

Proposed Transfer of Water Rights from GSC Farms in La Paz County to the Town of Queen Creek Economic and Fiscal Impact Report



Prepared for:

GSC Farm, LLC

May 2019

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Executive Summary

Elliott D. Pollack & Company was retained to analyze the various economic impacts that could result from a proposed transfer of 2,088 acre-feet of water from farm land in La Paz County to the Town of Queen Creek in Pinal County. The following are key findings resulting from the analysis.

- ❖ The impact analysis supports the transfer of water rights to accommodate residents living in the State of Arizona as it benefits all government entities. Whereas the farming operations support a limited amount of economic activity (4.9 jobs, \$216,000 in wages, and nearly \$1.2 million in economic output annually, with a majority of activity and spending leaking into California), the economic potential of the water transfer to Pinal County would support at least 5,220 homes and 2,709 permanent jobs, over \$115.4 million in annual wages, and \$307.7 million in annual economic activity from resident spending.
- ❖ In terms of tax revenue, the farming operation generates an estimated \$5,300 annually for the State of Arizona, \$791 per year for La Paz County, and \$8,600 in property taxes for other entities for a total of \$14,700. In stark contrast, the transfer of water would enable the State, counties, municipalities and other districts to continue to collect over \$39.0 million annually from residents.

Economic & Fiscal Impact Comparison Cibola Farm vs Queen Creek		
	Farm Operation	Queen Creek
Economic Impact		
Jobs	4.9	2,709
Wages	\$216,000	\$115,400,000
Economic Output	\$1,200,000	\$307,700,000
Fiscal Impact		
La Paz County	\$800	\$7,600
State of Arizona	\$5,300	\$17,214,400
Pinal County	N/A	\$10,642,000
Town of Queen Creek	N/A	\$11,140,000
La Paz County Municipalities	N/A	\$5,900
Other Revenue	\$8,600	\$10,900
TOTAL Tax Revenue	\$14,700	\$39,020,800
Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue		



- ❖ Due to the fact that the land in La Paz County will stay privately owned, La Paz County and the other local taxing districts would likely increase their collections through property taxes once the farm land loses its agricultural exemptions. Currently, the combined land holdings pay an estimated \$9,367 annually to various taxing districts. Post water transfer, that is expected to increase to an estimated \$12,546 per year.

Property Tax Payments by GSC Farms Land Holdings La Paz County & Local Entities (2019 Dollars)		
	Current Property Taxes	Post-Transfer Property Taxes
La Paz County	\$791	\$1,624
Cibola Valley Irrigation	\$6,347	\$6,347
School Districts	\$1,176	\$2,414
Community College	\$861	\$1,766
State School Equalization	\$159	\$326
Fire District Assistance	\$34	\$69
Total	\$9,367	\$12,546

Source: GSC Farm, LLC; EDPCo; La Paz County Assessor

Additional Development Opportunities

- ❖ After the proposed transfer of water, it is expected that the 485 acres of land previously farmed within La Paz County will seek to achieve the highest and best use of the land. For illustrative purposes, the impact of 80 new manufactured homes was calculated.
- ❖ New residents within a residential development of this size would spend an estimated \$946,300 annually on goods and services in the local economy. This is enough to support 11 permanent jobs, an estimated \$486,000 in annual wages, and \$1.3 million in annual economic activity.
- ❖ In terms of tax revenue, the State of Arizona would receive an estimated \$75,300 each year generated by new households within the county. La Paz County would also benefit from new household spending in the amount of \$85,000 annually. Other property tax districts in the county, including school districts, the irrigation district, community college district, and fire district would receive an estimated \$77,500 annually.
- ❖ Just this development alone, which represents the utilization of just a fraction of the current farming operation, would generate more economic activity and tax revenue for



both the state and La Paz County than the entire farming operation currently. These impacts would also be in addition to the impacts of the water transfer detailed above.

