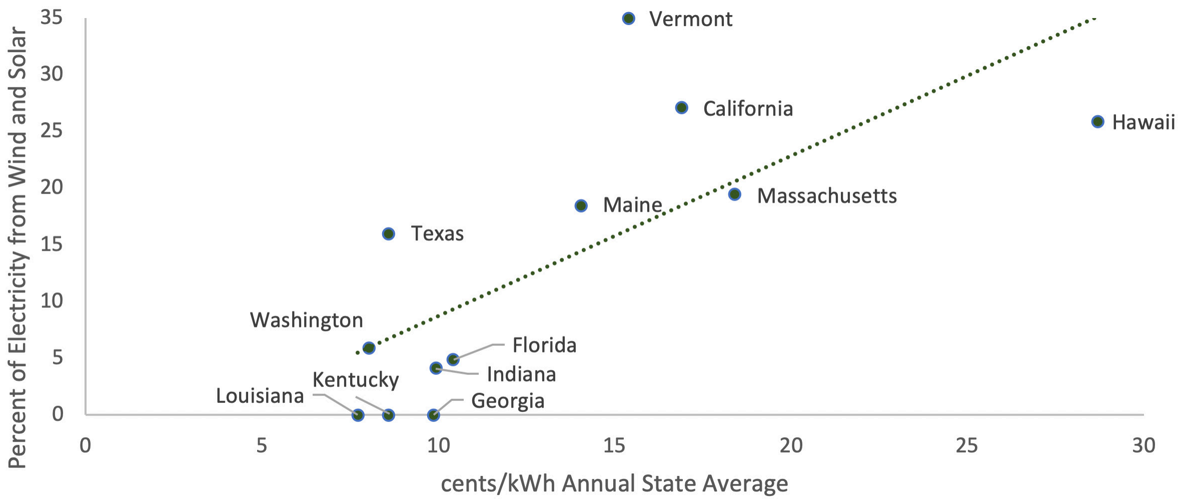
10 https://goldwaterinstitute.org/wp-content/uploads/2018/10/AZ-Clean-Energy-MOORE-2018-10-15.pdf

11 https://www.instituteforenergyresearch.org/the-grid/the-biden-energy-plan-is-like-californias-but-worse/

12 https://www.chooseenergy.com/data-center/electricity-sources-by-state/

"Green" Energy Mandates Mean More Expensive Electricity



Georgia's price for electricity is 9.86 cents/kWh, 6% lower than the national average.[13] The state's total utility costs per year for residential use ($7.0 billion) and commercial use ($4.8 billion) is $11.8 billion.[14] A 40% increase in these costs would bring the total to $16.5 billion per year.

3) Enact a $500 Billion Blue State Bailout

Biden has fully supported the Pelosi "stimulus" bill that would provide a $500 billion bailout to bankrupt states and cities due to COVID. But Georgia, like most of the red states, especially in the south, smartly avoided the draconian lockdowns that happened in the Northeast and Midwest and which did not work to reduce deaths.

One of the formulas for the distribution of aid is the state unemployment rate. The higher the rate, the more money a state would receive. The Democrats also want to tie aid to the size of the state budget deficit. This is a heavily biased formula against the red states of the South because most of them have *low* unemployment rates and small or no budget deficits, as shown by a recent analysis by ALEC.[15] These states wisely did not shut down their economies in the first half of the year and have been more reluctant to lockdown now.

Look at the unemployment rates for October 2020, with the pandemic still ongoing. The states with unemployment rates of less than 5% (which is close to full employment) are mostly red states—a list that includes Georgia. The states with unemployment rates above 8% unemployment are mostly blue states, and all have Democrat governors.

