

I-40 Tradeport Winslow Economic & Fiscal Impact of the Proposed Commerce Park and Industrial Site City of Winslow, Navajo County, Arizona



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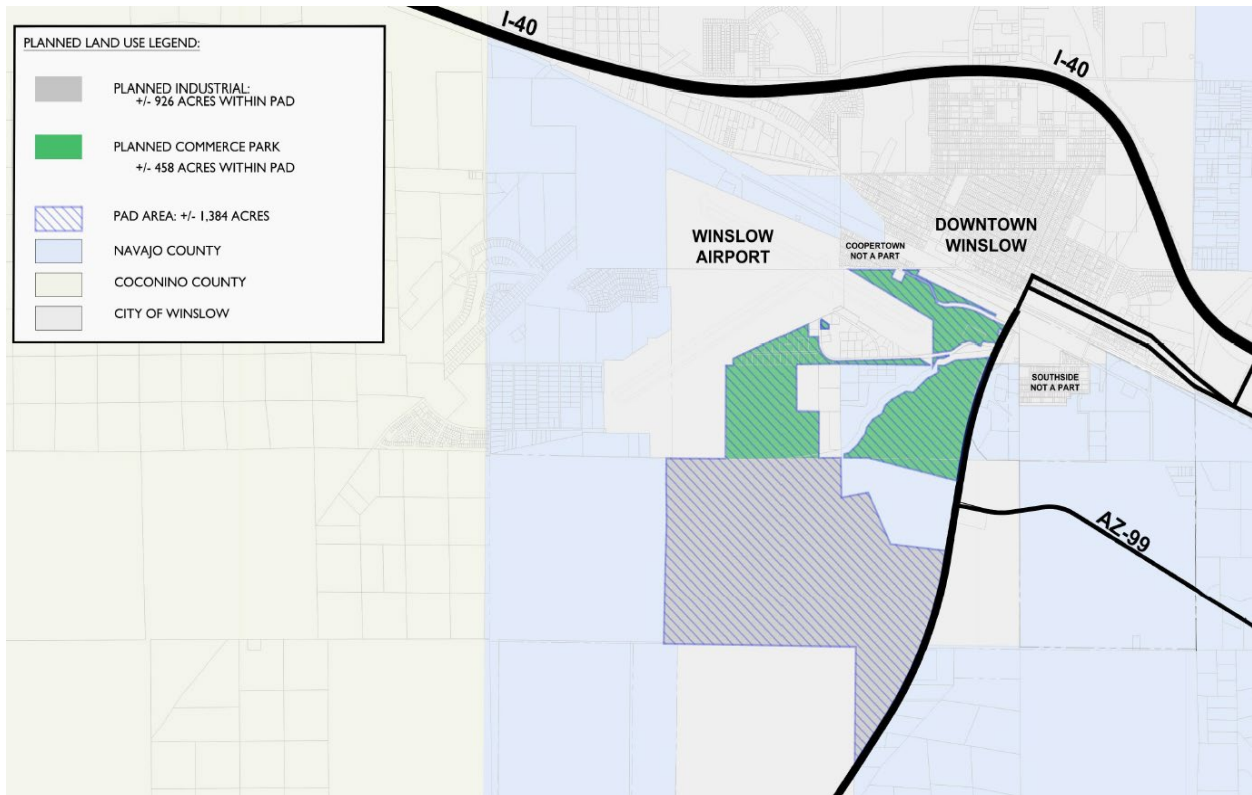
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EXECUTIVE SUMMARY

Elliott D. Pollack & Company was retained to perform an economic and fiscal impact analysis of the proposed 1,384-acre commerce park and industrial site known as the I-40 Tradeport Winslow that is located in the City of Winslow, Navajo County, Arizona. The site is serviced by the BNSF Railroad, the Winslow-Lindberg Regional Airport, and the Interstate 40. Industrial uses are projected to include advanced manufacturing, heavy manufacturing, logistics, warehousing, transportation, data centers, and other large users.



The areas analyzed in this report include 458 acres designated as a Commerce Park and another 926 acres planned for industrial use. Given the acreage within each defined area, the following table provides the estimate of projected industrial space. To remain conservative, this report uses the minimum square footage based on a FAR of 20% throughout.

Description	Acres	Projected Industrial SF
Commerce Park	458.0	3,990,096
Industrial	926.0	8,067,312
Total	1,384.0	12,057,408

At buildout, the sites will include an estimated 12.1 million square feet of industrial space. Each area will likely draw different types of industrial users ranging from heavy manufacturing to flex space, warehousing and distribution or data centers. This economic and fiscal impact is calculated based on varying inputs of each industrial land use type.



