

# Economic and Fiscal Impact Analysis Tucson Airport Authority in 2017 Tucson International Airport and Ryan Airfield



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Prepared for:



Tucson Airport Authority

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## Executive Summary

The Tucson Airport Authority (TAA) operations include both the Tucson International Airport and Ryan Airfield. Tucson International Airport (TUS) is located on 8,343 acres about eight miles south of Tucson’s city center. Ryan Airfield (RYN) is a general aviation airport located about 14 miles southwest of the city center. This impact study includes the direct impacts as well as the ripple effects generated throughout the economy of the operations of the TAA system, including visitor spending impacts. The following tables summarize the benefits in terms of jobs, wages and output (economic impact) along with the resulting government revenues (fiscal impact).

### Economic Impact

**The Tucson Airport Authority created a total economic impact of \$7.4 billion in 2017, supporting 43,062 jobs with wages of \$2.3 billion.**

The impacts by category are provided in the following table. Direct operations of the airports, including capital improvement projects, created 16,180 jobs with wages of \$1.3 billion and the direct economic output was \$4.5 billion. Spending by visitors arriving at the airports generated an additional 8,774 direct jobs with \$241.7 million in wages and \$590.0 million in direct economic activity. Using accepted economic multipliers, the indirect and induced economic output was \$2.3 billion. This represents 18,108 indirect and induced jobs with wages of \$744.2 million.

<b>Tucson Airport Authority Economic Impact Summary</b> (2017 Dollars)			
Economic Impact Sources	Employment	Payroll (\$ mil)	Economic Activity (\$ mil)
<b>Direct Impacts:</b>			
<b>Tucson Airport Authority</b>	<b>16,180</b>	<b>\$1,322.4</b>	<b>\$4,536.6</b>
Tucson International Airport	15,779	\$1,304.3	\$4,475.6
Capital Improvement Projects TUS	362	\$15.4	\$46.6
Ryan Airfield	40	\$2.8	\$14.4
<b>Air Visitor Spending</b>	<b>8,774</b>	<b>\$241.7</b>	<b>\$590.0</b>
<b>Total Direct Impact</b>	<b>24,954</b>	<b>\$1,564.1</b>	<b>\$5,126.6</b>
<b>Indirect Impact</b>	<b>8,610</b>	<b>\$370.5</b>	<b>\$1,061.0</b>
<b>Induced Impact</b>	<b>9,498</b>	<b>\$373.7</b>	<b>\$1,236.5</b>
<b>TOTAL ECONOMIC IMPACT</b>	<b>43,062</b>	<b>\$2,308.3</b>	<b>\$7,424.1</b>

Source: Implan; Elliott D. Pollack & Company; Tucson Airport Authority; FMR Associates



**Fiscal Impact**

**The operations of Tucson Airport Authority in 2017 including the air visitor spending generated an estimated \$88.9 million for the State of Arizona, \$45.4 million for Pima County and \$36.0 million for the City of Tucson.**

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 company or visitor 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 \$88.9 million in revenue from the operations and visitor spending impacts generated in 2017. This included \$2.1 million during capital improvements, \$44.9 million from annual operations, and \$41.8 million generated by visitor spending.

The fiscal impact generated to Pima County in 2017 was estimated to be \$45.4 million. This includes the \$592,910 from capital improvements, \$25.7 million from annual operations, and \$19.1 million from visitor spending.

The City of Tucson received similar revenues for a total \$36.0 million in 2017. Revenues from construction for the City of Tucson were estimated at \$205,200. An additional \$13.2 million from operations and \$22.6 million from tourist spending including lodging were generated.

