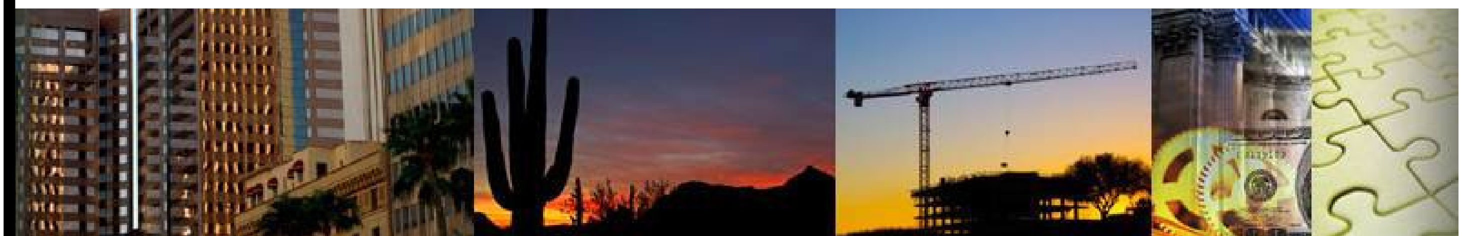
# Economic & Fiscal Impact Analysis of the Maximimum Potential Impact of Multifamily Residential Development Induced by HB2297



Prepared for:

Capitol Consulting

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Prepared by:

Elliott D. Pollack & Company
5111 N. Scottsdale Road, Suite 202
Scottsdale, Arizona 85250

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## Executive Summary

House Bill 2297 was signed into law in April 2024. The bill mandates municipalities with populations exceeding 150,000 residents to permit multifamily residential development, adaptive reuse of any commercial building or mixed-use site that is at least functionally or economically obsolete, without requiring a rezoning application. Starting in 2025, qualifying municipalities shall allow 10% of their existing commercial, office or mixed-use buildings (on parcels sized between 1 and 20 acres) for possible conversion. The cities may then designate not more than 10% as commercial hubs and other essential employment that is not available for conversion. In addition, every development shall set aside 10% of the total units for either moderate-income housing, low-income housing, or a combination of both. The following report estimates the maximum potential of the bill in terms of both economic and fiscal impacts of induced multifamily residential development.

There are currently 10 cities in Arizona that meet the population threshold. Working with the Maricopa Association of Governments and the City of Tucson, the qualifying acreage was identified. Applying each city's dwelling units per acre, provided the basis for this analysis. The following table details the estimated qualifying acreage, maximum density, and the number of housing units of potential new multifamily development. The number units that will fall under the 10% requirement of set-aside for affordable and workforce housing is also provided.

| City | Chandler | Gilbert | Glendale | Mesa | Peoria |
|---|---|---|---|---|---|
| Total qualifying acreage | 2,657 | 2,173 | 2,373 | 4,547 | 1,575 |
| 10% | 266 | 217 | 237 | 455 | 158 |
| D.U.A. | 18.0 | 25.0 | 30.0 | 40.3 | 20.0 |
| **Maximum Apartment Units** | **4,783** | **5,433** | **7,119** | **18,324** | **3,150** |
| Set-Aside for Affordable Units | 478 | 543 | 712 | 1,832 | 315 |

| City | Phoenix | Scottsdale | Surprise | Tempe | Tucson |
|---|---|---|---|---|---|
| Total qualifying acreage | 13,554 | 3,105 | 1,126 | 2,337 | 6,759 |
| 10% | 1,355 | 311 | 113 | 234 | 676 |
| D.U.A. | 45.68 | 25.0 | 20 | 65.0 | 36.0 |
| **Maximum Apartment Units** | **61,915** | **7,768** | **2,252** | **15,193** | **24,333** |
| Set-Aside for Affordable Units | 6,192 | 777 | 225 | 152 | 243 |

Within the ten cities that meet the population threshold, there are 40,206 acres of qualifying commercial, office and mixed-use parcels sized between 1 and 20 acres. Based on each city's density allowance for dwelling units per acre (DUA), there is potential for 150,263 total residential units that can now be developed without requiring a rezoning application. This equates to an estimated 15,026 additional affordable or workforce housing units as well.

The development of these units would generate significant benefits in terms of job creation and additional tax revenues to each of the cities, their respective county, and the State of Arizona from construction, ongoing operations and the spending of new residents. In addition, the legislation removes barriers of multifamily development that will help the market more easily respond to future demand. This would also help keep future rent increases more stable within each County.

While the timing and phasing of any future development is unknown, this report provides the total projected construction and total ongoing annual impacts if 100% of the qualifying acreage is developed as multi-family, representing the maximum potential impact. All results are presented in 2024 dollars.

## Key Findings

- HB2297 could add up to 150,263 multi-family units and 15,026 affordable and workforce housing units throughout Arizona.

- The legislation removes barriers of multifamily development that will help the market more easily respond to future demand. This would help keep future rent increases more stable, as well.

- The development of these units may generate up to a total of 376,704 person-years of construction employment. Person-years of employment represent the aggregate of each construction job that is recreated each year. That is, if the developments take 30 years to build out, there would be an annual average of 12,556 jobs generated by construction each year. Annual averages may be higher or lower depending on the volume of development each year.

- Operations of the rental communities, along with the resident spending in the community, would support 48,283 jobs annually at buildout.

- Total economic output during the development phase is estimated to be $61.6 billion. Once built out and operating, the potential annual economic output is projected to be $6.9 billion each year.

- One-time tax revenues generated by construction are estimated to be $4.0 billion for the State, counties and cities. Once complete, rental community operations as well as new spending by residents will generate an estimated $511.1 million in taxes each year. Additional property taxes would be collected by school and special districts totaling $216.5 million.

### HB2297 Summary Impact

| | |
|---|---|
| **Estimated Apartment to be Built** | |
| Maximum units to be built | 150,263 |
| Set-aside for affordable or workforce units | 15,026 |
| **Employment Creation** | |
| Construction related person years of employment | 376,704 |
| Ongoing operations annual jobs at buildout | 48,283 |
| **Total Economic Output** | |
| Construction over life of project | $61.6 billion |
| Ongoing annually at buildout | $6.9 billion |
| **Tax Revenues Generated for All Jurisdictions** | |
| Construction related tax revenues | $4.0 billion |
| Ongoing annual tax revenues at buildout | $511.1 million |
| Additional taxes collected by school & special districts | $216.5 million |

## Economic Impacts

**Development spurred by HB2297 could generate an economic impact of $61.6 billion from construction and an ongoing annual impact of $6.9 billion if all potential units are developed.**

- Based on current average construction values, the 150,263 units would cost $30.9 billion. Construction alone would generate 376,704 person years of employment, $26.3 billion in wages, and over $61.6 billion in economic impact throughout the State over the term of construction that could last years.