In total, the I-40 Tradeport Winslow industrial buildings are projected to cost \$2.7 billion. Although the phasing of the project will be based on overall market demand, the totals displayed will be the same, as expressed in constant 2024 dollars. However, annual averages may be higher or lower depending on the timing of final build out.

The development will generate significant benefits in terms of regional job creation and additional tax revenues to the State of Arizona, Navajo County and the City of Winslow. The following are key findings resulting from the analysis.

Economic Impacts

Based on the assumptions of development for the I-40 Tradeport Winslow, the entire site would generate 21,792 direct construction person years of employment if built out as projected (and described in the body of this report). Person years of employment are the aggregate of each construction job that is recreated year after year throughout the construction period. To derive the annual average, employment, wages, and economic output can be divided by the expected number of years it may take to complete the development. Annual averages may be higher or lower depending on the timing of final buildout.

When taking into account the ripple effects throughout the economy, development of the site will create a total of 27,494 direct, indirect and induced personal years of employment with wages of \$1.2 billion and an economic output of \$3.9 billion.

Once construction is completed and the new development is operating at stabilization, the I-40 Tradeport Winslow site would host an estimated 5,534 direct industrial-related jobs. When including the ripple effect, a total of 10,022 jobs would be generated annually with wages of \$385.7 million. The total economic impact on the Navajo County region would be \$2.0 billion.



Economic Impact Summary I-40 Tradeport Winslow Navajo County (2024 Dollars)	
	Total
<u>Construction Impact</u>	
Direct construction years of employment	21,792
Total person Years of Employment	27,494
Wages (\$ mil)	\$1,182.2
Output (\$ mil)	\$3,861.5
<u>Operations Impact</u>	
Direct jobs	5,534
Total jobs	10,022
Wages (\$ mil)	\$385.7
Output (\$ mil)	\$2,034.3
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	

Fiscal Impacts

The following table provides the forecasted revenue from the entire construction period and during annual ongoing operations (at buildout). The figures assume the site is fully annexed by the City of Winslow.

One-time construction revenues would total an estimated \$208.8 million for the State, County and City of Winslow. The direct (primary) revenues include construction sales tax, use tax and City permit fees. Manufacturing facilities are exempt from equipment use tax under ARS 42-5159 and computer data centers are exempt from both prime contracting sales tax as well as use tax levied on equipment under ARS 41-1519. Additional revenues are collected by the City for development and impact fees.

Total operating revenue at buildout is estimated at \$68.3 million annually for the State, County, and City of Winslow as well as taxes to be collected by school and special districts. Primary revenues include real property taxes, taxes collected on utility usage and commercial lease taxes. Secondary revenues are also estimated based on the projected spending of the employees. This report assumes 49.0% of the employees will live in the City of Winslow, which is likely to grow as additional housing is built to support new demand.



Fiscal Impact Summary I-40 Tradeport Winslow Navajo County (2024 Dollars)	
	Total
<u>Construction Impacts</u>	
State of Arizona	
Primary direct taxes	\$74,857,800
Secondary impacts from employees	\$48,151,600
Navajo County	
Primary direct taxes	\$11,952,900
Secondary impacts from employees	\$9,894,700
City of Winslow	
Primary direct taxes	\$55,220,400
Secondary impacts from employees	\$8,682,300
Total construction tax revenues	\$208,759,700
<u>Operations Impacts</u>	
State of Arizona	
Primary direct taxes	\$5,274,400
Secondary impacts from employees	\$17,593,800
Navajo County	
Primary direct taxes	\$2,990,500
Secondary impacts from employees	\$6,839,900
City of Winslow	
Primary direct taxes	\$8,363,400
Secondary impacts from employees	\$6,521,400
School districts	\$14,282,900
Special districts	\$6,473,200
Total operations tax revenues	\$68,339,500
Source: Elliott D. Pollack & Co.; IMPLAN; ADOR; ATRA	



1.0 Introduction

Elliott D. Pollack & Company was retained to perform an economic and fiscal impact analysis of the industrial mega-site known as the I-40 Tradeport Winslow located in the City of Winslow, Navajo County, Arizona. The report will demonstrate the economic and fiscal impacts to the State, County and City of the construction and ongoing operations of the industrial site(s) if built out as projected.