Economic & Fiscal Impact Comparison		
Cibola Farm vs La Paz County Residential Development		
	Farm Operation	80 New Manufactured Homes
Economic Impact		
Jobs	4.9	11.2
Wages	\$216,000	\$486,000
Economic Output	\$1,200,000	\$1,318,000
Fiscal Impact		
La Paz County	\$800	\$85,000
State of Arizona	\$5,300	\$75,300
Other Revenue	\$8,600	\$77,500
TOTAL Tax Revenue	\$14,700	\$237,800
Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; La Paz County Assessor		



1.0 Introduction

Elliott D. Pollack and Company has been retained to perform several economic and fiscal impact analyses to compare the benefits of a potential transfer of water rights. This study focuses on the economic and fiscal impacts of the following:

1. Current operations of GSC Farms, a 485-acre cotton farming operation located in La Paz County, Arizona.
2. Existing homes that would be supported by the transfer of 2,088 acre-feet of water rights to the Town of Queen Creek.
3. Potential redevelopment on the land formerly farmed by GSC.

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings, and job creation. Fiscal impact analysis evaluates the public revenues and costs created by a particular activity. In a 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 and 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 economic and fiscal impact findings outlined in this report represent the considered judgment of Elliott D. Pollack and Company based on the assumptions, 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 economic and fiscal impact study evaluates the potential “gross impacts” of the project on various governmental jurisdictions. The term “gross impacts” as used in this study refers to the total revenue, jobs and economic output that are generated by the project.
- This analysis does not consider the costs associated with providing services to the project. Such analysis is beyond the scope of this study. In addition, the analysis is based on the current tax structure and rates imposed. Changes in those rates would alter the findings of this study. All dollar amounts are stated in 2019 dollars and, unless indicated, do not take into account the effects of inflation.
- The analysis outlined in this study is based on currently available information and estimates and assumptions about long-term future 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 analysis are those that are believed to be significant to the projections of future results.



2.0 Methodology & Assumptions

2.1 Project Assumptions

The assumptions used to estimate the economic and fiscal impacts of the various scenarios (operations of GSC Farms, redevelopment and ongoing impacts of residential development, etc.) have been developed from a variety of sources. Operational data for the farm was estimated in collaboration with GSC Farm, LLC and compared to the operational assumptions of Arizona cotton farming industry estimated by IMPLAN including the number of employees, wages, and production. Estimates of homes supported by the proposed water transfer utilize current estimates of residential water usage by the Central Arizona Groundwater Replenishment District. Land redevelopment of current GSC farm land assumes just a portion of total land utilized for new manufactured housing (additional impacts would accrue if and when additional farm land is redeveloped into residential or commercial uses).

The estimated annual taxable spending of employees was calculated based on the U.S. Consumer Expenditure Survey using the average wages of employees.

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 jobs and corresponding output and wages that are created through the operations of GSC Farms and also by the spending of residents supported by the water supply that would occur due to the transfer of water rights.

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 a 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 the direct and indirect employees or residents on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the state. These secondary effects were captured in the analysis conducted in this study.

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



- (1) Employment Impact – the total wage, 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 – the economic output relates to the gross receipts for goods or services generated by the project’s operations.

Economic impacts are by their nature regional in character. The remote location of the farm along the Arizona/California border creates a unique dynamic in terms of where the economic impact is captured. Local farm operators have confirmed that their labor and at least half of their suppliers are located in California. The default model has been adjusted to account for this leakage. All dollar figures, unless otherwise stated, are expressed in 2019 dollars.

2.3 Fiscal Impact Methodology

Fiscal impact analysis quantifies 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 report will evaluate the impact of the GSC Farms project and hypothetical manufactured home development on La Paz County and the State of Arizona. In terms of the water transfer, the analysis will include the impact of supporting residents within the Town of Queen Creek on the State of Arizona, Pinal County, La Paz County (through the state’s revenue sharing formulas), and the Town of Queen Creek.

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, La Paz County, Pinal County, the State of Arizona, the Arizona League of Cities and Towns, and the U.S. Consumer Expenditure Survey. Unless otherwise stated, all dollar values are expressed in 2019 dollars.

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

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



- Construction Sales Tax

The State, counties and cities levy a sales tax on materials used in the construction of buildings and land improvements. That tax is calculated by State law under the assumption that 65% of the construction cost of the facility and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is then applied to the 65% materials figure.

The sales tax on construction materials is a one-time collection by the governmental entity. The State currently levies a 5.6% sales tax on construction activity (a portion of which is shared with local governments), La Paz County's rate is 2.0%.

- Sales Tax

The state, counties, and incorporated cities and towns charge sales tax on retail goods and services. At the county level, the sales tax rate for La Paz County is 2.0% and 1.6% in Pinal County. The Town of Queen Creek has a 2.25% sales tax rate. These tax rates are applied to the estimated taxable spending of the employees of the project.

