

# Economic and Fiscal Impact Analysis

## Tucson Airport Authority in 2024

### Tucson International Airport and Ryan Airfield



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Prepared for:



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## Table of Contents

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<b>Executive Summary</b>	i
<b>1.0 Introduction</b>	1
1.1 Purpose of Study	1
1.2 Importance of Aviation in Pima County	1
1.3 Economic & Fiscal Impact Definition	1
<b>2.0 Impact of Operations</b>	2
2.1 Operating Assumptions	2
2.2 Economic impact of Operations	3
2.3 Fiscal Impact of Operations	3
<b>3.0 Impact of Air Visitor Spending</b>	6
3.1 Assumptions Used in the Analysis	6
3.2 Economic Impact of Air Visitor Spending	7
3.3 Fiscal Impact of Air Visitor Spending	8
<b>4.0 Assumptions &amp; Methodology</b>	10
4.1 Limiting Conditions	10
4.2 Analysis Assumptions	11
4.3 Economic Impact Methodology	12
4.4 Fiscal Impact Methodology	13



## Executive Summary

The Tucson Airport Authority (TAA) oversees operations at both Tucson International Airport and Ryan Airfield. Tucson International Airport (TUS), a commercial service international airport, spans approximately 7,888 acres and is situated about eight miles south of downtown Tucson. Ryan Airfield (RYN), a general aviation facility, is located roughly 14 miles southwest of the city center, and encompasses 1,855 acres. This 2024 impact study evaluates both the direct economic contributions and the broader ripple effects of TAA's business enterprise across the regional economy. In addition to the impacts from air service-related operations and support components, the analysis includes the impacts from principal military operations of the Morris Air National Guard 162<sup>nd</sup> Wing, aerospace manufacturer Raytheon and other onsite businesses as well as the influence of visitor spending. The following tables highlight the economic and fiscal impacts—measured in terms of employment, earnings, total output, and generated government revenues.

### The 2024 operations of Tucson Airport Authority created 42,012 jobs, \$2.9B in wages and \$10.9B in economic activity.

Direct operations of the airports, including capital improvement projects, generated 18,804 jobs with wages of \$1.8 billion and direct economic output of \$7.5 billion. Spending by visitors generated an additional 9,674 direct jobs with \$349.8 million in wages and \$936.9 million in direct economic activity. Using accepted economic multipliers, the indirect and induced impact generated 13,535 jobs, \$802.2 million in wages and economic output of \$2.5 billion. In total, the operations of Tucson Airport Authority, onsite businesses, military operations and visitor spending generated 42,012 jobs, \$2.9 billion in wages and \$10.9 billion in economic output.

Tucson Airport Authority Economic Impact Summary (2025 Dollars)			
Economic Impact Sources	Employment	Payroll (\$ mil)	Economic Activity (\$ mil)
Direct Impacts:			
Tucson Airport Authority	18,804	\$1,770.1	\$7,459.9
Tucson International Airport	18,385	\$1,744.0	\$7,384.3
Capital Improvement Projects TUS	360	\$22.9	\$69.3
Ryan Airfield	59	\$3.3	\$6.4
Air Visitor Spending	9,674	\$349.8	\$936.9
Total Direct Impact	28,478	\$2,119.9	\$8,396.9
Indirect Impact	4,724	\$306.7	\$849.7
Induced Impact	8,811	\$495.5	\$1,646.4
<b>TOTAL ECONOMIC IMPACT</b>	<b>42,012</b>	<b>\$2,922.1</b>	<b>\$10,893.0</b>
Source: Implan; Elliott D. Pollack & Company; Tucson Airport Authority; WestGroup Research			



**The operations of the TUS and RYN airport system, operated by the Tucson Airport Authority, generated an estimated \$115.0M in tax revenues for the State of Arizona, \$56.7M for Pima County and \$45.0M for the City of Tucson in 2024.**

Fiscal impact analysis studies the public revenues associated with a particular economic activity. For this study, the revenues generated for the State of Arizona, Pima County and the City of Tucson are calculated. Both primary (direct taxes generated by the companies or tourist spending) and secondary revenues (taxes that flow from the wages of those direct, indirect and induced employees who are supported by the company or air visitor spending) are calculated. For example, the visitors will generate “primary” revenues from spending on retail, restaurants, hotels and entertainment. The employees supported by the spending would then spend part of their salaries on local goods and services. These employees would also contribute to revenues collected by the State and that are ultimately shared with local counties and cities.