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.

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

- 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 planned uses.
- All estimates regarding future development and improvements were provided by the client as estimates, with the understanding that final users may vary to meet their corporate needs. Data has been reviewed and verified to determine its reasonableness and applicability to the projects.
- The economic and fiscal impact results of this analysis could be higher or lower than estimated due to the uncertainty of the nature of the businesses that would locate to the project. The figures used in this analysis have been taken from a broad average of users and are meant to represent an example of what could happen should the averages be met.



- 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 in the trade area that may occur as a result of the proposed project.
- 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 immediate as well as 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.

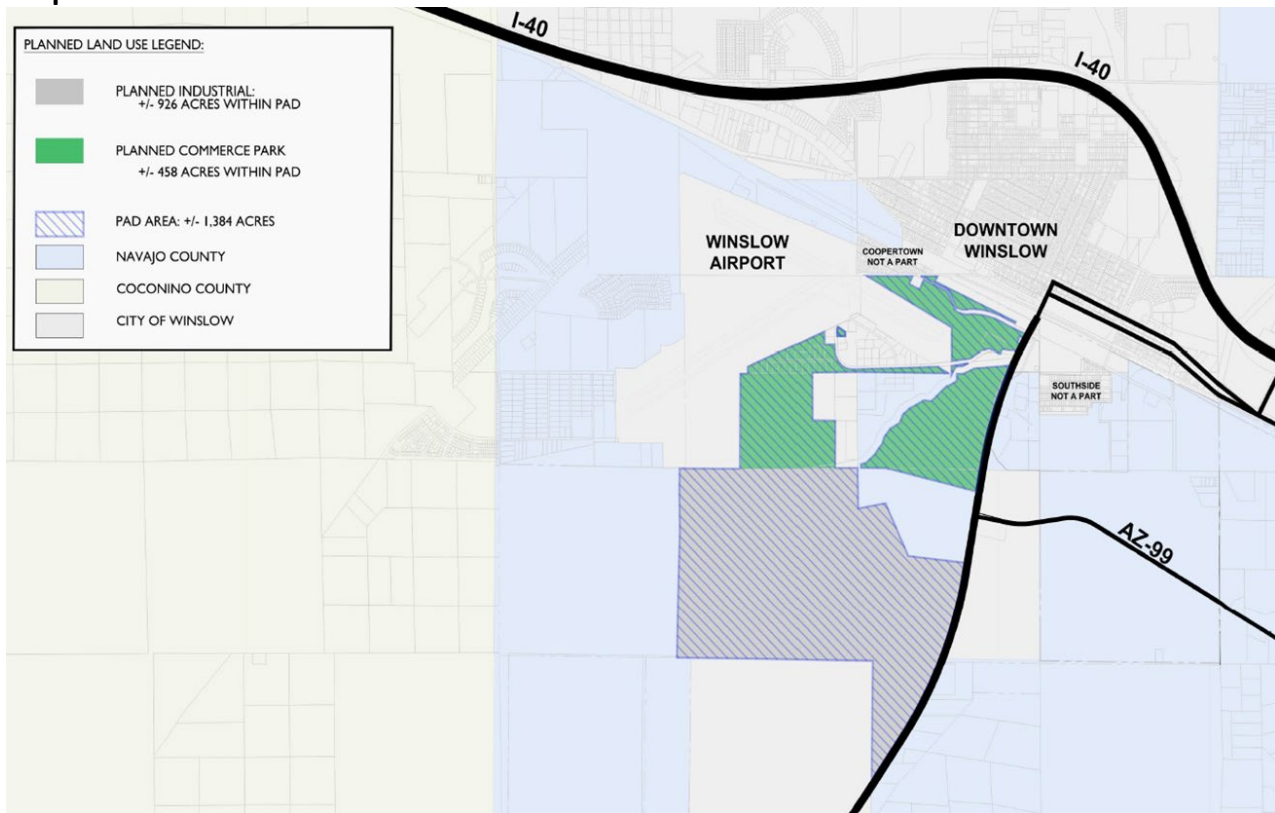


2.0 Background, Assumptions & Methodology

2.1 Background

The site, referred to as I-40 Tradeport Winslow in this report, is located along Interstate 40 in Navajo County, Arizona. The site is serviced by the BNSF Railroad, the local Winslow-Lindberg Regional Airport, and the Interstate 40. Industrial uses are projected to include advanced manufacturing, heavy manufacturing, logistics, warehousing, transportation, data centers, and other large users. The following site plan outlines a proposed development by area representing 1,384 acres.