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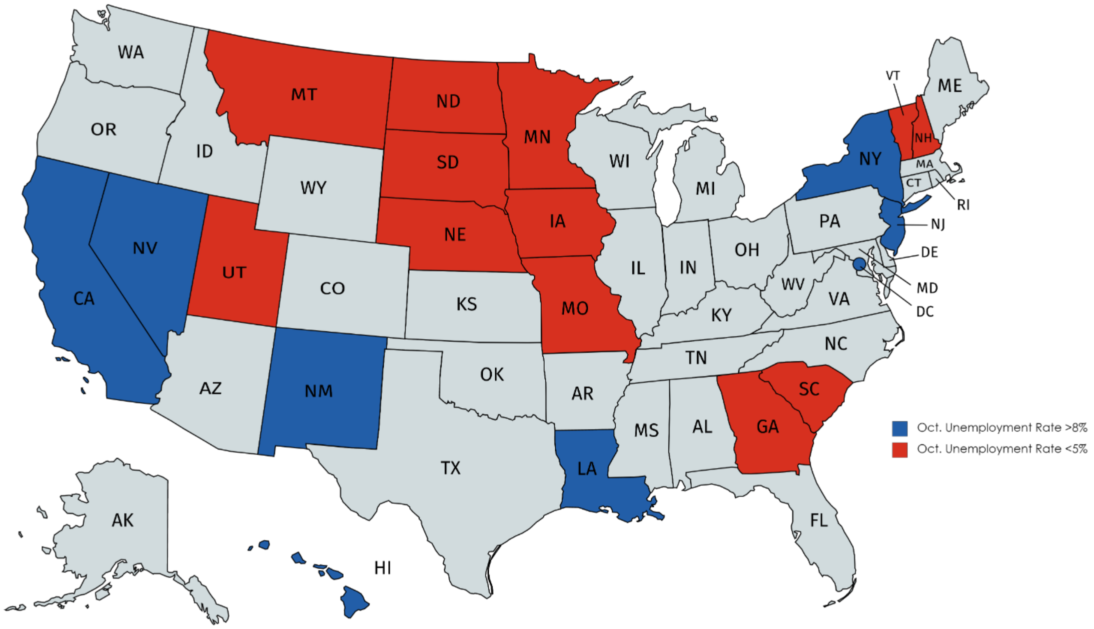
13 https://www.eia.gov/electricity/state/

14 https://www.eia.gov/electricity/data/state/

15 https://www.alec.org/app/uploads/2020/08/RSPS_13th-Edtion_State-Pages_final.pdf



The four states in need of the most dollars are California, New York, Illinois and New Jersey. Georgia is in good fiscal and economic health. It does not need and will not receive much federal aid. It is a net payer, not a net receiver, of funds. We estimate that roughly two-thirds of the bailout money would go to blue states and one-third to red states. This is about a $150 billion net tax on red states—because the only way the federal government can give money to one state is by taking it from the productive assets or wealth of other states.

Georgia is a particularly large loser here because it would receive extraordinarily little relative to other states that currently find themselves in terrible financial straits. (Illinois, for example, has a debt rating just one notch above "junk" status.) That does not absolve Georgia, however, from having to help fund the bailout. Thus, it is merely another example of a zero-sum game and the Peach State is yet again on the losing end, this time for a net loss of about $14.72 billion.

4. Restore State and Local Tax Deduction

Biden, on behalf of high-tax blue states, wants to create a tax deduction for residents of high-tax states that would eliminate the federal cap on state and local tax deductions. This would not only benefit the top 1% of taxpayers, who would get almost 60% of the benefits, but it would disproportionately benefit taxpayers in the blue states.

The tax deduction would cost the county roughly $180 billion every year and three-quarters of the benefit would go to blue states. Red state taxpayers would have to make up the difference. We estimate the cost of this policy to the South to be $590 billion over ten years; $55.02 billion of this will be borne by Georgia.

Value of SALT Deduction as Percent of State's AGI

	State	Deduction as Percent of AGI
States that Benefit the Most	New York	9.4%
	New Jersey	8.8%
	Connecticut	8.5%
	California	8.1%
	Maryland	7.9%
	Oregon	7.2%
	D. C.	7.1%
	Massachusetts	6.4%
	Minnesota	6.3%
	Rhode Island	6.1%
States that Benefit the Least	Georgia	4.8%
	Mississippi	2.9%
	Texas	2.8%
	Louisiana	2.8%
	Alabama	2.7%
	Florida	2.6%
	Nevada	2.2%
	Tennessee	1.9%
	South Dakota	1.8%
	Wyoming	1.8%
	North Dakota	1.8%

Source: Internal Revenue Service, "Statistics of Income Tax Stats, Tax Year 2016: Historic Table 2, 'Total File, All States,'" https://www.irs.gov/statistics/soi-tax-stats-historic-table-2, and author's calculations.

Examining the benefits of SALT deductions across the country shows that more than a fifth of these nationwide benefits go to a single high-tax state: California. The top four states, California, New York, New Jersey, and Illinois, account for 43.4% of the benefits from the SALT deduction. Of the ten states that benefit the most from the SALT deduction and have more than 25% of their residents taking the deduction, every one of them is a high-tax state run by Democrats, and most are in the northeast corner of the country. These eight states account for 57.2% of the SALT deduction. In fact, the Northeast, plus California and Illinois, receive 62% of the SALT deduction.