Arizona state government received an estimated \$115.0 million in revenue from the operations and visitor spending impacts generated in 2024. This included \$2.9 million from capital improvements, \$48.4 million from annual operations, and \$63.7 million generated by visitor spending.

The fiscal impact generated to Pima County in 2024 was estimated to be \$56.7 million. This includes the \$758,700 from capital improvements, \$31.0 million from annual operations, and \$25.0 million from visitor spending.

The City of Tucson received similar revenues for a total of \$45.0 million in 2024. Revenues from construction for the City of Tucson were estimated at \$236,900. An additional \$14.8 million from operations and \$30.0 million from tourist spending including lodging were generated.



Tucson Airport Authority Fiscal Impact Summary (2025 Dollars)					
	Capital Improvements	Operations TUS	Operations RYN	Air Visitors	Total
<u>State of Arizona</u>					
Primary revenues	\$1,931,000	\$2,259,400	\$13,800	\$45,572,000	\$49,776,200
Secondary revenues from employment	\$998,600	\$46,008,100	\$108,000	\$18,134,700	\$65,249,400
Total	\$2,929,600	\$48,267,500	\$121,800	\$63,706,700	\$115,025,600
<u>Pima County</u>					
Primary revenues	\$225,100	\$170,600	\$1,300	\$12,117,600	\$12,514,600
Secondary revenues from employment	\$533,600	\$30,713,700	\$85,200	\$12,865,600	\$44,198,100
Total	\$758,700	\$30,884,300	\$86,500	\$24,983,200	\$56,712,700
<u>City of Tucson</u>					
Primary revenues	N/A	\$52,000	N/A	\$24,983,700	\$25,035,700
Secondary revenues from employment	\$236,900	\$14,667,400	\$35,800	\$5,020,100	\$19,960,200
Total	\$236,900	\$14,719,400	\$35,800	\$30,003,800	\$44,995,900
NOTE: All figures are intended only as a general guideline as to how the jurisdictions could be impacted. Figures exclude aircraft license taxes, flight property taxes, and aviation fuel taxes. Figures do not include any potential exemptions from prime contracting TPT or for jet fuel purchases over 10 million gallons per customer. Sources: Elliott D. Pollack & Company; WestGroup Research; TAA; ATRA; Implan					



## **1.0 Introduction**

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### **1.1 Purpose of Study**

Elliott D. Pollack & Company was engaged to analyze the economic and fiscal impact of the Tucson Airport Authority (TAA) business enterprise, which includes both Tucson International Airport (TUS) and Ryan Airfield (RYN), along with the businesses operating at each location. To better understand how air travelers contribute to the local economy, WestGroup Research also conducted a visitor intercept survey focused on both business and leisure travelers coming into Pima County. This study captures not only the direct impact of the TAA system, but also the broader ripple effects it creates throughout the county's economy. The goal of the analysis was to measure the economic activity and government revenue generated across these areas.

This analysis builds on the original study completed in 2018, which reported the impacts of TAA's operations in 2017. A consistent and comparable methodology was used for the 2024 update to ensure accurate trend analysis over time. Updated assumptions, refined modeling techniques, and the latest Implan multipliers were incorporated to enhance the precision and relevance of this year's results.

### **1.2 Importance of Aviation in Pima County**

Air travel plays a big role in keeping the local economy connected to the rest of the world. For Tucson and Pima County, the airports managed by the Tucson Airport Authority are key to helping people and goods move quickly and efficiently—whether it's across the country or around the globe. In today's global economy, having strong airport access helps local businesses stay competitive by opening up opportunities in both well-established and growing markets.