Proposed Site Plan



The following table provides the acreage of each planned development area along with the projected industrial space. The commerce park encompasses a total of 458 acres while the industrial site covers 926 acres. To remain conservative, this report uses the minimum projected square footage based on a FAR of 0.2. In total, an estimated 1,384 acres of land would be developed with 12.0 million square feet of industrial space.



Projected Industrial Space by Area I-40 Tradeport Winslow		
Description	Acres	Projected Industrial SF
Commerce Park	458.0	3,990,096
Industrial	926.0	8,067,312
Total	1,384.0	12,057,408
Source: Elliott D. Pollack & Company; RLG; Davcon Aviation LLC		

2.2 Analysis Assumptions

The assumptions used to estimate the economic and fiscal impacts of construction and operations are outlined below. The primary inputs are based on both assumptions supplied by the client as well as on basic economic fundamentals regarding economic impact analysis. For example, the Consumer Expenditure Survey is used to determine spending patterns of employees based on their respective wages and Census survey results are used for calculating the percentage of employees that live within the county or city in which they work. Certain industry standard assumptions were provided by the Navajo Association of Governments, ULI and the Department of Energy. All values are expressed in 2024 dollars. Unless otherwise indicated, an inflation factor has not been included in this analysis.

The following tables provide the projected square footage by industrial type (such as heavy manufacturing, light manufacturing, distribution, data center and other large users). Each type of industrial use has differing assumptions in terms of cost per square foot, projected equipment, square feet per employee and utility usage.

In total, construction is anticipated to cost \$2.7 billion over the life of the development (in 2024 dollars). Furniture, fixtures and equipment (that will be subject to a use tax) is estimated to be \$420.8 million. Some equipment would also be subject to personal property tax, but until users are identified for each building, it is difficult to estimate the value of equipment for taxing purposes, as values and exemptions vary widely by type of business.



Project Site Plan Assumptions by Land Use

I-40 Tradeport Winslow

(2024 Dollars)

Land Use	Square Feet	Cost per SF	Construction Cost	FF&E
Industrial heavy manufacturing	1,809,000	\$300	\$542,583,000	\$180,861,000
Industrial light manufacturing	3,617,000	\$175	\$633,014,000	\$54,258,000
Industrial Flex	1,809,000	\$250	\$452,153,000	\$19,895,000
Warehouse/ storage	1,809,000	\$175	\$316,507,000	\$18,086,000
Data Center	1,206,000	\$400	\$482,296,000	\$120,574,000
Large User Industrial	1,809,000	\$150	\$271,292,000	\$27,129,000
Total	12,059,000		\$2,697,845,000	\$420,803,000

Source: Elliott D. Pollack & Company; RLG; Davcon Aviation LLC, CBRE

Assumptions used in calculating the impact of operations by industrial use are outlined in the following table. The assumptions include estimates for square foot per employee ranging from 1,000 square feet per employee for industrial flex space to 5,000 square feet per employee for both heavy manufacturing and data centers. Commercial lease estimated rents range from \$12 for large industrial, warehouse/distribution type of industrial and light manufacturing, and \$15 for heavy manufacturing and industrial flex and \$25 per square foot for data center space. Utilities for the warehouse distribution average \$2.40 per square foot while heavy manufacturing is projected to be \$16.75 per square foot and for data center space, the rates per square foot are estimated to be \$50 per square foot.

Operating Assumptions

I-40 Tradeport Winslow

(2024 Dollars)

Land Use	Square feet per employee	Rent / SF	Stabilized Occupancy	Utilities/sf (annually)
Industrial heavy manufacturing	5,000	\$15.00	90%	\$16.75
Industrial light manufacturing	2,000	\$12.00	90%	\$4.00
Industrial Flex	1,000	\$15.00	90%	\$3.50
Warehouse/ storage	1,500	\$12.00	90%	\$2.40
Data Center	5,000	\$25.00	90%	\$50.00
Large User Industrial	2,500	\$12.00	90%	\$4.00

Source: SIOR; Marshall & Swift; RLG; Davcon Aviation LLC; CBRE



2.3 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 focused on the construction impacts as well as the ongoing operations including direct expenditures by the projected companies that will occupy the commercial space, on property taxes, salaries, sales and operating supplies.

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 project employees. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation or construction of the project. 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 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 and were selected based on the land use type. The direct impacts would be on the City of Winslow specifically.