<b>Tucson Airport Authority Fiscal Impact Summary (2017 Dollars)</b>					
	<b>Capital Improvements</b>	<b>Operations TUS</b>	<b>Operations RYN</b>	<b>Air Visitors</b>	<b>Total</b>
<i>State of Arizona</i>					
Primary revenues	\$1,299,100	\$1,975,120	\$11,000	\$27,879,820	\$31,165,040
Secondary revenues from employment	\$818,200	\$42,796,200	\$126,000	\$13,953,400	\$57,693,800
<b>Total</b>	<b>\$2,117,300</b>	<b>\$44,771,320</b>	<b>\$137,000</b>	<b>\$41,833,220</b>	<b>\$88,858,840</b>
<i>Pima County</i>					
Primary revenues	\$151,410	\$143,180	\$2,200	\$9,814,410	\$10,111,200
Secondary revenues from employment	\$441,500	\$25,492,560	\$79,150	\$9,247,700	\$35,260,910
<b>Total</b>	<b>\$592,910</b>	<b>\$25,635,740</b>	<b>\$81,350</b>	<b>\$19,062,110</b>	<b>\$45,372,110</b>
<i>City of Tucson</i>					
Primary revenues	N/A	\$45,500	N/A	\$18,627,500	\$18,673,000
Secondary revenues from employment	\$205,200	\$13,121,610	\$38,960	\$3,938,100	\$17,303,870
<b>Total</b>	<b>\$205,200</b>	<b>\$13,167,110</b>	<b>\$38,960</b>	<b>\$22,565,600</b>	<b>\$35,976,870</b>
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; TAA; ATRA; Implan					



## **1.0 Introduction**

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### **1.1 Purpose of Study**

Elliott D. Pollack & Company was retained to perform an economic and fiscal impact analysis of the Tucson Airport Authority (TAA), including the Tucson International Airport (TUS) and Ryan Airfield (RYN) as well as the impacts from the businesses that operate on each of the sites. In addition, a visitor intercept study was conducted by FMR Associates to gather visitor spending information for the business and leisure air travelers that visited Pima County. This impact study includes the direct impact of the TAA system along with the ripple effects throughout Pima County.

The analysis was designed to estimate the impact on the economy and governmental revenues generated from each of the above categories. All dollar figures are expressed in current dollars.

### **1.2 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.

### **1.3 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 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.



## **2.0 Assumptions & Methodology**

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The following section outlines the assumptions used in the analysis along with the methodology of the economic and fiscal impact analysis. The results of the analysis are provided in the subsequent sections and are broken down by the economic and fiscal impact of following categories:

1. Operations of TUS and RYN including the surrounding business located on TAA property.
2. The impact of capital improvements including new construction as well as maintenance and repair of existing buildings.
3. Visitor spending impacts generated by the tourists arriving by air and bringing outside dollars to spend in the local economy.

### **2.1 Analysis Assumptions**

The inputs of this analysis were based primarily on two independent surveys. An online survey conducted by Elliott D. Pollack & Company (approved by the TAA) was administered to all tenants on airport property. The survey collected information on the number of employees, annual payroll, contractor payments and various taxable operations. Initial survey responses represented about 35% of all companies and about 80% of total estimated employment. The team then worked with TAA to complete the data for companies that did not respond to the survey. This research included web searches, direct phone calls to the companies and the use of various employment databases. This additional effort generated a total response rate of 96% of total estimated employment. In addition to the operating survey, a visitor intercept study was conducted by FMR associates. A total of 510 responses were collected (only 250 responses were required to gain a 95% confidence level). The survey results gathered information on business versus leisure travelers including average daily spending on lodging, food and beverage, entertainment, retail, and local transportation.

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.

### **2.2 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, LLC 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.

### **2.3 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 filer. The tax does not apply 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.



### 3.0 Impact of Operations

The Tucson Airport Authority operations include both the Tucson International Airport and Ryan Airfield. The operations of the entire airport system generate a significant impact on the southern Arizona economy because of the large number of airport-related jobs and activity both on and off each of the sites. This section of the report focuses on the jobs, wages and economic output generated by the operations along with the fiscal impacts generated. The operations impacts include impacts generated by capital improvements in terms of new construction, maintenance and repair. The impact generated by the air visitors is presented in section 4.0 of this report.