- Upon completion and build-out of all of the developments, new residents would spend millions of dollars annually on goods and services in the local economy. Annual resident spending would support nearly 48,283 jobs, an estimated $2.7 billion in wages, and $6.9 billion in annual economic activity.

**Economic Impact Summary**

**Maximum Potential Impact of Multifamily Development Induced by HB2297**
**Arizona**
(2024 Dollars)

| | Total |
|---|---|
| **Construction** | |
| Jobs (direct, indirect, induced) | 376,704 |
| Wages ($mil) | $26,302.7 |
| Economic Output ($ mil) | $61,646.1 |
| **Operations** | |
| Jobs (direct, indirect, induced) | 48,283 |
| Wages ($mil) | $2,650.3 |
| Economic Output ($ mil) | $6,894.8 |

1/ The total may not equal the sum of the impacts due to rounding.
Sources: MAG; City of Tucson; Elliott D. Pollack & Co.; IMPLAN

## Fiscal Impacts

**Development induced by HB2297 has the potential to generate billions in tax revenues for the State of Arizona, counties and cities.**
**Construction (one-time) - $4.0 billion | Operations (annual) - $511.1 million**

**Special Districts $42.7 million | School Districts $173.8 million**

- Construction has the potential to generate $1.9 billion in tax revenues for the State of Arizona, $486.5 million for Maricopa and Pima counties and $1.6 billion for local governments, totaling nearly $4.0 billion in one-time revenues. Significant sources of revenue would be produced from construction sales tax, building permit and impact fees, use taxes, and from construction employees who will spend money with their wages.

- If all potential units are built, the State of Arizona would collect an estimated $153.5 million each year in new revenues from primary and secondary tax revenues generated by the rental communities and new residents. The counties would collect an estimated $135.3 million each year, and the impacted cities would collect an estimated $222.4 million annually. Significant tax revenue would include new sales tax, increases in state shared revenue from new population, and employee related tax impacts. The secondary impacts take into account that only a portion of the employees will live within the impacted city.

- Additional property taxes would be collected by special districts such as community college, fire districts and county flood and library. Local school districts would also benefit. Because it is unknown what school district within each city any new development will be built, an average school district rate of 7.61 per $100 of assessed value was used in this analysis. In total, the school and special districts add $216.5 million in revenue impact induced by new development.

**Fiscal Impact Summary**
**Maximum Potential Impact of Multifamily Development Induced by HB2297**
(2024 Dollars)

| | State of Arizona | County Governments | Local Governments | Total |
|---|---|---|---|---|
| ***Impact from Construction*** | | | | |
| Prime contracting tax | $994,688,400 | $134,883,500 | $442,447,300 | **$1,572,019,200** |
| Speculative builder's tax | N/A | N/A | $17,698,000 | **$17,698,000** |
| Impact fees | N/A | N/A | $993,535,000 | **$993,535,000** |
| Use Tax | $42,073,700 | N/A | $16,007,100 | **$58,080,800** |
| Employee generated taxes | $820,655,900 | $351,626,500 | $149,051,000 | **$1,321,333,400** |
| **Total - Construction** | **$1,857,418,000** | **$486,510,000** | **$1,618,738,400** | **$3,962,666,400** |
| ***Ongoing Annual Operations*** | | | | |
| Property tax | N/A | $37,396,700 | $36,691,700 | **$74,088,400** |
| Retail sales tax (supply purchases) | $143,300 | $22,300 | $73,300 | **$238,900** |
| Resident spending sales tax | $129,406,300 | $19,733,500 | $65,488,500 | **$214,628,300** |
| Utility Tax | $13,505,400 | $2,323,400 | $8,460,400 | **$24,289,200** |
| State Shared Revenues | N/A | $72,147,500 | $109,918,300 | **$182,065,800** |
| Employee generated taxes | $10,416,100 | $3,653,800 | $1,753,000 | **$15,822,900** |
| **Total - Operations** | **$153,471,100** | **$135,277,200** | **$222,385,200** | **$511,133,500** |

| **Other Districts** | **Special Districts** | **Local School Districts** | **Total** |
|---|---|---|---|
| Property tax | $42,745,200 | $173,779,500 | **$216,524,700** |

NOTE: All of the above figures are estimates based on the calculations outlined in the methodology section of this report. The figures are intended only as a general guideline as to how they could be impacted by the project. The above figures are based on the current economic structure and tax rates.

Sources: MAG; City of Tucson; Elliott D. Pollack & Co.; IMPLAN; AMA; ATRA

# 1.0 Introduction

## 1.1 Purpose of Study

Elliott D. Pollack and Company was retained to perform an economic and fiscal impact analysis of the maximum potential future impacts to be generated by development induced by HB2297. The bill mandates municipalities with populations exceeding 150,000 residents to permit multifamily residential development or adaptive reuse of any commercial building or mixed-use site that is at least functionally or economically obsolete without requiring a rezoning application. Starting in 2025, qualifying municipalities shall allow 10% of their existing commercial, office or mixed-use buildings (on parcels sized between 1 and 20 acres) for possible conversion. The cities may then designate not more than 10% as commercial hubs and other essential employment that is not available for conversion. In addition, every development shall set aside 10% of the total units for either moderate-income housing, low-income housing, or a combination of both.

This report estimates the maximum potential of the bill in terms of both economic and fiscal impacts of induced multifamily residential development. The development of these units would generate significant benefits in terms of job creation and additional tax revenues to each of the cities, their respective county, and the State of Arizona from construction, ongoing operations and the spending of new residents. In addition, the legislation removes barriers of multifamily development that will help the market more easily respond to future demand. This would also help keep future rent increases more stable within each County.

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.

## 1.2 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 and 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 planned uses.

- Estimates regarding specific land use, construction costs and operating data were provided by the client as well as reputable market resources as specified in the tables within this report. Data has been reviewed and verified to determine its reasonableness and applicability to the project.

- This economic and fiscal impact study evaluates the potential "gross impacts" of construction and operations activities. The term "gross impacts" as used in this study refers to the total revenue, jobs and economic output that would be generated by the construction and operations. The study does not consider the potential impact on other businesses or real estate property in the trade area that may occur as a result of the proposed project.

- The analysis is based on the current tax structure and rates imposed by the State, counties, and local governments. 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 about long-term future development trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. 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 projections of future results.

# 2.0 Assumptions & Methodology

## 2.1 Analysis Assumptions

There are currently ten (10) cities in Arizona that meet the HB2297 population threshold of 150,000 residents. Nine of the cities are in Maricopa County and the City of Tucson is in Pima County. Working with the Maricopa Association of Governments and the City of Tucson, the qualifying acreage was identified (10% of commercial, retail and mixed-use sites). Applying each city's dwelling units per acre (DUA) provided the basis of the possible development for this analysis.