These tax deductions are a net gain for high-tax states like California, Connecticut, Illinois, New Jersey, and New York. The collection of federal tax dollars that are foregone in those states are effectively replaced by additional tax dollars collected from low-tax states – like Georgia.

For a state with relatively low taxes like Georgia, the cost to the state would be massive, amounting to $55.02 billion over the next decade.

Where the SALT Benefits Go

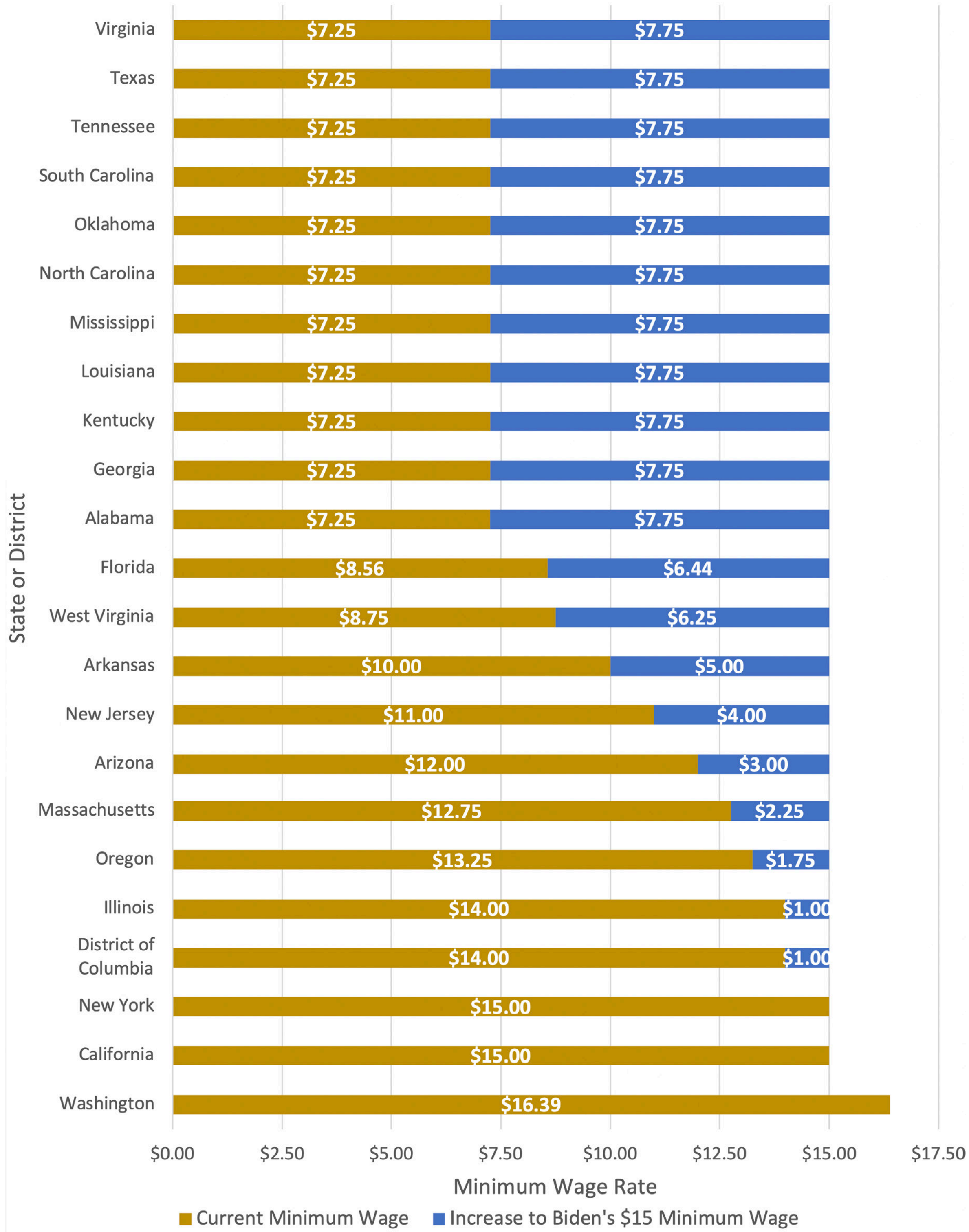
State	State Share	Percent of Itemizers	AGI per Filer
California	20.7%	35.2%	$79,332
New York	13.1%	34.9%	$80,260
New Jersey	5.9%	41.8%	$84,472
Illinois	4.2%	31.6%	$71,626
Texas	4.0%	24.2%	$64,335
Pennsylvania	3.7%	29.1%	$65,408
Massachusetts	3.5%	37.4%	$88,393
Maryland	3.2%	46.4%	$76,069
Virginia	2.9%	37.8%	$74,693
Florida	2.8%	23.9%	$61,988
Ohio	2.7%	26.3%	$58,421
Connecticut	2.5%	41.6%	$92,782
Georgia	2.4%	33.4%	$60,798