Pima County's unique climate and business friendly environment, along with the presence of the U.S. Military Morris Air National Guard 162nd Wing, serve as a draw for many aviation related businesses including one of the state's largest aerospace manufacturers, Raytheon. These businesses, together with the operations and visitor impacts of Tucson International Airport and Ryan Airfield serve as the basis of this analysis in illustrating the overall importance of aviation in the region.

### **1.3 Economic & Fiscal Impact Definition**

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings and job creation. Fiscal impact analysis, on the other hand, evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue sources of a city, county or state government are analyzed to determine how the activity may financially affect them.



## 2.0 Impact of Operations

The Tucson Airport Authority (TAA) oversees operations at both Tucson International Airport and Ryan Airfield. Together, these facilities play a vital role in the southern Arizona economy, driven by the substantial volume of airport-related employment and business activity occurring both on-site and in the surrounding region. This section of the report highlights the economic contributions of TAA's business enterprise, including employment, payroll, overall economic output, and related fiscal impacts. It also accounts for the effects of capital improvements such as new construction, major maintenance, and repair projects. The economic impact of air visitor spending is addressed separately in Section 3.0 of this report.

### 2.1 Operating Assumptions

In total, there were an estimated 18,444 direct jobs associated with the TAA. These include both on-site jobs such as employees of the commercial airlines, terminal businesses, passenger services, fixed based operations and ground transportation as well as off-site jobs at organizations such as Raytheon and the Morris Air National Guard base. Wages for the direct jobs were estimated to be \$1.7 billion.

Capital expenditures used in this report were based on a three-year annual average of \$69.3 million and incorporate the cost of the ongoing Airfield Safety Enhancement (ASE) Program aimed at upgrading outdated infrastructure and enhancing airfield safety, including the construction of a new parallel runway suitable for all aircraft users (commercial, military, general aviation).

Transaction privilege taxes are also generated by the sale of taxable goods. The 2024 estimate for airport associated taxable sales was \$34.4 (excluding rental car revenues which are accounted for in the impact of air visitor spending). In addition, the parking facilities that are located offsite, but within City of Tucson limits had estimated taxable sales of \$2.0 million in 2024. Total gallons of fuel purchased were estimated at 26.1 million.

Tucson Airport Authority Operating Assumptions (2025 Dollars)	
Total Direct Jobs	<b>18,444</b>
Tucson International Airport (TUS)	18,385
Ryan Airfield (RYN)	59
Total Direct Wages (\$ mil)	<b>\$1,747.3</b>
Tucson International Airport (TUS)	\$1,744.0
Ryan Airfield (RYN)	\$3.3
Capital Improvments	\$69,300,000
Annual taxable sales	\$34,375,000
Annual parking revenue	\$2,000,000
Gallons of Jet Fuel	26,094,000

Source: EDPCo; TAA



## 2.2 Economic Impact of Operations

The following table provides TAA's economic impact resulting from the annual business enterprises and operations of TUS and RYN, including the impact generated by capital improvements. This includes the number of jobs created, wages and economic output. The total number of direct employees was estimated to be 18,385 with annual wages for these employees of \$1.7 billion. This direct economic activity also creates ripple effects throughout the economy generating an additional 10,531 indirect and induced jobs that make a total of \$634.5 million in annual wages. Overall, the economic activity averaged about \$9.5 billion in 2024.

Tucson Airport Authority Economic Impact of Operations and Business Enterprise (2025 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
<b>Tucson International Airport (TUS)</b>			
Direct	18,385	\$1,744.0	\$7,384.3
Indirect	3,386	\$230.9	\$618.3
Induced	7,145	\$403.6	\$1,343.2
<b>Total</b>	<b>28,916</b>	<b>\$2,378.5</b>	<b>\$9,345.7</b>
<b>Ryan Airfield (RYN)</b>			
Direct	59	\$3.3	\$6.4
Indirect	9	\$0.5	\$1.5
Induced	14	\$0.8	\$2.6
<b>Total</b>	<b>82</b>	<b>\$4.6</b>	<b>\$10.5</b>
<b>Capital Improvements</b>			
Direct	360	\$22.9	\$69.3
Indirect	51	\$3.6	\$11.6
Induced	98	\$5.4	\$17.9
<b>Total</b>	<b>510</b>	<b>\$31.9</b>	<b>\$98.7</b>
<b>Total</b>			
Direct	18,804	\$1,770.1	\$7,459.9
Indirect	3,446	\$235.0	\$631.3
Induced	7,257	\$409.8	\$1,363.7
<b>Total</b>	<b>29,507</b>	<b>\$2,415.0</b>	<b>\$9,454.9</b>