**Construction Assumptions**
**Maximum Potential Impact of Multifamily Development Induced by HB2297**
(2024 Dollars)

| | Chandler | Gilbert | Glendale | Mesa | Peoria |
|---|---|---|---|---|---|
| To be built | 4,783 | 5,433 | 7,119 | 18,324 | 3,150 |
| Average sf per unit | 952 | 985 | 811 | 844 | 948 |
| Construction cost per sf | $250 | $250 | $250 | $250 | $250 |
| FF&E per unit | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 |
| Sales cost per sf (new product) | $300 | $300 | $300 | $300 | $300 |
| % Communities sold within 2 years | 20% | 20% | 20% | 20% | 20% |

| | Phoenix | Scottsdale | Surprise | Tempe | Tucson |
|---|---|---|---|---|---|
| % Communities sold within 2 years | 61,915 | 7,763 | 2,252 | 15,193 | 24,333 |
| Amount subject to Spec builder's tax | 794 | 921 | 977 | 850 | 749 |
| Operatons | $250 | $250 | $250 | $250 | $250 |
| FF&E per unit | $5,000 | $5,000 | $5,000 | $5,000 | $5,000 |
| Sales cost per sf (new product) | $300 | $300 | $300 | $300 | $300 |
| % Communities sold within 2 years | 20% | 20% | 20% | 20% | 20% |

Source: AMA; RealData; U.S. Census Bureau; County Assessor Records

Assumptions used to estimate economic and fiscal impacts of the ongoing operations of the potential developments are outlined in the following table. Primary inputs of the economic and fiscal impact model are based on (1) project assumptions determined by various multi-family development sources along with assessor records and (2) basic economic source data such as the Consumer Expenditure Survey to determine spending patterns of employees and Census surveys showing live-work relationships. All values in this study are expressed in 2024 dollars. Unless otherwise indicated, an inflation factor has not been included in this analysis.

**Operating Assumptions**
**Maximum Potential Impact of Multifamily Development Induced by HB2297**
(2024 Dollars)

| | Chandler | Gilbert | Glendale | Mesa | Peoria |
|---|---|---|---|---|---|
| Average units per employee | 45 | 45 | 45 | 45 | 45 |
| Average limited cash value per unit | $150,000 | $150,000 | $150,000 | $150,000 | $150,000 |
| Average rent per unit | $1,738 | $1,784 | $1,399 | $1,415 | $1,604 |
| Average vacancy | 8.6% | 12.1% | 10.0% | 9.1% | 9.1% |
| Percent of income devoted to rent | 35% | 35% | 35% | 35% | 35% |
| Taxable supplies per employee | $1,000 | $1,000 | $1,000 | $1,000 | $1,000 |
| Average number of people per MF Unit | 2.08 | 1.96 | 2.24 | 2.09 | 1.90 |

| | Phoenix | Scottsdale | Surprise | Tempe | Tucson |
|---|---|---|---|---|---|
| Average units per employee | 45 | 45 | 45 | 45 | 45 |
| Average limited cash value per unit | $150,000 | $250,000 | $125,000 | $150,000 | $125,000 |
| Average rent per unit | $1,382 | $1,985 | $1,616 | $1,746 | $1,227 |
| Average vacancy | 8.7% | 8.6% | 9.0% | 7.3% | 9.0% |
| Percent of income devoted to rent | 35% | 35% | 35% | 35% | 35% |
| Taxable supplies per employee | $1,000 | $1,000 | $1,000 | $1,000 | $1,000 |
| Average number of people per MF Unit | 2.01 | 1.80 | 1.62 | 1.88 | 1.99 |

Source: AMA; RealData; U.S. Census Bureau; County Assessor Records

Based on the above assumptions, the total number of employees, estimated property tax, and average spending per resident is calculated for the analysis.

## 2.2 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focuses on the impact during construction as well as the ongoing impact of the project once the commercial buildings and residential units are completed and occupied.

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 construction employees during the construction phase and onsite employees of the various project components on an ongoing basis. Indirect employment includes jobs created by businesses that provide goods and services essential to the construction and ongoing operations of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods), to services. Finally, the spending of wages and salaries of 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 region. 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 economic activity, relates to the gross receipts for goods or services generated by a company's operations.

Economic impacts are by nature regional in character. Such impacts are best illustrated when not assigned to a specific Town or locality, although clearly the primary impact of job creation would be on the municipality where the project is located. However, many other communities in the County would also benefit from the construction and operations of the project. People working at the development would commute to work from their homes in all parts of the region. Therefore, the economic impact of the development project is expressed in this report as a regional benefit.

## 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 section will describe the projected tax revenues of the future developments.

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 and Company has relied upon the estimates of construction cost and operating revenues outlined in this study. Unless otherwise stated, all dollar values are expressed in 2024 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 proposed construction and ongoing operations.

Construction impacts relate to the revenues generated from construction of a project and include state and local sales taxes levied on construction materials. These are the "primary" revenues generated from the construction. In addition, the direct, indirect and induced employees supported by the construction activity also generate revenues to local and state governments. For instance, employees will spend part of their salaries on retail goods (thereby paying sales taxes), pay property taxes on real estate they own and contribute to the other revenue sources that are shared by the State with counties and local cities. In addition, part of the State's collection of sales taxes on construction materials is also shared with counties and local cities. All of these revenues create benefits for counties and local cities. They are referred to in this report as "secondary" impacts.

The ongoing operations of a real estate project also create beneficial fiscal effects for a community. The primary source of revenue for these developments would be generated from property taxes, sales taxes, utility tax and state shared revenue. New residents will also create beneficial fiscal effects. Households will spend part of their salaries on local goods and services. This spending will contribute to revenues collected by the cities, counties, and State.

The following is a description of the applicable revenue sources that will be considered for this analysis.

- Prime Contracting Sales Tax

  The State, counties, and local governments levy a sales tax on the construction of buildings or development of land improvements. The tax base for the prime contracting classification is 65% of the gross proceeds of sales or gross income derived from the business.

  The sales tax on construction materials is a one-time collection by the governmental entity. The State currently levies a 5.6% sales tax on construction activity (a portion of which is shared with local governments). Maricopa County and Pima County's rates are 0.7% and 0.5%, respectively. The rates for the cities vary from 1.5% to 3.7%.

- Development Impact Fees

  Each of the cities levy a development impact per unit of multifamily development. The rates are levied for both utilities (such as water, wastewater, and storm water) and non-utility (such as street, parks, library, and public safety). The rates vary by city and by location within the cities. For this analysis, an average within each city was utilized to calculate the total revenues from development impact fees.