Source: Internal Revenue Service, "Statistics of Income Tax Stats, Tax Year 2016: Historic Table 2, 'Total File, All States,'" https://www.irs.gov/statistics/soi-tax-stats-historic-table-2, and author's calculations/.

5) Double Georgia's Minimum Wage to $15 an Hour

The Biden economic plan calls for a nationwide minimum wage of $15 an hour. The table below shows that most of the progressive Northern and West Coast states already have minimum wages of more than $10 an hour, and many of these states have already scheduled in a $15 wage requirement over the next several years. So, this national policy will have almost no impact whatsoever on blue states.

$15 Minimum Wage Devastating to Sunbelt Small Businesses, More than Doubling Labor Costs in Many States



Note: Exceptionally large cities that have a relatively high percentage of a state's residents serve as proxies for the whole state's minimum wage rate.

But it will have a profoundly negative impact on employment and job creation in the Southern states, which have been traditionally poorer (though they are rapidly catching up), but also have lower costs of living. Georgia has a minimum wage set at the national rate of $7.25 an hour. The Biden plan would more than double that rate. The $15-an-hour wage requirement will put tens of thousands of low-wage starter jobs at risk.

The North's strategy has been to keep wages high and price out lower wage jobs. Georgia and other red states have opted for the strategy that a low-wage starter job is better for economic development than no job at all. This creates a tremendous job creation advantage in the South—especially for teens and other lower skilled workers. Under Biden, the wage and lower cost advantage in the South starts to disappear.

One study has found that a national minimum wage requirement would cost the U.S. economy 2 million jobs.[16] Even the Congressional Budget Office, which estimates pay raises for some 10 million workers, estimates that 1.3 million Americans (otherwise employed) would be unemployed with a $15 minimum wage by 2025. The range is zero to 3.7 million fewer employed workers. We would anticipate a very large share of those job losses to be in states like Alabama, Georgia, and Florida. States with a current minimum wage of $7.25 would likely see their unemployment rate rise 3.4%.

6) Replacing President Trump's Low Federal Income Tax Rates with Biden's Higher Rates

The Trump tax cuts (Tax Cuts and Jobs Act, or TCJA) were the most comprehensive tax reform legislation in decades. The median household in America has saved thousands of dollars because of the TCJA, but Biden is seeking to undo that. He would increase the marginal federal income tax rates back to where they were pre-reform, and drastically increase capital gains tax rates, while also removing the step-up basis. The effect of these policies on the nation's capital stock will be devastating.

TCJA		**Biden**	
10%	$0 - $14,100	10%	$0 - $14,100
12%	$14,101 - $53,700	15%	$14,101 - $53,700
22%	$53,701 - $85,500	25%	$53,701 - $85,500
24%	$85,501 - $163,300	28%	$85,501 - $163,300
32%	$163,301 - $207,350	33%	$163,301 - $207,350
35%	$207,351 - $518,400	35%	$207,351 - $518,400
37%	$518,401 +	39.6%	$518,401 +
21%	Corporate	35%	Corporate
20%	Capital Gains	39.6%	Capital Gains

NB: "Capital Gains" taxes above represent the top marginal rate for long-term capital gains. Rows 1-7 show the personal income tax brackets using IRS tables for tax year 2020.

16 https://epionline.org/wp-content/uploads/2020/10/EPI_StateEmployment15MinimumWage.pdf

A static estimate of these tax increases assumes that people will not alter their behavior in the face of these changing incentives. Under such assumptions, federal tax receipts from Georgia will increase $2.1 billion in the first year, and $22.4 billion over a decade.