Source: Implan; EDPCo; TAA

## 2.3 Fiscal Impact of Operations

Primary revenues generated by the annual operations and business enterprise of the TAA include construction sales taxes collected from prime contracting, and direct sales taxes generated by retail and food establishments as well as taxes generated from locally purchased





supplies. Additional direct revenues such as aircraft license taxes, flight property taxes and aviation fuel taxes were collected but are not included in this report. Specific information on these fund sources was not readily available and, thus, figures can be considered conservative. In 2024, the State collected an estimated \$4.2 million from primary taxable sales and jet fuel excise taxes. Secondary revenues generated by employees totaled an estimated \$47.1 million. Overall, the operations of TAA generated \$51.3 million for the State of Arizona in 2024.

<b>Tucson Airport Authority</b> <b>Fiscal Impact of Operations and the Business Enterprise</b> <b>State of Arizona Revenues</b> (2025 Dollars)	
<b>Total Primary Operations Impact</b>	
Construction sales tax	\$1,931,000
Sales tax	\$1,474,620
Jet Fuel Tax	\$798,569
<b>Total Secondary impact from operations employees</b>	
Employee spending sales tax	\$24,929,500
Personal Income Tax	\$9,553,400
Unemployment tax	\$5,577,000
VLT	\$4,319,400
HURF	\$2,735,400
<b>Total State Revenues</b>	<b>\$51,318,889</b>
Note: Figures exclude aviation fuel, flight property and aircraft license taxes. The estimates for jet fuel taxes assume no exemptions over 10 million gallons. Sources: Elliott D. Pollack & Company; TAA; ATRA; Implan	

Pima County also benefits from the operations of the companies throughout the year. In total, primary revenues approximate \$396,950 in construction, sales and lease taxes. An additional \$31.7 million in tax revenues is generated by the employees that will live in Pima County.

<b>Tucson Airport Authority</b> <b>Fiscal Impact of Operations and the Business Enterprise</b> <b>Pima County Revenues</b> (2025 Dollars)	
<b>Total Primary Operations Impact</b>	
Construction sales tax	\$225,070
Sales tax	\$171,880
<b>Total Secondary impact from operations employees</b>	
Employee spending sales tax	\$3,214,000
Residents property tax	\$28,039,600
State shared revenue	\$78,900
<b>Total County Revenues</b>	<b>\$31,729,450</b>
Sources: Elliott D. Pollack & Company; TAA; ATRA; Implan	



The City of Tucson would not receive sales or lease taxes from business operations since most of TAA's tenants are outside of City limits. The City realized an estimated \$52,000 in parking revenue taxes along with \$14.9 million from secondary impacts in 2024.

<b>Tucson Airport Authority</b>	
<b>Fiscal Impact of Operations and the Business Enterprise</b>	
<b>City of Tucson Revenues</b>	
<b>(2025 Dollars)</b>	
<b>Total Primary Operations Impact</b>	
Parking revenue tax	\$52,000
<b>Total Secondary impact from operations employees</b>	
Employee spending sales tax	\$10,065,260
Residents property tax	\$3,926,610
State shared revenue	\$948,150
<b>Total City Revenues</b>	<b>\$14,992,020</b>
Sources: Elliott D. Pollack & Company; TAA; ATRA; Implan	



### 3.0 Impact of Air Visitor Spending

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Visitors play a critical role in supporting local economies by bringing new dollars into the region through their spending on lodging, dining, transportation, entertainment, and more. Airports—such as Tucson International Airport (TUS) and Ryan Airfield (RYN)—serve as vital gateways for that visitation. By providing convenient access to southern Arizona, these airports directly enable both business and leisure travel that fuels economic activity across Pima County. The spending of air visitors not only generates direct fiscal revenues for state and local governments but also supports jobs and household earnings throughout the region through secondary, ripple effects. This section evaluates the total economic and fiscal impacts of air visitor spending facilitated by the Tucson Airport Authority (TAA) airport system.