#### 3.1 Operating Assumptions

In total, there were an estimated 15,819 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, Bombardier and the Air National Guard. Wages for the direct jobs were estimated to be \$1.3 billion.

Reported capital improvements in 2017 totaled \$46.6 million. This figure is used to generate the impact from annual construction. Companies pay a total of \$7.1 million in annual lease payments, and generate taxable sales of about \$22.0 million (excluding rental car revenues which are accounted for in the impact of air visitor spending). Direct commercial lease and sales taxes are generated at the County level only, since most of TAA's tenants are outside of city limits. In addition, two of the four parking facilities are located within City of Tucson limits (and, thus, are subject to a sales tax). Taxable parking revenues were \$1.8 million in 2017. Total gallons of fuel purchased are estimated at 29.8 million.

<b>Tucson Airport Authority Operating Assumptions</b> (2017 Dollars)	
Total Direct Jobs	<b>15,819</b>
Tucson International Airport (TUS)	15,779
Ryan Airfield (RYN)	40
Total Direct Wages (\$ mil)	<b>\$1,307.1</b>
Tucson International Airport (TUS)	\$1,304.3
Ryan Airfield (RYN)	\$2.8
Capital Improvements	\$46,600,000
Annual commercial lease	\$7,101,000
Annual taxable sales	\$21,969,000
Annual parking revenue	\$1,820,000
Gallons of Jet Fuel	29,800,000

Source: EDP Co; TAA



### 3.2 Economic Impact of Operations

The following table provides the economic impact resulting from the annual 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 16,180 with annual wages for these employees of \$1.3 billion. This direct economic activity also creates ripple effects throughout the economy generating an additional 15,312 indirect and induced jobs that make a total of \$636.7 million in annual wages. Overall, the economic activity averaged about \$6.5 billion in 2017.

<b>Tucson Airport Authority</b>			
<b>Economic Impact of Operations</b>			
<i>(2017 Dollars)</i>			
	<b>Jobs</b>	<b>Wages (\$ mil)</b>	<b>Output (\$ mil)</b>
<b>Tucson International Airport (TUS)</b>			
Direct	15,779	\$1,304.3	\$4,475.6
Indirect	7,378	\$322.7	\$900.9
Induced	7,694	\$303.8	\$1,007.5
<b>Total</b>	<b>30,850</b>	<b>\$1,930.9</b>	<b>\$6,384.0</b>
<b>Ryan Airfield (RYN)</b>			
Direct	40	\$2.8	\$14.4
Indirect	31	\$1.5	\$4.5
Induced	25	\$1.0	\$3.2
<b>Total</b>	<b>97</b>	<b>\$5.3</b>	<b>\$22.1</b>
<b>Capital Improvements</b>			
Direct	362	\$15.4	\$46.6
Indirect	74	\$3.4	\$9.8
Induced	110	\$4.3	\$14.0
<b>Total</b>	<b>545</b>	<b>\$23.0</b>	<b>\$70.4</b>
<b>Total</b>			
Direct	16,180	\$1,322.4	\$4,536.6
Indirect	7,484	\$327.6	\$915.2
Induced	7,829	\$309.1	\$1,024.7
<b>Total</b>	<b>31,492</b>	<b>\$1,959.1</b>	<b>\$6,476.5</b>

Source: Implan; EDPCo; TAA

### 3.3 Fiscal Impact of Operations

Primary revenues generated by annual operations 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 2017, the State collected an estimated \$3.3 million from primary taxable sales and jet fuel excise taxes. Secondary revenues generated by employees totaled an estimated \$43.7 million. Overall, the operations of TAA generated \$47.0 million for the State of Arizona in 2017.