A much more realistic assumption is that people will respond to the disincentives these tax increases create. More taxes on income mean people work less. More taxes on capital mean people invest less. (This is the same logic behind "sin" taxes, such as the tax on cigarettes; people respond to incentives and disincentives.) A dynamic estimate of Biden's tax increases sees less federal tax receipts taken from Georgia over the next decade: $20.3 billion. However, this is due to a hamstrung economy that is growing slower. The deadweight loss of Biden's tax hikes will be $66.8 billion in lost economic activity over ten years. That is a total cost to the state of $87.1 billion.

How Much Do Biden's Blue State Policies Cost Georgia?

The table below relists the cost to Georgia from each of these policies. We view the Biden economic plan as a "Red State Tax" on states like Georgia, all to pay for the mistakes made by blue states during the pandemic and fiscal holes that long predate the pandemic. This includes such big-ticket items as massive unfunded pension liabilities.

Income Transfer from Georgia to Blue States

Biden Policy	Cost Over a Decade (billions)
$15 Minimum Wage Rate	$17.72
No Right-to-Work Laws	$16.87
"Clean" Energy Regulations and Mandates	$47.00
$500 Billion Municipal Bailout	$14.72
Unlimited SALT Deduction	$55.02
Replace Tax Cuts with Biden's Higher Rates	$87.10
Total	$238.43

The table below estimates the cost of just part of the Biden agenda on each major Southern red state. Georgia ranks third highest in terms of the Red State Tax in the South.

How Much Each State Stands to Lose

State	Cost to the State Over a Decade
Texas	$426 billion
Florida	$316 billion
Georgia	$156 billion*
North Carolina	$154 billion
Virginia	$126 billion
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**These values do not include the full spectrum of Biden's "green" energy mandates nor his plan to repeal the TCJA but do include the cost of a potential nationwide lockdown. Due to this difference in methodology, the estimate for Georgia in this chart differs from the total in the previous chart.*

Texas, Florida, Georgia and North Carolina would be by far the largest losers from Biden's war on the South. These Southern states tend to have lower median incomes than the Northern states, so the impact of these policies would be regionally regressive.

Conclusion

It is not exactly Sherman's March from Atlanta to the Atlantic, but the Biden economic strategy imposes enormous long-term costs on the Peach State and its residents.

It is a national strategy to undermine or even outlaw Georgia's pro-growth economic policies, the very policies that have played a significant role in Georgia's economic escalator. While some people moved out of Georgia in the past decade, over a quarter million more people moved there than left. For a state with less than 11 million people, this is sizable growth, and helps to explain how Georgia grew faster than 40 other states during the last decade.

What is doubly unfair is that the Biden plan imposes these policy changes on states like Georgia by imposing economically harmful policies on the South that have already failed in the Northeast. The best economic growth strategy for Georgia would be to work towards blocking the implementation of any tax, regulations, or mandate that disadvantages the state and its residents, across all income levels. Similarly, the best strategy for the blue states would be to learn from the red state renaissance and adopt the free market and low-tax policies that have made that revival in states like Georgia possible.

Appendix

Removing the cap on SALT deductions (*ceteris paribus*) is expected to decrease the annual tax paid by quintile as follows:

1st Quintile	$0
2nd Quintile	$0
3rd Quintile	-$660 million
4th Quintile	-$4,620 million
Top Quintile	-$174,240 million

This is an annual total deduction of $179,520 million ($179.52 billion), clearly isolated among the wealthiest Americans. Since population and income distributions vary greatly from state to state, the benefits from this tax deductions are not uniform among the 50 states. State populations and income distributions are used to perform a cost-benefit analysis on a state-by-state basis. Georgia's annual estimate (in millions of dollars) is calculated as:

$$422 - 5{,}924 = 5{,}502$$

The municipal bailout will be overwhelmingly allocated to states in much worse financial shape than Georgia. California, Illinois, and New York with billions of dollars in debt and unfunded pensions will absorb the bulk of the $500 billion plan. Georgia's estimate for this one-time program (in millions of dollars) is calculated as:

$$1{,}780 - 16{,}500 = 14{,}720$$

A $15-an-hour minimum wage rate is a 107% increase over Georgia's current rate. Utilizing CPS data and CBO estimates and projections (of which, we believe the elasticities and inflation estimates in particular bias the cost of this estimate downwards, thus minimizing its magnitude), the first fallout would be a loss of about 7% of all jobs affected by this increase. Note that this is not 7% of those currently working at $7.25 an hour, but rather anyone working at $14.99 an hour or less, which is a substantially larger workforce. Job losses would be concentrated in the restaurant and hospitality industries, sectors already under pressure from the pandemic. The second effect of such a large minimum wage rate increase would be slower economic growth due to a decline in economic activity. Assuming no further increases in the nominal minimum wage rate, the real minimum wage rate will decline over the next decade due to inflation. The real minimum wage rate for each year over the next decade is written here as where is the real minimum wage rate in 2021 dollars and is the year:

$$15.00_{2021} \quad 14.63_{2022} \quad 14.26_{2023} \quad 13.90_{2024} \quad 13.56_{2025}$$

$$13.22_{2026} \quad 12.89_{2027} \quad 12.56_{2028} \quad 12.25_{2029} \quad 11.94_{2030}$$