#### 3.1 Assumptions Used in Analysis

In January 2025, WestGroup Research conducted an intercept survey at Tucson International Airport (TUS) to collect detailed information on visitor travel behavior. The data gathered provided essential inputs for estimating the economic impact of air visitor spending, including metrics such as average length of stay, travel party size, type of accommodations, and daily expenditures.

Key findings from the survey for visitors staying less than 31 days include the following:

- **Purpose of Visit:** 35.5% of respondents were traveling for business, while 64.5% were leisure travelers.
- **Length of Stay:** The weighted average length of stay was 6.0 nights.
- **Travel Party Size:** The average travel party consisted of 1.6 individuals.
- **Accommodations:** Among business travelers, 85.8% stayed in hotels or other paid lodging. In contrast, only 39.3% of leisure travelers did so, with the rest staying in private homes.
- **Spending:** Average daily spending per person was \$320.64 for business travelers and \$216.29 for leisure travelers.

These assumptions were used to model both the direct and indirect impacts of visitor spending throughout Pima County's economy.



TUS Visitor Intercept Survey			
	All Visitors	Business	Leisure
Primary reason for visiting	100.0%	35.5%	64.5%
Number of nights in Southern Arizona	6.0	4.6	6.7
Average room rate	\$224.81	\$215.46	\$240.73
Travel party size	1.6	1.5	1.6
Percent that stay in hotel or rental	55.8%	85.8%	39.3%
Percent that rented a vehicle	43.9%	52.1%	47.9%
Average Daily Spend per Person			
Lodging	\$108.86	\$171.27	\$75.13
Food & Beverage	\$62.42	\$71.72	\$57.39
Entertainment	\$15.92	\$9.37	\$19.46
Transportation	\$37.57	\$57.67	\$26.70
Shopping	\$17.02	\$4.97	\$23.54
Other	\$1.42	\$0.99	\$1.65
Total	\$243.20	\$320.64	\$216.29
*Data based on visitors staying less than 31 days.			
Source: WestGroup Research, EDPCo			

Total enplanements in 2024 were 1.9 million. According to a passenger retention and leakage study completed in 2023, 52.9% of the passengers (1.0 million) were visitors to southern Arizona. Using this figure along with the results of the visitor intercept survey, total air visitor spending was estimated at \$1.5 billion in 2024. This spending was broken down into spending categories (lodging, food and beverage, entertainment, ground transportation, shopping and other) and ran through the corresponding multiplier to estimate the number of jobs, wages and economic activity generated by the spending. To avoid double counting of economic impacts accounted for in the operations section of this report, the estimated visitor spending on rental cars is excluded from the following economic impact of visitor spending. The taxes generated for fiscal impacts are still considered in this section.

### 3.2 Economic Impact of Air Visitor Spending

The following table provides the economic impact of the visitor spending including resulting wages and economic output. The \$936.9 in spending generates 9,674 direct jobs in the local economy with wages of \$349.8 million. Indirect and induced impacts include an additional 2,832 jobs with total wages of \$157.4 million and economic output of \$501.1 million. This equates to a total impact of 12,505 jobs created with wages of \$507.2 million and total annual economic output of \$1.4 billion.