- Use Tax

  The State and cities charge a use tax that is assessed on items purchased outside the jurisdiction and brought in for storage, use or consumption. This tax rate will be applied to the estimated FF&E (furniture, fixture and equipment) purchases for the multi-family developments. The use tax rate for the State is 5.6%. The use tax rates for the cities vary from 1.5% to 2.9%. Gilbert does not levy a tax under this tax category.

- Sales Tax

The State, counties, and local cities in Arizona charge sales tax on retail goods, commercial leases and utility usage. The sales tax rate for the State is 5.6%. Portions of this tax are redistributed through revenue sharing to counties and cities throughout Arizona based on population. Maricopa County and Pima County's rates are 0.7% and 0.5%, respectively. The rates for the ten cities in this analysis vary from 1.5% to 2.9% for sales tax and 1.5% to 3.3% for utilities tax.

These tax rates are applied to the projected utility usage from the muti-family developments as well as to the taxable spending of residents and employees.

Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending by new residents and the resulting sales tax receipts was calculated. In addition, the employees of the project are projected to spend money at retail and restaurant establishments or purchase other local goods.

- Real Property Tax

Real property taxes are levied by Maricopa County (1.2044) and Pima County (4.530) as well by most local governments in Arizona. The city-specific rates are used in the calculations of impact in this report. Additional property taxes would be collected by special districts such as community college, fire districts and county flood and library districts. Rates for these districts are outlined in the following table.

**Property Tax Rates by Jurisdiction**
**Special Districts**

| DISTRICT | Maricopa County | Pima County |
|---|---|---|
| County | 1.2044 | 4.5302 |
| ***Special Districts*** | | |
| Central Arizona Water Conservation | 0.1400 | 0.1400 |
| Fire District Assistance Tax | 0.0081 | 0.0376 |
| Flood District | 0.1536 | 0.3253 |
| Library District | 0.0488 | 0.5453 |
| Community College District | 1.1388 | 1.2802 |
| Special Health District | 0.2716 | N/A |
| EVIT / JTED | 0.0500 | 0.0500 |
| **Special District Total** | **1.8109** | **2.3784** |

Source: County Assessor's Office

Local school districts would also benefit. Because it is unknown where the development will be built and subsequently, the respective school district, an average school district rate of 7.61 per $100 of assessed value was used in this analysis.

The residential developments will be subject to direct real property taxes. Residential properties are levied at a 10% assessment ratio.

Employees supported by operations will also pay real property taxes on the homes they occupy. In order to estimate these secondary property taxes, the assessed full cash value along with the projected value of a typical housing unit has been calculated.

- State Shared Revenues

Each City or Town 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% of earnings. This percentage is based on the most recently available income tax data from the Arizona Department of Revenue. The factor is applied to the projected wage levels of direct, indirect and induced employees supported by the construction and operations of the project. Portions of this tax are redistributed through revenue sharing to cities throughout Arizona based on population.

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. Registration fees average $66 per employee in the State of Arizona. These factors are applied to the projected direct and indirect employee count. Portions of these taxes are distributed to cities and counties throughout Arizona based on a formula that includes population and the origin of gasoline sales.

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 remaining funds are shared between cities and counties in accordance with population-based formulas.

The above tax categories represent the largest sources of revenues that would be generated for cities, counties, 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 Construction

Construction phase impacts are generally short-term effects related to onsite and offsite construction employment as well as other supporting industries. In the case of this analysis, the construction of these units could take years to be developed and, thus, generate significant construction impacts annually.

The long-term benefits of a project are operational phase impacts. These include employment, earnings and expenditures that recur over the long-term after the project is built out as well as new resident spending impacts (Section 4.0).

### 3.1 Economic Impact of Construction

This portion of the report will outline the economic impacts of the construction of the projected future development. The economic impact of construction includes total economic output, job creation and wages. The results presented are based on the assumption described in Section 2.0 of this report.

Since the impacts represent the projected future development of 100% of the qualifying acreage, employment impacts are expressed as total person years of employment. Person years of employment are the aggregate of each construction job that is recreated each year throughout the construction period. To derive the respective annual averages, employment, wages, and economic output can be divided by the expected number of years it may take to complete all future development. Annual averages may be higher or lower depending on the timing of development each year.

The estimated $30.9 billion in direct cost of construction for the multifamily residential developments will generate 236,418 direct person years of employment earning an estimated $17.0 billion in wages. An additional 140,286 indirect and induced person years of employment will be created by ripple effects throughout the regional economy. These employees will earn $9.3 billion and create $30.7 billion in economic activity**.** In total, 376,704 person years of employment will be created during all phases of the proposed development with wages of $26.3 billion and regional economic activity of $61.6 billion.

These results are provided in the following tables as well as the detailed impacts by city.

| Economic Impact of Construction<br>Maximum Potential Impact of Multifamily Development Induced by HB2297<br>(2024 Dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Chandler** | **Gilbert** | **Glendale** | **Mesa** | **Peoria** | **Phoenix** | **Scottsdale** | **Surprise** | **Tempe** | **Tucson** | **Total** |
| ***Person Years of Employment*** | | | | | | | | | | | |
| Direct | 8,699 | 10,220 | 11,026 | 29,533 | 5,701 | 93,886 | 13,660 | 4,203 | 24,674 | 34,816 | **236,418** |
| Indirect | 1,486 | 1,745 | 1,883 | 5,044 | 974 | 16,034 | 2,333 | 718 | 4,214 | 5,946 | **40,377** |
| Induced | 3,676 | 4,319 | 4,659 | 12,481 | 2,409 | 39,676 | 5,773 | 1,776 | 10,427 | 14,713 | **99,909** |
| Total | **13,861** | **16,284** | **17,568** | **47,058** | **9,084** | **149,596** | **21,766** | **6,698** | **39,315** | **55,475** | **376,704** |
| ***Wages ($ mil)*** | | | | | | | | | | | |
| Direct | $625.8 | $735.2 | $793.1 | $2,124.5 | $410.1 | $6,753.8 | $982.7 | $302.4 | $1,774.9 | $2,504.5 | **$17,007.0** |
| Indirect | $114.4 | $134.4 | $145.0 | $388.4 | $75.0 | $1,234.9 | $179.7 | $55.3 | $324.5 | $457.9 | **$3,109.5** |
| Induced | $227.6 | $267.4 | $288.5 | $772.8 | $149.2 | $2,456.6 | $357.4 | $110.0 | $645.6 | $911.0 | **$6,186.1** |
| Total | **$967.8** | **$1,137.0** | **$1,226.7** | **$3,285.7** | **$634.3** | **$10,445.3** | **$1,519.7** | **$467.7** | **$2,745.1** | **$3,873.4** | **$26,302.7** |
| ***Economic Output ($ mil)*** | | | | | | | | | | | |
| Direct | $1,138.7 | $1,337.7 | $1,443.3 | $3,865.9 | $746.3 | $12,289.6 | $1,788.1 | $550.2 | $3,229.8 | $4,557.3 | **$30,946.8** |
| Indirect | $391.7 | $460.1 | $496.4 | $1,329.7 | $256.7 | $4,227.1 | $615.0 | $189.3 | $1,110.9 | $1,567.5 | **$10,644.5** |
| Induced | $737.9 | $866.9 | $935.3 | $2,505.2 | $483.6 | $7,964.1 | $1,158.7 | $356.6 | $2,093.0 | $2,953.3 | **$20,054.8** |
| Total | **$2,268.3** | **$2,664.8** | **$2,875.0** | **$7,700.8** | **$1,486.6** | **$24,480.8** | **$3,561.9** | **$1,096.1** | **$6,433.7** | **$9,078.2** | **$61,646.1** |