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 the company's operations.

Economic impacts are by their nature regional in character. Such impacts are best illustrated when not assigned to a specific city or locality, although clearly the primary impact of job creation would be on the city and county where the project is located. However, many other communities in the surrounding region would also benefit from the operations of the proposed I-40 Tradeport Winslow Development.



2.4 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e., taxes) are analyzed to determine how an activity may affect the various jurisdictions. This section will evaluate the impact of the project on State of Arizona, Navajo County and City of Winslow revenues. Projected real property tax revenues are also estimated for school and special districts.

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 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 calculated based on ongoing operations. Employees will spend part of their salaries on local goods and services and pay taxes on the homes they occupy. This spending will contribute to revenues collected by the State that are ultimately shared with local governments.

Some revenues are more direct and definitive 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 tax or retail sales taxes are definable, straightforward calculations based on the value of construction or direct sales. These revenues are described in this study as primary revenues. Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the project. Revenue projections are based on typical wages of the employees working in the project, their spending patterns, projections of where they might live, and other assumptions outlined earlier in this report. The following is a description of the applicable revenue sources that will be considered for this analysis.

- **Construction Sales Tax**

The State, counties, and local governments levy a sales tax on the construction of buildings or 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 taxable. The sales tax rate is then applied to the 65% figure.

Computer data centers are exempt from prime contracting sales tax under ARS 41-1519.

The sales tax on construction is a one-time collection by the governmental entity. The State currently levies a temporary 5.6% sales tax on construction activity (a portion of which is shared with local governments) while Navajo County levies a rate of 0.83% and the City of Winslow construction sales tax rate is 3.0%.



- Use Tax
The State of Arizona (and some local governments) levy a use tax on tangible property equipment which is purchased or leased for storage or use in the State. The use tax for the State is 5.6%. The City of Winslow does not levy a use tax. Equipment used in manufacturing is exempt from use tax under ARS 42-5159 and computer data center equipment is exempt under ARS 41-1519.
- Sales Tax on Commercial Lease & Utilities
The State, counties, and local cities in Arizona charge sales tax on retail goods, and utility usage. Cities also levy a tax on commercial leases. 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. The County's sales tax rate is 0.83% while the City of Winslow levies a rate of 3.0%. These tax rates are applied to taxable supplies and equipment, commercial lease direct utility usage, as well as to the spending of direct, indirect and induced employees.
- Permit Fees
The City of Winslow charges a permit fee for development of buildings based on its value. For the purpose of this analysis, all buildings are projected to be valued over \$1.0 million. The rate used was \$5,608.75 for the first \$1.0 million plus \$3.65 for each additional \$1,000, or fraction thereof.
- Property Taxes
The commercial development will be subject to direct real property taxes. At time of development commercial properties will be levied at a 15.0% assessment ratio. Employees supported by operations of the businesses will also pay real property taxes on the homes they occupy. Residential properties are levied at a 10% assessment ratio. 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.

Once the net assessed values are calculated for the property, the following tax rates apply:



Property Tax Rates I-40 Tradeport Winslow	
	Rate
City of Winslow	1.3542
Navajo County	0.8114
Special Districts	
Navajo County Public Health	0.2257
Northland Junior College	1.7536
Fire District Assist Fund (11900)	0.1000
Navajo County Library District	0.0902
Little Colorado River Zone District	0.2000
Navajo County Flood Control	0.2465
Northern Arizona VIT	0.0500
School Districts	
Winslow School District	5.8824
TOTAL	10.714
Source: County Assessor	

- 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. These percentages are based on the most recently available income tax data from the State and the projected wage levels of jobs created by the construction and operations impact. This tax is applied to the wages and earnings of direct and indirect employment. 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 to city, county, and State governments. The revenue impacts do not include certain revenue sources such as corporate income taxes. All tax collections represented in this analysis are gross collections and do not take into consideration any incentives or development agreements that may occur.



3.0 Economic Impacts

The economic impact includes total economic output, job creation, and wages during construction as well as ongoing impacts from the operations of the businesses that will occupy the development. The results presented are based on the assumptions of land use described in Section 2.0 of this report. Though employment would primarily impact the City of Winslow, the development would likely draw employees from the wider economic region. Therefore, the economic impacts are expressed as a regional benefit.