<b>Tucson Airport Authority</b> <b>Economic Impact of Air Visitor Spending</b> (2025 Dollars)			
	<b>Jobs</b>	<b>Wages (\$ mil)</b>	<b>Output (\$ mil)</b>
Direct	9,674	\$349.8	\$936.9
Indirect	1,278	\$71.7	\$218.3
Induced	1,554	\$85.7	\$282.8
<b>Total</b>	<b>12,505</b>	<b>\$507.2</b>	<b>\$1,438.0</b>
NOTE: The figures above exclude the impact from car rental spending that is accounted for in the operations section of this report. When including car rental impacts, the total tourism impact is over \$2.0 billion. Source: Implan; EDPCo; Tucson Airport Authority; WestGroup Research			

### 3.3 Fiscal Impact from Air Visitor Spending

Primary revenues generated by air visitor spending include sales taxes, bed taxes, and car rental taxes. This spending generated an estimated \$63.7 million in tax revenue for the State of Arizona in 2024. This includes \$24.9 million in sales taxes, \$11.5 million in bed taxes, and \$9.2 million in car rental taxes (including the additional 5.0% Arizona surcharge).

<b>Tucson Airport Authority</b> <b>Fiscal Impact of Air Visitor Spending</b> <b>State of Arizona Revenues</b> (2025 Dollars)	
<b>Total Primary Impact</b>	
Sales Tax	\$24,926,600
Bed Tax	\$11,455,250
Car Rental Tax	\$9,190,120
<b>Total Secondary Impact</b>	
Employee spending sales tax	\$7,193,000
Personal Income Tax	\$5,588,400
Unemployment tax	\$2,363,500
VLT	\$1,830,500
HURF	\$1,159,300
<b>Total State Revenues</b>	<b>\$63,706,670</b>
Note: Figures include direct, indirect and induced revenues. Sources: Elliott D. Pollack & Company; WestGroup Research; TAA; ATRA; Implan	



Pima County collected an estimated total of \$25.0 million in tax revenue during 2024 generated by air visitor spending. This includes \$12.1 million from primary revenues along with \$12.9 million in secondary revenues generated by the spending of employees that supported by the tourism industry.

<b>Tucson Airport Authority</b> <b>Fiscal Impact of Air Visitor Spending</b> <b>Pima County Revenues</b> (2025 Dollars)	
<b>Total Primary Impact</b>	
Sales Tax	\$2,905,300
Bed Tax	\$8,717,700
Car Rental Tax	\$494,640
<b>Total Secondary Impact</b>	
Employee spending sales tax	\$948,900
Residents property tax	\$11,883,300
State shared revenue	\$33,400
<b>Total County Revenues</b>	<b>\$24,983,240</b>
Sources: Elliott D. Pollack & Company; WestGroup Research; TAA; ATRA; Implan	

The City of Tucson revenues generated by air visitor spending include \$6.9 million from sales taxes, \$15.5 million in bed taxes, \$2.6 million from car rental tax and \$5.0 million in secondary revenues from tourism-related employee spending. These figures take into account that some visitors will stay outside of Tucson city limits.

<b>Tucson Airport Authority</b> <b>Fiscal Impact of Air Visitor Spending</b> <b>City of Tucson Revenues</b> (2025 Dollars)	
<b>Total Primary Impact</b>	
Sales	\$6,936,200
Bed Tax	\$15,475,400
Car Rental Tax	\$2,572,100
<b>Total Secondary Impact</b>	
Employee spending sales tax	\$2,971,300
Residents property tax	\$1,664,100
State shared revenue	\$384,700
<b>Total City Revenues</b>	<b>\$30,003,800</b>
Sources: Elliott D. Pollack & Company; WestGroup Research; TAA; ATRA; Implan	



## 4.0 Assumptions & Methodology

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The following section details the key assumptions and methodology used in conducting the economic and fiscal impact analysis. The results of this analysis are presented in the subsequent sections and are categorized as follows:

1. The economic and fiscal impacts generated by the operations of Tucson International Airport (TUS), Ryan Airfield (RYN), and the businesses located on TAA owned or leased property and managed by the TAA.
2. The impact of capital improvement projects, including new construction as well as ongoing major maintenance and repair of existing facilities.
3. The economic contribution of visitor spending by air travelers who bring new dollars into the Pima County economy.