NOTE: The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.
Source: Elliott D. Pollack & Company; IMPLAN

## 3.2 Fiscal Impact of Construction

The following table summarizes the revenues that would ultimately flow to the State, counties and cities in the future if all qualifying acreage were developed as multifamily residential.

Some revenues are more direct and definable than others. Revenues have been defined in this analysis as either primary or secondary, depending on their source and how the dollars flow through the economy into government tax accounts. For instance, some revenues, such as construction sales taxes, are definable, straightforward calculations based on the value of construction. These revenues are described in this study as primary revenues.

Secondary revenues, on the other hand, flow from the wages of direct, indirect and induced employees who are supported by the project as well as revenues distributed by the State from various tax categories. Revenue projections are based on typical wages of the employees working for these developments, their spending patterns, projections of where they might live, and other assumptions outlined earlier in this report.

The State of Arizona would collect an estimated $1.9 billion in revenues from the projected future residential developments stimulated by HB2297. This includes the primary construction sales and use taxes as well as the secondary taxes generated by the employees.

Similarly, the construction is expected to generate an estimated $402.5 million for Maricopa County and $84.0 for Pima County, for a total county impact of $486.5 million if all qualifying acreage is developed.

The cities are projected to receive $1.6 billion in tax revenues during construction of the HB2297 induced development. This includes estimated construction sales tax (or speculative builder's tax) of $460.1 million, $993.5 million in development impact fees and $16.0 million in use tax. In terms of secondary revenues, an estimated $149.1 million in sales tax collections and state shared revenues are expected from construction employees projected to either live or spend a portion of their incomes within the respective city's limits.

**In total, development motivated by HB2297 will generate $4.0 billion in revenues across all jurisdictions during construction.**

**Fiscal Impact of Construction**
**Maximum Potential Impact of Multifamily Development Induced by HB2297**
(2024 Dollars)

| | Chandler | Gilbert | Glendale | Mesa | Peoria | Phoenix | Scottsdale | Surprise | Tempe | Tucson | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***State of Arizona*** | | | | | | | | | | | |
| Construction sales tax | $36,599,500 | $42,997,200 | $46,388,800 | $124,256,400 | $23,987,400 | $395,009,600 | $57,472,200 | $17,685,500 | $103,810,600 | $146,481,200 | **$994,688,400** |
| Use Tax | $1,339,100 | $1,521,100 | $1,993,300 | $5,130,800 | $882,000 | $17,336,100 | $2,173,500 | $630,600 | $4,254,000 | $6,813,200 | **$42,073,700** |
| Secondary impacts from employees | | | | | | | | | | | |
| Spending sales tax | $9,192,100 | $10,798,900 | $11,650,700 | $31,207,400 | $6,024,500 | $99,207,800 | $14,434,300 | $4,441,800 | $26,072,300 | $36,789,200 | **$249,819,000** |
| Income tax | $15,292,400 | $17,965,500 | $19,382,600 | $51,918,000 | $10,022,700 | $165,046,700 | $24,013,600 | $7,389,500 | $43,375,100 | $61,204,200 | **$415,610,300** |
| Unemployment tax | $2,619,700 | $3,077,600 | $3,320,400 | $8,893,900 | $1,717,000 | $28,273,700 | $4,113,700 | $1,265,900 | $7,430,500 | $10,484,700 | **$71,197,100** |
| Vehicle license tax | $2,027,100 | $2,381,500 | $2,569,300 | $6,882,200 | $1,328,600 | $21,878,500 | $3,183,200 | $979,500 | $5,749,800 | $8,113,200 | **$55,092,900** |
| Gas tax | $1,064,700 | $1,250,800 | $1,349,500 | $3,614,800 | $697,800 | $11,491,300 | $1,671,900 | $514,500 | $3,020,000 | $4,261,300 | **$28,936,600** |
| **Total State** | **$68,134,600** | **$79,992,600** | **$86,654,600** | **$231,903,500** | **$44,660,000** | **$738,243,700** | **$107,062,400** | **$32,907,300** | **$193,712,300** | **$274,147,000** | **$1,857,418,000** |
| ***County*** | | | | | | | | | | (Pima) | |
| Construction sales tax | $5,181,000 | $6,086,700 | $6,566,800 | $17,589,700 | $3,395,700 | $55,917,500 | $8,135,800 | $2,503,600 | $14,695,400 | $14,811,300 | **$134,883,500** |
| Secondary impacts from employees | | | | | | | | | | | |
| Spending sales tax | $1,300,400 | $1,091,300 | $1,648,300 | $4,415,100 | $852,300 | $14,035,400 | $2,042,100 | $628,400 | $3,688,600 | $3,559,000 | **$33,260,900** |
| Property tax | $5,787,400 | $25,573,700 | $7,335,300 | $19,648,300 | $3,793,100 | $62,461,800 | $9,087,900 | $2,796,600 | $16,415,300 | $61,876,200 | **$214,775,600** |
| State shared revenues | $4,486,500 | $1,108,400 | $5,686,500 | $15,231,800 | $2,940,500 | $48,421,800 | $7,045,100 | $2,167,900 | $12,725,500 | $3,776,000 | **$103,590,000** |
| **Total County** | **$16,755,300** | **$33,860,100** | **$21,236,900** | **$56,884,900** | **$10,981,600** | **$180,836,500** | **$26,310,900** | **$8,096,500** | **$47,524,800** | **$84,022,500** | **$486,510,000** |
| ***City*** | | | | | | | | | | | |
| Construction Sales Tax | $11,102,200 | $13,042,900 | $27,205,300 | $50,256,400 | $8,731,700 | $183,729,100 | $20,339,400 | $13,233,100 | $37,788,200 | $77,019,000 | **$442,447,300** |
| Spec Builder tax | $444,100 | $521,700 | $1,088,200 | $2,010,300 | $349,300 | $7,349,200 | $813,600 | $529,300 | $1,511,500 | $3,080,800 | **$17,698,000** |
| Development Impact Fees | $31,780,000 | $69,949,000 | $22,119,000 | $69,431,000 | $16,134,000 | $488,940,000 | $21,005,000 | $8,481,000 | $64,342,000 | $201,354,000 | **$993,535,000** |
| Use Tax | $358,700 | N/A | $1,032,300 | $1,832,400 | $283,500 | $7,120,200 | $601,600 | $247,700 | $1,367,400 | $3,163,300 | **$16,007,100** |
| Secondary impacts from employees | | | | | | | | | | | |
| Spending sales tax | $720,000 | $811,800 | $1,157,800 | $4,641,300 | $434,800 | $22,393,300 | $948,000 | $585,400 | $1,006,500 | $11,148,800 | **$43,847,700** |
| Property tax | $1,525,600 | $1,686,400 | $1,419,300 | $4,797,800 | $952,900 | $47,791,600 | $2,371,600 | $737,900 | $3,550,700 | $8,194,000 | **$73,027,800** |
| State shared revenues | $440,600 | $505,300 | $548,500 | $2,522,100 | $222,100 | $22,926,200 | $688,300 | $143,900 | $1,029,300 | $3,149,200 | **$32,175,500** |
| **Total City** | **$46,371,200** | **$86,517,100** | **$54,570,400** | **$135,491,300** | **$27,108,300** | **$780,249,600** | **$46,767,500** | **$23,958,300** | **$110,595,600** | **$307,109,100** | **$1,618,738,400** |

Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association

## 4.0 Impact of Operations and New Residents

Once construction of the residential units is fully completed and the projects are built out, the State, counties and cities will benefit significantly in terms of new employment and ongoing annual tax revenues.

Operational phase impacts are examined in this section of the report. The impacts described below are anticipated to occur at build-out; when construction is completed, and the residences are occupied to stabilized levels. In the initial years, these annual impacts would represent their percentage share of the total and grow incrementally each year as more residential communities are built and added to the annual impacts.

### 4.1 Economic Impact of Operations

Economic impact is centered primarily upon job creation and the impact that those employees would have on the economy. Although the primary impact of the development would focus on the city and county where the development is located, the entire region would benefit. Thus, the economic impacts are expressed as regional impacts, but described in the table by the developments that are projected to occur within each city (based on their qualifying acreage).

The economic impacts from multifamily residential development are created by both the employees that will work within each community (such as leasing agents and maintenance staff) as well as from the impacts generated by resident spending. This spending in the community supports a significant number of jobs in the industry that their spending occurs.

*Multifamily Operations*
In terms of direct operations, the proposed developments have the potential to support an estimated 5,744 jobs, $308.6 million in wages, and create over $820.4 million in economic output annually.

*Residential Spending*
Once the developments are occupied at stabilized levels, the resident spending has the potential to support an estimated 42,539 jobs, $2.3 billion in wages, and create over $6.1 billion in economic output annually.

The following table displays the results of the economic impacts from both the multifamily operations and resident spending for each city from annual operations with the inclusion of reasonable vacancy rates.

**Economic Impact of Multifamily Operations**
**Maximum Potential Impact of Multifamily Development Induced by HB2297**
(2024 Dollars)

| | Chandler | Gilbert | Glendale | Mesa | Peoria | Phoenix | Scottsdale | Surprise | Tempe | Tucson | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Jobs*** | | | | | | | | | | | |
| Direct | 106 | 121 | 158 | 407 | 70 | 1,376 | 173 | 50 | 338 | 541 | **3,339** |
| Indirect | 39 | 45 | 58 | 150 | 26 | 508 | 64 | 18 | 125 | 200 | **1,234** |
| Induced | 37 | 42 | 56 | 143 | 25 | 483 | 61 | 18 | 118 | 190 | **1,172** |
| Total | **183** | **208** | **272** | **701** | **120** | **2,367** | **297** | **86** | **581** | **930** | **5,744** |
| ***Wages ($ mil)*** | | | | | | | | | | | |
| Direct | $4.9 | $5.6 | $7.4 | $18.9 | $3.3 | $64.0 | $8.0 | $2.3 | $15.7 | $25.2 | **$155.3** |
| Indirect | $2.6 | $2.9 | $3.8 | $9.8 | $1.7 | $33.2 | $4.2 | $1.2 | $8.2 | $13.1 | **$80.7** |
| Induced | $2.3 | $2.6 | $3.4 | $8.9 | $1.5 | $29.9 | $3.7 | $1.1 | $7.3 | $11.8 | **$72.6** |
| Total | **$9.8** | **$11.2** | **$14.6** | **$37.6** | **$6.5** | **$127.2** | **$15.9** | **$4.6** | **$31.2** | **$50.0** | **$308.6** |
| ***Economic Output ($ mil)*** | | | | | | | | | | | |
| Direct | $11.1 | $12.6 | $16.5 | $42.6 | $7.3 | $143.8 | $18.0 | $5.2 | $35.3 | $56.5 | **$348.9** |
| Indirect | $7.5 | $8.5 | $11.2 | $28.8 | $5.0 | $97.3 | $12.2 | $3.5 | $23.9 | $38.2 | **$236.1** |
| Induced | $7.5 | $8.5 | $11.1 | $28.7 | $4.9 | $97.0 | $12.2 | $3.5 | $23.8 | $38.1 | **$235.3** |
| Total | **$26.1** | **$29.7** | **$38.9** | **$100.0** | **$17.2** | **$338.0** | **$42.4** | **$12.3** | **$82.9** | **$132.8** | **$820.4** |