3.1 Economic Impact of Construction

The impact from construction is based on the total value of the structures being built in each scenario. Since the impacts represent the entire construction phase, employment impacts are expressed as person years of employment. Person years of employment are the aggregate of each construction job that is recreated year after year throughout the construction period. To derive the annual average, employment, wages, and economic output can be divided by the expected number of years it may take to complete the development. Annual averages may be higher or lower depending on the timing of final buildout. Additionally, these construction impacts will disappear when the development reaches completion.

Over the course of construction, an estimated 21,792 direct person years of employment would be generated if the I-40 Tradeport Winslow site is built out with the projected industrial uses. These are the on-site construction jobs. An additional 5,702 indirect and induced person years of employment would be created for a total employment impact of 27,494 person years of employment created by the construction and other site work on the properties. In total, \$1.2 billion in wages would be paid to these workers and the construction would create \$3.9 billion in economic impact throughout the region.

The following tables provides the employment, wages and economic output of construction for each industrial land use.



Economic Impact of Construction							
I-40 Tradeport Winslow							
Navajo County							
<i>(2024 Dollars)</i>							
	Industrial heavy manufacturing	Industrial light manufacturing	Industrial Flex	Warehouse/ storage	Data Center	Large User Industrial	Total
<i>Person Years of Employment</i>							
Direct	4,383	5,113	3,652	2,557	3,896	2,191	21,792
Indirect	588	687	490	343	523	294	2,926
Induced	558	651	465	326	496	279	2,776
Total	5,530	6,451	4,608	3,226	4,915	2,765	27,494
<i>Wages (\$ mil)</i>							
Direct	\$184.2	\$214.9	\$153.5	\$107.5	\$163.7	\$92.1	\$916.0
Indirect	\$28.1	\$32.8	\$23.4	\$16.4	\$25.0	\$14.1	\$139.7
Induced	\$25.4	\$29.7	\$21.2	\$14.8	\$22.6	\$12.7	\$126.5
Total	\$237.8	\$277.4	\$198.1	\$138.7	\$211.3	\$118.9	\$1,182.2
<i>Economic Output (\$ mil)</i>							
Direct	\$542.6	\$633.0	\$452.2	\$316.5	\$482.3	\$271.3	\$2,697.8
Indirect	\$133.1	\$155.3	\$111.0	\$77.7	\$118.4	\$66.6	\$662.0
Induced	\$100.9	\$117.7	\$84.1	\$58.8	\$89.7	\$50.4	\$501.6
Total	\$776.6	\$906.0	\$647.2	\$453.0	\$690.3	\$388.3	\$3,861.5
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							

3.2 Economic Impact of Operations

Operational impacts are considered permanent once all operations have reached stabilization. The impacts described in this section are expected to recur each year as long as the anticipated land use mix builds out as projected in each development area.

The I-40 Tradeport Winslow site would support 5,534 industrial jobs at buildout. Taking into account the ripple effects throughout the economy, a total of 10,022 jobs would be created from the proposed development with \$385.7 million in wages and \$2.0 billion in economic output.



Economic Impact of Operations I-40 Tradeport Winslow Navajo County (2024 Dollars)							
	Industrial heavy manufacturing	Industrial light manufacturing	Industrial Flex	Warehouse/storage	Data Center	Large User Industrial	Total
<i>Jobs</i>							
Direct	326	1,628	1,628	1,085	217	651	5,534
Indirect	82	1,005	307	1,727	40	402	3,562
Induced	42	277	252	221	22	111	926
Total	449	2,910	2,187	3,034	279	1,164	10,022
<i>Wages (\$ mil)</i>							
Direct	\$13.1	\$84.7	\$84.1	\$22.5	\$7.2	\$33.9	\$245.6
Indirect	\$3.6	\$12.1	\$13.6	\$62.3	\$1.5	\$4.9	\$98.0
Induced	\$1.9	\$12.6	\$11.5	\$10.1	\$1.0	\$5.0	\$42.2
Total	\$18.7	\$109.5	\$109.1	\$94.9	\$9.7	\$43.8	\$385.7
<i>Economic Output (\$ mil)</i>							
Direct	\$102.4	\$305.4	\$374.1	\$539.2	\$19.6	\$122.2	\$1,462.8
Indirect	\$15.2	\$52.1	\$62.4	\$246.0	\$7.7	\$20.8	\$404.2
Induced	\$7.6	\$50.1	\$45.6	\$40.0	\$4.0	\$20.0	\$167.3
Total	\$125.2	\$407.5	\$482.1	\$825.2	\$31.3	\$163.0	\$2,034.3
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							



4.0 Fiscal Impacts

The tables included in this section summarize revenues that would ultimately flow to the State of Arizona, Navajo County and the City of Winslow during construction and then on-going annually once construction is complete. Both the primary (direct) and secondary (generated by spending of employees) are included. Revenue projections are based on assumptions outlined earlier in this report.