### 4.1 Limiting Conditions

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding that this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval.
- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack & Company based on the facts, analyses and methodologies described in the report.
- Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, state and local laws and ordinances; and (ii) environmental and engineering issues and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
- This study is intended to be read and used as a whole and not in parts.
- This study has not evaluated the feasibility or marketability of any site for current or planned uses.



- All estimates regarding operating and business enterprise data were approved by the Tucson Airport Authority. Surveys were conducted by Elliott D. Pollack & Company for TAA operating data and by FMR Associates to gather visitor spending data. All data has been reviewed and verified to determine its reasonableness and applicability to the study.
- This economic and fiscal impact study evaluated the “gross impacts” of activities. The term “gross impacts” as used in this study refers to the total revenue, jobs and economic output that have been generated by operations and air visitor spending. The study does not take into account the possible reduction in spending for other retail goods or entertainment events due to the impact on the economy. In addition, the study does not consider the costs to local governments associated with providing services to the airports. Such analysis is beyond the scope of this study.
- The analysis is based on the current tax structure and rates imposed by the State, Pima County and the City of Tucson. Changes in those rates would alter the findings of this study.
- All dollar amounts are stated in current dollars and, unless indicated, do not take into account the effects of inflation.
- Our analysis is based on currently available information and estimates and assumptions. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved going forward. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this study are those that are believed to be significant to the estimates of results.

## **4.2 Analysis Assumptions**

The inputs of this analysis were based primarily on two independent surveys. Elliott D. Pollack & Company, with approval from the Tucson Airport Authority (TAA), conducted an online survey of all tenant businesses located on airport property. The survey gathered key data including employment figures, annual payroll, contractor payments, and taxable business activities. Initial responses accounted for approximately 10% of all associated businesses. However, through targeted follow-up efforts—including email outreach, phone interviews, and employment database research—the response coverage expanded significantly, ultimately representing 80% of total employment. To complete the dataset, the team collaborated with TAA to estimate figures for non-responding companies, resulting in a final coverage rate of approximately 96% of total estimated employment.





In addition to the operating survey, an in-person visitor intercept study was conducted by WestGroup Research. Surveys at the airport were administered by a team of professional interviewers from WestGroup Research. Quality and consistency were assured by having only a few interviewers conduct all interviews for the entire study period. Interviews were initiated in Spanish and respondents were given the option of completing the survey in either English or Spanish. The interviews were conducted from January 28 to 30, 2025. Ultimately, 597 interviews were completed in person at the airport. The total sample size of Tucson visitors (n=597) has a margin of error of  $\pm 4.0\%$  at the 95% confidence level.

Beyond the surveys, the impact analysis uses basic economic fundamentals regarding economic impact analysis such as using the Consumer Expenditure Survey to determine spending patterns of employees based on their respective wages and Census survey results used for calculating the percentage of employees that live within the county or city in which they work. All values are expressed in current dollars. Detailed assumptions are provided within each section of this report in terms of operations and air visitor spending.

### 4.3 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings and employment. The different types of economic impacts are known as direct, indirect and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by employees either at the airport or in the tourism industry. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation of the companies or tourism industry. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the metropolitan area. These secondary effects are captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The IMPLAN Group developed the multipliers used in this study. The economic impact is categorized into three types of impacts:

- (1) **Employment Impact** – the total wage and salary and self employed jobs in a region. Jobs include both part-time and full-time workers.
- (2) **Earnings Impact** – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- (3) **Economic Output** – also referred to as economic activity, relates to the gross receipts for goods or services generated by the company's operations.



#### 4.4 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county and state governments (i.e. taxes) are analyzed to determine how an activity may affect the various jurisdictions. This study will evaluate the impact on State and local government revenues.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the State of Arizona; the Arizona Tax Research Association; and the U.S. Consumer Expenditure Survey. Elliott D. Pollack & Company has relied upon the estimates of operating revenues and visitor spending generated by the surveys. Unless otherwise stated, all dollar values are expressed in current dollars.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are related to the ongoing operations, capital improvements and air visitor spending.