These real wage rates are used to calculate the statewide cost (in millions of dollars) over a decade, with the impact diminishing each year:

$$1{,}981 + 1{,}932 + 1{,}883 + 1{,}835 + 1{,}790 + 1{,}745 + 1{,}702 + 1{,}658 + 1{,}617 + 1{,}577 = 17{,}720$$

The estimate of the value of right-to-work laws to Georgia is derived by comparing the performance of right-to-work states with non-right-to-work states. We find that in right-to-work states job growth is 50% faster, output growth is 17% faster, and population growth is 71% faster than in non-right-to-work states over the course of a decade. These results stem from two causes. First, the long-run mobility of both labor and capital causes states to compete for these resources and right-to-work laws make a state less competitive. Second, right-to-work laws serve to impose price floors which cause a deadweight loss, reducing economic activity and growth rates. If only Georgia were eliminating its right-to-work laws, the cost over the decade would be $41,381 million, but since the proposal being analyzed here is nationwide, that eliminates any competition between states, which is the majority of the overall effect. Consequently, the only effect remaining is the economic inefficiency of what amounts to forced union representation, which is estimated at a much lower $1,687 million a year, or $16.87 billion over a decade.

The proposed transition away from fossil fuels is truly unprecedented as no one has done it successfully without relying heavily on nuclear and/or hydropower, both of which are now frowned upon for their respective effects on the environment. Our cost estimates are, therefore, not derived from nations or states which have successfully made a transition, but rather are extrapolated using data from partial transitions, specifically states within the US. We estimate an increase of $47 billion in Georgia's energy prices, as outlined in the body of the paper, as well as an undetermined loss of jobs. The decrease in employment is difficult to estimate because it depends largely on how many former oil, coal, and gas employees will then be employed in the replacement wind and solar sectors, and what how the incomes (in toto) of those employees will change. It is unclear how many jobs would be created in Georgia, for instance, to manufacture solar panels, since they are currently made in other states and overseas. It is also particularly difficult to assess the efficiency of wind and solar power in Georgia because there is virtually none there to be evaluated. This last point is important because a solar plant in Arizona will be much more efficient than the same one operating in Alaska, and the same holds true for wind power. If large-scale solar and wind prove ill-suited for Georgia, relative to other states, then energy cost increases could be well in excess of $47 billion. In an effort to make our estimates as conservative as possible, knowing that these "indeterminables" will only increase the magnitude of the existing estimate, we confidently rest our case at the aforementioned assessment.

The estimate of Biden's tax increases deals only with repealing the new tax rates from the TCJA and removal of the step-up basis while instating Biden's new capital gains rate. It does not consider other provisions of the TCJA, such as doubling the standard deduction, which would also be eliminated. The static estimate assumes Georgia's Gross State Product (GSP) for 2021 will be roughly equal to 2019's GSP. No assumptions on behavioral changes are made. The dynamic estimate, however, assumes disincentives on work from the personal income tax and the corporate income tax, and disincentives on investment from the capital gains tax. GSP growth is slowed by 1.1 percentage points annually. Given a 2019 GSP of $625,713,600,000 that equates to $6.8 billion in lost growth in the first year alone. Both the static and dynamic estimates assume a slow annual growth rate of just 1.5%, *ceteris paribus*. The dynamic estimate yields an anemic growth rate of just 0.4% annually. An relatively low, historically, 1.5% economic growth baseline is assumed in our estimates because faster growth rates would increase the tax base at an accelerated pace and, consequently, increase the federal taxes owed by Georgia by a greater amount. A slower growth rate, therefore, makes our estimates more conservative, in minimizing the harm likely caused by Biden's tax increases. Since robust economic growth would increase the GSP faster, it would also exacerbate the difference between Georgia's economic growth under Trump's plan vs. Biden's plan.

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