4.1 Fiscal Impact of Construction

The fiscal impact of construction includes the tax revenues generated from construction sales taxes, use tax and secondary impacts from the spending of employees. Development and permit fees would also be collected but are not included in this analysis.

The State of Arizona would collect an estimated \$71.2 million from construction sales tax over the entire development life, \$3.6 million in use tax from projected equipment and an additional \$48.2 million in taxes generated by the employees.

Navajo County would receive a projected \$12.0 million from construction sales tax (the County does not levy a use tax). Secondary revenues from the employees projected to live (and spend their disposable income) in Navajo County are estimated to be \$9.9 million during construction.

The City of Winslow would receive a projected \$45.4 million in construction sales tax, \$9.9 million in permit fees and \$8.6 million in secondary revenues.

Overall, the State, County, and City would receive an estimated \$208.8 million during the construction phase of the site.



Fiscal Impact of Construction							
I-40 Tradeport Winslow							
(2024 Dollars)							
	Industrial heavy manufacturing	Industrial light manufacturing	Industrial Flex	Warehouse/storage	Data Center	Large User Industrial	Total
<u>State of Arizona</u>							
Construction sales tax	\$17,439,600	\$20,346,200	\$14,533,000	\$10,173,100	*	\$8,719,800	\$71,211,700
Use Tax	**	**	\$1,114,100	\$1,012,800	*	\$1,519,200	\$3,646,100
Secondary impacts from employees							
Spending sales tax	\$3,917,500	\$4,570,400	\$3,264,500	\$2,285,200	\$3,482,200	\$1,958,700	\$19,478,500
Income tax	\$3,488,200	\$4,069,600	\$2,906,900	\$2,034,800	\$3,100,600	\$1,744,100	\$17,344,200
Unemployment tax	\$1,045,100	\$1,219,300	\$870,900	\$609,600	\$929,000	\$522,500	\$5,196,400
Vehicle license tax	\$808,700	\$943,500	\$673,900	\$471,700	\$718,800	\$404,400	\$4,021,000
Gas tax	\$424,700	\$495,400	\$353,900	\$247,700	\$377,500	\$212,300	\$2,111,500
<u>Navajo County</u>							
Construction sales tax	\$2,927,200	\$3,415,100	\$2,439,400	\$1,707,600	*	\$1,463,600	\$11,952,900
Secondary impacts from employees							
Spending sales tax	\$679,600	\$792,800	\$566,300	\$396,400	\$604,100	\$339,800	\$3,379,000
Property tax	\$1,268,300	\$1,479,600	\$1,056,900	\$739,800	\$1,127,300	\$634,100	\$6,306,000
State shared revenues	\$42,200	\$49,100	\$35,200	\$24,600	\$37,500	\$21,100	\$209,700
<u>City of Winslow</u>							
Construction sales tax	\$11,109,400	\$12,961,000	\$9,257,800	\$6,480,500	*	\$5,554,700	\$45,363,400
Estimated permit fees	\$1,982,000	\$2,312,000	\$1,652,000	\$1,157,000	\$1,762,000	\$992,000	\$9,857,000
Secondary impacts from employees							
Spending sales tax	\$1,255,500	\$1,464,700	\$1,046,200	\$732,400	\$1,116,000	\$627,700	\$6,242,500
Property tax	\$485,900	\$566,900	\$404,900	\$283,500	\$431,900	\$243,000	\$2,416,100
State shared revenues	\$4,800	\$5,600	\$4,000	\$2,700	\$4,200	\$2,400	\$23,700
Total tax revenues	\$46,878,700	\$54,691,200	\$40,179,900	\$28,359,400	\$13,691,100	\$24,959,400	\$208,759,700

*Data Centers are exempt from prime contracting sales tax and use tax under ARS 41-1519 and 42-5159(B)(24)
**Equipment used in manufacturing is exempt from sales (use) taxes under ARS 42-5159(B)(1)
Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association

4.2 Fiscal Impact of Operations

At build-out, the development would generate significant tax revenue for the State, County, City and special districts every year. Primary revenues would be collected from property taxes, commercial lease taxes, and utility consumption. Secondary revenue, which is generated by employee spending, includes sales tax, property tax, and State-shared revenues such as income tax, vehicle license tax, and gasoline tax. The figures are exclusive of corporate income tax and do not include property tax levied on personal property.