<b>Tucson Airport Authority Fiscal Impact of Operations State of Arizona Revenues (2017 Dollars)</b>	
<b>Total Primary Operations Impact</b>	
Construction sales tax	\$1,299,100
Sales tax	\$942,420
Jet Fuel Tax	\$1,043,700
<b>Total Secondary impact from operations employees</b>	
Employee spending sales tax	\$22,568,200
Personal Income Tax	\$7,690,700
Unemployment tax	\$5,952,200
VLT	\$4,609,800
HURF	\$2,919,500
<b>Total State Revenues</b>	<b>\$47,025,620</b>
<p>Note: Figures exclude aviation fuel, flight property and aircraft licence taxes. The estimates for jet fuel taxes assume no exemptions over 10 million gallons. Sources: Elliott D. Pollack &amp; Company; TAA; ATRA; Implan</p>	

Pima County also benefits from the operations of the companies throughout the year. In total, primary revenues approximate \$296,790 in construction, sales and lease taxes. An additional \$26.0 million in tax revenues is generated by the employees that will live in Pima County.

<b>Tucson Airport Authority Fiscal Impact of Operations Pima County Revenues (2017 Dollars)</b>	
<b>Total Primary Operations Impact</b>	
Construction sales tax	\$151,410
Sales tax	\$109,840
Lease tax	\$35,540
<b>Total Secondary impact from operations employees</b>	
Employee spending sales tax	\$3,054,700
Residents property tax	\$22,874,300
State shared revenue	\$84,210
<b>Total County Revenues</b>	<b>\$26,310,000</b>
<p>Sources: Elliott D. Pollack &amp; Company; TAA; ATRA; Implan</p>	



The City of Tucson does not receive sales or lease taxes since most of TAA's tenants are outside of City limits. The City realized an estimated \$45,500 in parking revenue taxes along with \$13.4 million from secondary impacts in 2017.

<b>Tucson Airport Authority Fiscal Impact of Operations City of Tucson Revenues (2017 Dollars)</b>	
<b>Total Primary Operations Impact</b>	
Parking revenue tax	\$45,500
<b>Total Secondary impact from operations employees</b>	
Employee spending sales tax	\$9,322,510
Residents property tax	\$2,951,950
State shared revenue	\$1,091,310
<b>Total City Revenues</b>	<b>\$13,411,270</b>
Sources: Elliott D. Pollack & Company; TAA; ATRA; Implan	



## 4.0 Impact of Air Visitor Spending

The spending of the air visitors has a large direct fiscal impact on revenues as well as a large impact on the secondary revenues generated by the employees supported by the visitor spending.

### 4.1 Assumptions Used in Analysis

In November 2017, FMR Associates conducted a visitor intercept survey at TUS to gather information on visitor patterns. The information provided key inputs for the analysis of visitor spending impacts such as their length of stay, travel party size, accommodations, and spending per person per day.

The following table summarizes the results from the visitor intercept survey for respondents staying less than 31 days. In total 37.3% visit for business purposes while 56.6% are leisure travelers (with the remaining responding they were visiting for a mix of business and leisure). The weighted average length of stay is 4.8 nights and the average travel party size is 1.7 people. Of the business visitors, 94.1% stay in a hotel or other rental while only 53.5% of leisure visitors do – with the remaining visitors staying in a private home as a guest. Total spending per person per day averages \$186.47 for business travelers and \$149.25 for leisure travelers.

<b>TUS Visitor Intercept Survey</b>			
	<b>All Visitors</b>	<b>Business</b>	<b>Leisure</b>
Primary reason for visiting	100.0%	37.3%	56.6%
Number of nights in Southern Arizona	4.8	3.9	5.0
Average room rate	\$133.42	\$133.15	\$135.89
Travel party size	1.7	1.6	1.8
Percent that stay in hotel or rental	69.5%	94.1%	53.5%
Percent that rented a vehicle	43.9%	51.8%	38.8%
Average Daily Spend per Person			
Lodging	\$67.57	\$98.03	\$48.40
Food & Beverage	\$35.93	\$36.69	\$35.77
Entertainment	\$16.30	\$6.80	\$21.34
Transportation	\$25.01	\$31.96	\$20.66
Shopping	\$14.82	\$10.21	\$17.85
Other	\$4.05	\$2.78	\$5.24
<b>Total</b>	<b>\$163.68</b>	<b>\$186.47</b>	<b>\$149.25</b>