The companies and tourists visiting will generate “primary” revenues from direct sales, leases on rents, and visitor spending on retail, restaurants, hotels and entertainment. The employees supported by the impacts would spend part of their salaries on local goods and services. These employees would also contribute to revenues collected by the State and that are ultimately shared with local counties and cities.

The following is a description of the applicable revenue sources that will be considered for this analysis. These taxes are the major revenue sources and exclude certain taxes (such as corporate income tax) that would create additional impact. Thus, revenue estimates can be considered conservative.

- Transaction Privilege Tax (Sales Tax)

The State, counties, and local cities charge transaction privilege tax (TPT) on retail goods and services. In Pima County, the state administers the TPT for the Regional Transportation Authority (RTA). The sales tax rate for the State is 5.6%, which includes a 5.0% tax (a portion of which is shared with counties and cities) and 0.6% that is not shared. The RTA levies a 0.5% transportation excise tax on goods and services transactions dedicated to the transportation fund. The City of Tucson’s TPT rate is 2.5%. For this report, these tax rates are applied to taxable sales, taxable visitor spending as well as to the spending of direct, indirect and induced employees. Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending and resulting sales tax receipts was calculated. Taxes on rental cars are levied an additional 5.0% surcharge for a total of 13.6% for the State, County and City.



- Bed Tax

The State of Arizona imposes a bed tax on hotel rooms of 5.5%. A portion of the State's bed tax collections are shared with county and city governments based on a formula that considers both point of sale and population. Pima County levies a transient lodging tax of 6.0%. This tax is levied on all hotels located in unincorporated areas of the County. The RTA levies a 0.55% tax on lodging. The City of Tucson levies a 6.0% transient lodging tax on hotels located within City of Tucson limits. The City also levies an additional \$4.00 per day surcharge applied to each occupied room.

- Construction Sales Tax

The state, counties and cities in Arizona levy a sales tax on materials used in the construction and development of land improvements. That tax is calculated by state law under the assumption that 65% of the construction cost of the facility and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is then applied to the 65% materials figure. The sales tax on construction materials is a one-time collection by the governmental entity. Pima County (RTA) levies a rate of 0.5% and Tucson has a construction sales tax rate of 2.5%.

- Jet Fuel Excise Tax

The State of Arizona levies a jet fuel excise tax on the sale of jet fuel. The tax rate is \$0.035 per gallon on the first 10 million gallons of jet fuel per tax filer. The tax does not apply to jet fuel purchased by commercial airlines and used on flights whose destination is outside the United States.

- Property Taxes

Property taxes are levied by counties, cities and special districts on commercial and residential properties based on the net assessed value estimated by the County Assessor. The companies analyzed in this study are located on City of Tucson property (leased by the TAA) and, thus, exempt from direct property taxes. However, employees supported by the air visitor spending and operations will pay property taxes on the homes they occupy. In order to estimate property taxes, the assessed full cash value of a typical housing unit was calculated.

- State Unemployment Tax

Unemployment insurance tax for employees is 2.7% on the first \$7,000 of earned income. This factor is applied to the projected wages and earnings of employees.

- State Shared Revenues

Each city in Arizona receives a portion of State revenues from four different sources - State sales tax (see description above), State income tax, vehicle license tax and highway user tax. The formulas for allocating these revenues are primarily based on population. Counties also share in the revenue sources of the State, with the exception of income tax.



#### State Income Tax

The State of Arizona collects taxes on personal income. The tax rate used in the analysis averages about 1.6% for earnings. This tax is applied to the wages and earnings of direct and indirect employment.

#### HURF Taxes

The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this analysis. The motor vehicle fuel tax is \$0.18 per gallon and is calculated based on a vehicle traveling 12,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count.

#### Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is \$325 and portions of the total collections are distributed to the Highway User Revenue Fund.

The above tax categories represent the largest sources of revenues that would be generated to City, County and State governments. This analysis considers gross tax collections and does not differentiate among dedicated purposes or uses of such gross tax collections.