NOTE: The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.
Source: Elliott D. Pollack & Company; IMPLAN

| Economic Impact of Resident Spending<br>Maximum Potential Impact of Multifamily Development Induced by HB2297<br>(2024 Dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Chandler** | **Gilbert** | **Glendale** | **Mesa** | **Peoria** | **Phoenix** | **Scottsdale** | **Surprise** | **Tempe** | **Tucson** | **Total** |
| ***Jobs*** | | | | | | | | | | | |
| Direct | 932 | 995 | 1,490 | 3,584 | 559 | 11,625 | 1,306 | 342 | 2,674 | 4,522 | **28,029** |
| Indirect | 187 | 200 | 299 | 718 | 112 | 2,330 | 262 | 68 | 536 | 906 | **5,619** |
| Induced | 296 | 316 | 473 | 1,137 | 177 | 3,688 | 414 | 108 | 848 | 1,434 | **8,892** |
| Total | **1,414** | **1,511** | **2,262** | **5,439** | **849** | **17,644** | **1,982** | **518** | **4,058** | **6,863** | **42,539** |
| ***Wages ($ mil)*** | | | | | | | | | | | |
| Direct | $46.0 | $49.2 | $73.6 | $177.0 | $27.6 | $574.2 | $64.5 | $16.9 | $132.1 | $223.3 | **$1,384.4** |
| Indirect | $13.5 | $14.4 | $21.6 | $52.0 | $8.1 | $168.6 | $18.9 | $5.0 | $38.8 | $65.6 | **$406.5** |
| Induced | $18.3 | $19.6 | $29.3 | $70.4 | $11.0 | $228.4 | $25.7 | $6.7 | $52.5 | $88.8 | **$550.8** |
| Total | **$77.8** | **$83.2** | **$124.5** | **$299.4** | **$46.7** | **$971.3** | **$109.1** | **$28.5** | **$223.4** | **$377.8** | **$2,341.7** |
| ***Economic Output ($ mil)*** | | | | | | | | | | | |
| Direct | $96.7 | $103.3 | $154.7 | $372.0 | $58.0 | $1,206.7 | $135.6 | $35.5 | $277.5 | $469.3 | **$2,909.3** |
| Indirect | $45.9 | $49.0 | $73.3 | $176.4 | $27.5 | $572.3 | $64.3 | $16.8 | $131.6 | $222.6 | **$1,379.7** |
| Induced | $59.3 | $63.4 | $94.9 | $228.3 | $35.6 | $740.6 | $83.2 | $21.8 | $170.3 | $288.0 | **$1,785.5** |
| Total | **$201.9** | **$215.7** | **$322.9** | **$776.7** | **$121.2** | **$2,519.5** | **$283.1** | **$74.0** | **$579.5** | **$980.0** | **$6,074.5** |

NOTE: The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.
Source: Elliott D. Pollack & Company; IMPLAN

## 4.2 Fiscal Impact of Operations

Similar to the fiscal impact of construction, the effects of operations have been divided into primary and secondary impacts. The primary impacts of the developments would be generated from property taxes, retail sales taxes, utility taxes and increased state shared revenues from the population increases. The secondary effects of each project relate to employees who would work in the project including employee spending (which generates sales taxes) and various other tax payments such as income taxes, vehicle license taxes, and gasoline taxes.

The State of Arizona would collect an estimated $153.5 million each year at buildout from the induced development. This includes both the primary and secondary taxes generated annually. Similarly, Maricopa County and Pima County would collect $107.0 million and $28.3 million, respectively, for a total of $135.3 million each year. Additional property taxes would be collected by special districts in the county. In total, the special districts would collect $42.7 million each year.

The tax collections for each city are also provided in the following tables. The city governments would collect a total of $222.4 million. Most of this tax revenue is generated by the future property taxes, impacts of new resident spending and an increase in state shared revenues created by population increases.

Local school districts would collect an estimated $173.8 million in additional taxes assuming an average school district tax rate of 7.61 per $100 of assessed value.

**In total, the State, counties, and cities would receive an estimated $511.1 million each year from the residential development induced by HB2297. The school and special districts would collect an estimated $216.5 million in additional property taxes.**

**Maximum Potential Impact of Multifamily Development Induced by HB2297**
**State of Arizona**
(2024 Dollars)

| *Primary Revenue* | Chandler | Gilbert | Glendale | Mesa | Peoria | Phoenix | Scottsdale | Surprise | Tempe | Tucson | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Retail sales tax (supply purchases) | $4,600 | $5,200 | $6,800 | $17,500 | $3,000 | $59,000 | $7,400 | $2,100 | $14,500 | $23,200 | **$143,300** |
| Resident spending sales tax | $4,584,600 | $5,296,400 | $5,967,000 | $15,462,600 | $2,869,500 | $51,532,000 | $8,121,900 | $2,061,300 | $14,605,200 | $18,905,800 | **$129,406,300** |
| Utility sales tax | $475,200 | $530,700 | $674,800 | $1,632,400 | $335,600 | $5,357,400 | $729,800 | $258,900 | $1,364,800 | $2,145,800 | **$13,505,400** |
| **Sub-Total** | **$5,064,400** | **$5,832,300** | **$6,648,600** | **$17,112,500** | **$3,208,100** | **$56,948,400** | **$8,859,100** | **$2,322,300** | **$15,984,500** | **$21,074,800** | **$143,055,000** |
| *Secondary Revenue* | | | | | | | | | | | |
| Employee Spending Sales Tax | $101,000 | $114,700 | $150,300 | $386,900 | $66,500 | $1,307,300 | $163,900 | $47,500 | $320,800 | $513,800 | **$3,172,700** |
| Personal Income Tax | $155,200 | $176,300 | $231,000 | $594,600 | $102,200 | $2,009,200 | $251,900 | $73,100 | $493,000 | $789,600 | **$4,876,100** |
| Unemployment Tax | $34,600 | $39,300 | $51,400 | $132,400 | $22,800 | $447,400 | $56,100 | $16,300 | $109,800 | $175,800 | **$1,085,900** |
| Vehicle License Tax | $26,700 | $30,400 | $39,800 | $102,500 | $17,600 | $346,200 | $43,400 | $12,600 | $84,900 | $136,000 | **$840,100** |
| Highway User Tax | $14,000 | $16,000 | $20,900 | $53,800 | $9,300 | $181,800 | $22,800 | $6,600 | $44,600 | $71,500 | **$441,300** |
| **Sub-Total** | **$331,500** | **$376,700** | **$493,400** | **$1,270,200** | **$218,400** | **$4,291,900** | **$538,100** | **$156,100** | **$1,053,100** | **$1,686,700** | **$10,416,100** |
| **GRAND TOTAL** | **$5,395,900** | **$6,209,000** | **$7,142,000** | **$18,382,700** | **$3,426,500** | **$61,240,300** | **$9,397,200** | **$2,478,400** | **$17,037,600** | **$22,761,500** | **$153,471,100** |

1/ The total may not equal the sum of the impacts due to rounding. All of the above figures are representative of the major revenue sources for the State and are based on the current economic structure and tax rates of the State.