Years prior to build out and stabilized occupancy would experience a relative portion of this total annual impact. Once the project is built out and operating at stabilized levels, the effects of the operations outlined in the following tables will be realized on an annual basis.

The State of Arizona is projected to collect \$22.9 million each year at buildout from primary and secondary sources generated the proposed I-40 Tradeport Winslow. Direct utility taxes total an estimated \$5.3 million while secondary revenues from employee spending total an estimated \$17.6 million.

Navajo County would receive \$2.0 million from real property taxes annually, \$1.0 million from utility taxes and \$6.8 million from secondary revenues. Similarly, the City of Winslow would



collect an estimated \$3.3 million from real property taxes, \$1.4 million from utility taxes, \$3.7 million from lease taxes and \$6.5 million secondary revenues generated by employees. School districts (\$14.3 million) and Special districts (\$6.5 million) would also benefit from the improvements and net assessed values of industrial uses.

Overall, the annual operations of the I-40 Tradeport Winslow industrial development would generate an estimated \$68.3 million each year from the operations of the various industrial uses outlined in this report.

Fiscal Impact of Operations							
I-40 Tradeport Winslow							
(2024 Dollars)							
	Industrial heavy manufacturing	Industrial light manufacturing	Industrial Flex	Warehouse/storage	Data Center	Large User Industrial	Total
<u>State of Arizona</u>							
Utility tax	\$1,299,400	\$620,700	\$271,600	\$186,200	\$2,586,200	\$310,300	\$5,274,400
Secondary impacts from employees							
Spending sales tax	\$467,600	\$3,762,900	\$2,286,500	\$4,797,900	\$250,600	\$1,505,100	\$13,070,600
Income tax	\$19,100	\$111,600	\$111,300	\$96,800	\$9,900	\$44,700	\$393,400
Unemployment tax	\$84,900	\$549,900	\$413,400	\$573,300	\$52,700	\$220,000	\$1,894,200
Vehicle license tax	\$65,700	\$425,500	\$319,900	\$443,700	\$40,800	\$170,200	\$1,465,800
Gas tax	\$34,500	\$223,500	\$168,000	\$233,000	\$21,400	\$89,400	\$769,800
<u>Navajo County</u>							
Real Property Tax	\$396,200	\$462,300	\$330,200	\$231,100	\$352,200	\$198,100	\$1,970,100
Utility Tax	\$251,400	\$120,100	\$52,500	\$36,000	\$500,400	\$60,000	\$1,020,400
Secondary impacts from employees							
Spending sales tax	\$81,200	\$656,300	\$394,200	\$843,000	\$43,800	\$262,500	\$2,281,000
Property tax	\$153,500	\$1,289,100	\$691,500	\$1,764,500	\$88,500	\$515,600	\$4,502,700
State shared revenues	\$2,200	\$16,200	\$10,800	\$19,200	\$1,300	\$6,500	\$56,200
<u>City of Winslow</u>							
Real Property Tax	\$661,300	\$771,500	\$551,100	\$385,800	\$587,800	\$330,600	\$3,288,100
Lease tax	\$219,700	\$351,600	\$219,700	\$175,800	\$244,200	\$175,800	\$1,386,800
Utility Tax	\$908,700	\$434,100	\$189,900	\$130,200	\$1,808,600	\$217,000	\$3,688,500
Secondary impacts from employees							
Spending sales tax	\$150,100	\$1,212,600	\$728,200	\$1,557,400	\$81,000	\$485,000	\$4,214,300
Property tax	\$78,400	\$658,500	\$353,300	\$901,400	\$45,200	\$263,400	\$2,300,200
State shared revenues	\$300	\$2,000	\$1,500	\$2,100	\$200	\$800	\$6,900
<u>Other Districts</u>							
School districts							
Real Property Tax	\$2,872,500	\$3,351,300	\$2,393,800	\$1,675,600	\$2,553,400	\$1,436,300	\$14,282,900
Special districts							
Real Property Tax	\$1,301,900	\$1,518,900	\$1,084,900	\$759,400	\$1,157,200	\$650,900	\$6,473,200
Total tax revenues	\$9,048,600	\$16,538,600	\$10,572,300	\$14,812,400	\$10,425,400	\$6,942,200	\$68,339,500

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