\*Data based on visitors staying less than 31 days. Chart excludes visitors traveling for a mix of both business & leisure.  
Source: FMR Associates, EDPCo

Total enplanements in 2017 were 1.7 million. According to a passenger retention and leakage study completed in 2017 by Volaire Aviation Consulting, 51.1% of the passengers (879,413) were visitors to southern Arizona. Using this figure along with the results of the visitor



intercept survey, total air visitor spending was estimated at \$694.7 million in 2017. This spending was broken down into spending categories (lodging, food & 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.

#### 4.2 Economic Impact of Air Visitor Spending

The following table provides the economic impact of the visitor spending including resulting wages and economic output. The \$694.7 million in spending generates 8,774 direct jobs in the local economy with wages of \$241.7 million. Indirect and induced impacts include an additional 2,796 jobs with total wages of \$107.5 million and economic output of \$357.7 million. This equates to a total impact of 11,569 jobs created with wages of \$349.2 million and total annual economic output of \$947.6 million.

Tucson Airport Authority Economic Impact of Air Visitor Spending (2017 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
Direct	8,774	\$241.7	\$590.0
Indirect	1,127	\$42.9	\$145.9
Induced	1,669	\$64.7	\$211.8
<b>Total</b>	<b>11,569</b>	<b>\$349.2</b>	<b>\$947.6</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 \$1.0 billion. Source: Implan; EDP Co; Tucson Airport Authority; FMR Associates			

#### 4.3 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 \$41.8 million in tax revenue for the State of Arizona in 2017. This includes \$12.9 million in sales taxes, \$10.6 million in bed taxes, and \$4.3 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>	
(2017 Dollars)	
<b>Total Primary Impact</b>	
Sales Tax	\$12,946,800
Bed Tax	\$10,607,500
Car Rental Tax	\$4,325,520
<b>Total Secondary Impact</b>	
Employee spending sales tax	\$5,870,500
Personal Income Tax	\$3,130,200
Unemployment tax	\$2,186,600
VLT	\$1,693,500
HURF	\$1,072,600
<b>Total State Revenues</b>	<b>\$41,833,220</b>
Note: Figures include direct, indirect and induced revenues.	
Sources: Elliott D. Pollack & Company; TAA; ATRA; Implan	

Pima County collected an estimated total of \$19.1 million in tax revenue during 2017 generated by air visitor spending. This includes \$9.8 million from primary revenues along with \$9.2 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>	
(2017 Dollars)	
<b>Total Primary Impact</b>	
Sales Tax	\$1,509,000
Bed Tax	\$8,072,600
Car Rental Tax	\$232,810
<b>Total Secondary Impact</b>	
Employee spending sales tax	\$813,500
Residents property tax	\$8,403,300
State shared revenue	\$30,900
<b>Total County Revenues</b>	<b>\$19,062,110</b>
Sources: Elliott D. Pollack & Company; TAA; ATRA; Implan	



The City of Tucson revenues generated by air visitor spending include \$4.4 million from sales taxes, \$13.1 million in bed taxes, \$1.2 million from car rental tax and \$3.9 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 Fiscal Impact of Air Visitor Spending City of Tucson Revenues (2017 Dollars)</b>	
<b>Total Primary Impact</b>	
Sales	\$4,369,500
Bed Tax	\$13,093,900
Car Rental Tax	\$1,164,100
<b>Total Secondary Impact</b>	
Employee spending sales tax	\$2,482,700
Residents property tax	\$1,084,400
State shared revenue	\$371,000
<b>Total City Revenues</b>	<b>\$22,565,600</b>
Sources: Elliott D. Pollack & Company; TAA; ATRA; Implan	