Source: AMA; Elliott D. Pollack & Co.; ADOR; ATRA

| Annual Fiscal Impact of Operations<br>Maximum Potential Impact of Multifamily Development Induced by HB2297<br>County<br>(2024 Dollars) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Maricopa County | | | | | | | | | Maricopa County | Pima County | |
| ***Primary Revenue*** | **Chandler** | **Gilbert** | **Glendale** | **Mesa** | **Peoria** | **Phoenix** | **Scottsdale** | **Surprise** | **Tempe** | **Total** | **Tucson** | **Total** |
| Property Tax | $864,000 | $981,400 | $1,286,100 | $3,310,500 | $569,100 | $11,185,500 | $2,337,300 | $339,000 | $2,744,800 | $23,617,700 | $13,779,000 | **$37,396,700** |
| Retail sales tax (supply purchases) | $700 | $800 | $1,100 | $2,900 | $500 | $9,600 | $1,200 | $400 | $2,400 | $19,600 | $2,700 | **$22,300** |
| Resident spending sales tax | $748,100 | $864,300 | $973,700 | $2,523,100 | $468,200 | $8,408,900 | $1,325,300 | $336,400 | $2,383,200 | $18,031,200 | $1,702,300 | **$19,733,500** |
| Utility Tax | $77,500 | $88,100 | $115,400 | $297,100 | $51,100 | $1,003,800 | $125,800 | $36,500 | $246,300 | $2,041,600 | $281,800 | **$2,323,400** |
| State Shared Revenues | $2,397,800 | $2,562,100 | $3,835,700 | $9,224,800 | $1,439,300 | $29,924,700 | $3,362,200 | $879,300 | $6,882,500 | $60,508,400 | $11,639,100 | **$72,147,500** |
| **Sub-Total** | **$4,088,100** | **$4,496,700** | **$6,212,000** | **$15,358,400** | **$2,528,200** | **$50,532,500** | **$7,151,800** | **$1,591,600** | **$12,259,200** | **$104,218,500** | **$27,404,900** | **$131,623,400** |
| ***Secondary Revenue*** | | | | | | | | | | | | |
| Employee Spending Sales Tax | $17,500 | $13,600 | $26,100 | $67,200 | $11,600 | $227,100 | $28,500 | $8,300 | $55,700 | $455,600 | $61,000 | **$516,600** |
| Employee Property Tax | $57,700 | $175,000 | $85,800 | $220,900 | $38,000 | $746,400 | $93,600 | $27,100 | $183,200 | $1,627,700 | $783,600 | **$2,411,300** |
| Employee State Shared Revenues | $27,400 | $7,000 | $40,700 | $104,800 | $18,100 | $354,300 | $44,400 | $12,900 | $87,000 | $696,600 | $29,300 | **$725,900** |
| **Sub-Total** | **$102,600** | **$195,600** | **$152,600** | **$392,900** | **$67,700** | **$1,327,800** | **$166,500** | **$48,300** | **$325,900** | **$2,779,900** | **$873,900** | **$3,653,800** |
| | | | | | | | | | | | | |
| **GRAND TOTAL** | **$4,190,700** | **$4,692,300** | **$6,364,600** | **$15,751,300** | **$2,595,900** | **$51,860,300** | **$7,318,300** | **$1,639,900** | **$12,585,100** | **$106,998,400** | **$28,278,800** | **$135,277,200** |
| Additional Special District Property Tax | $1,299,100 | $1,475,700 | $1,933,800 | $4,977,600 | $855,700 | $16,818,200 | $3,514,300 | $509,800 | $4,126,900 | **$35,511,100** | **$7,234,100** | **$42,745,200** |

1/ Figures are representative of the major revenue sources for the counties and are based on the current economic structure

Source: AMA; Elliott D. Pollack & Co.; ADOR; ATRA

**Annual Fiscal Impact of Operations**
**Maximum Potential Impact of Multifamily Development Induced by HB2297**
**Local Governments**
(2024 Dollars)

| ***Primary Revenue*** | **Chandler** | **Gilbert** | **Glendale** | **Mesa** | **Peoria** | **Phoenix** | **Scottsdale** | **Surprise** | **Tempe** | **Tucson** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Property Tax | $783,800 | $798,600 | $1,668,600 | $2,358,900 | $680,400 | $19,495,700 | $1,904,500 | $322,900 | $5,484,300 | $3,194,000 | **$36,691,700** |
| Retail sales tax (supply purchases) | $1,600 | $1,800 | $4,600 | $8,100 | $1,300 | $31,600 | $3,000 | $1,100 | $6,100 | $14,100 | **$73,300** |
| Resident spending sales tax | $1,603,100 | $1,852,000 | $4,033,900 | $7,209,000 | $1,204,000 | $27,629,200 | $3,313,300 | $1,057,100 | $6,128,300 | $11,458,600 | **$65,488,500** |
| Utility Tax | $304,600 | $188,700 | $478,100 | $848,800 | $240,700 | $3,871,600 | $314,600 | $114,700 | $633,400 | $1,465,200 | **$8,460,400** |
| State Shared Revenues | $3,523,800 | $3,794,800 | $5,528,600 | $14,367,100 | $2,136,200 | $45,608,300 | $4,920,900 | $1,295,500 | $10,260,300 | $18,482,800 | **$109,918,300** |
| **Sub-Total** | **$6,216,900** | **$6,635,900** | **$11,713,800** | **$24,791,900** | **$4,262,600** | **$96,636,400** | **$10,456,300** | **$2,791,300** | **$22,512,400** | **$34,614,700** | **$220,632,200** |
| ***Secondary Revenue*** | | | | | | | | | | | |
| Employee Spending Sales Tax | $9,700 | $10,600 | $18,300 | $70,600 | $5,900 | $362,300 | $13,200 | $7,700 | $15,200 | $191,200 | **$704,700** |
| Employee Property Tax | $15,200 | $16,200 | $16,600 | $53,900 | $9,500 | $571,100 | $24,400 | $7,200 | $39,600 | $103,800 | **$857,500** |
| Employee State Shared Revenues | $1,700 | $1,900 | $2,500 | $13,100 | $800 | $144,800 | $2,800 | $400 | $4,100 | $18,700 | **$190,800** |
| **Sub-Total** | **$26,600** | **$28,700** | **$37,400** | **$137,600** | **$16,200** | **$1,078,200** | **$40,400** | **$15,300** | **$58,900** | **$313,700** | **$1,753,000** |
| | | | | | | | | | | | |
| **GRAND TOTAL** | **$6,243,500** | **$6,664,600** | **$11,751,200** | **$24,929,500** | **$4,278,800** | **$97,714,600** | **$10,496,700** | **$2,806,600** | **$22,571,300** | **$34,928,400** | **$222,385,200** |
| | | | | | | | | | | | |
| Local School District Property Tax | $5,503,800 | $6,251,700 | $8,192,500 | $21,087,700 | $3,625,000 | $71,251,400 | $14,888,500 | $2,159,700 | $17,484,100 | $23,335,100 | **$173,779,500** |

1/ Figures are representative of the major revenue sources for the local government and are based on the current economic structure and tax rates.
Source: AMA; Elliott D. Pollack & Co.; ADOR; ATRA