- Property Taxes

Property taxes will be collected on the farm property as well as the dwelling units of new homes in Queen Creek. The property taxes paid on farm property were provided by the La Paz County Assessor. For new Queen Creek dwelling units, a median home value for the Town was applied. The farm land property tax rate is currently \$9.0113 per \$100 of assessed value plus \$13.278 per acre for the irrigation district. Pinal County levies a \$3.8699 per \$100 of assessed value property tax. The Town of Queen Creek levies a \$1.9500 per \$100 of assessed value property tax.

- State Shared Revenues

Each county and city in Arizona receives a portion of State revenues from four different sources - state sales tax (described above), state income tax, vehicle license tax (VLT) and highway user revenue fund (HURF) tax. The formulas for allocating these revenues are primarily based on population.

- State Income Tax

The State of Arizona collects taxes on personal income. The tax rate used in the analysis averages about 1.6% for earnings. This 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, indirect and induced employee count. Portions of these taxes are distributed to counties and cities 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 through the Highway User Revenue Fund. The remaining funds are shared between counties and cities in accordance with population-based formulas.

The above tax categories represent the largest sources of revenues that will be generated for the State of Arizona, La Paz County, Pinal County and the Town of Queen Creek. This analysis considers gross tax collections and does not differentiate among dedicated purposes or uses of such gross tax collections.



3.0 Impact of GSC Farm Operations

This section analyzes the impacts that are generated in terms of jobs and tax revenue from GSC Farm’s ongoing operations, annual procurement activity, and from employees. The farm generates property tax, utility taxes, and sales taxes for La Paz County and the State of Arizona. In addition, an estimated portion of suppliers and other jobs supported by GSC Farms also spend their disposable incomes both within the region and throughout the state.

3.1 Economic Impact of Operations

Currently, an estimated 1.9 direct workers are employed at the 485 acres of GSC Farms. Direct wages are estimated at \$76,400 annually and an estimated \$781,00 in economic output is produced by farming operations annually. Due to the location of the farm near the California border, the economic impacts are dampened substantially due to leakage across state lines. Indeed, the farm operator has confirmed that direct employees and at least half of their suppliers are located in California, and likely the spending of most wages (direct, indirect, and induced) are occurring in California. Additionally, the cotton is ginned and sold out of California, creating an economic benefit that is not captured within the State of Arizona. As such, the following impacts are likely overstated in terms of their benefits to Arizona’s economy.

Taking into account the ripple effect of the regional multipliers and local spending on services and supplies, an additional 3.1 permanent indirect, and induced jobs at most are supported throughout the State of Arizona. These employees earn an estimated \$139,700 in wages each year and create \$376,900 in economic output. In total, as a result of GSC Farm operations, 4.9 workers are employed, \$216,100 in annual wages are created and nearly \$1.2 million in annual economic output is produced.

Annual Economic Impact of Operations GSC Farms Operations State of Arizona			
	Jobs	Wages	Economic Output
Operations			
Direct	1.9	\$76,400	\$781,000
Indirect	2.0	\$90,400	\$222,200
Induced	1.1	\$49,300	\$154,700
Total	4.9	\$216,100	\$1,157,900
<small>1/ 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</small>			



3.2 Fiscal Impact of Operations & Employees

The operations of GSC Farms and the portion employees that may live in the state produce tax revenue on an ongoing, annual basis. The following tables detail these revenues, estimated for the State of Arizona and La Paz County.

In total, approximately \$5,300 in taxes is collected each year by the State of Arizona. Secondary revenue generated by indirect and induced employment are the only sources of tax that likely accrue to the state due to the leakage of workers and suppliers residing California. Employees supported by supplier industries earn wages which are spent on a variety of products and services in the local economy. The state collects sales taxes from employee spending, personal income taxes on employee salaries, unemployment taxes, and both taxes and fees related to vehicle licensing and gasoline sales.

Annual Fiscal Impact of Operations GSC Farms Operations State of Arizona (2019 dollars)						
	Employee Spending Sales Tax	Income Tax	Unemp. Insurance Tax	VLT	HURF	Total
Direct	-	-	-	-	-	\$0
Indirect	\$1,400	\$1,300	\$400	\$100	\$200	\$3,400
Induced	\$800	\$700	\$200	\$100	\$100	\$1,900
Total	\$2,200	\$2,000	\$600	\$200	\$300	\$5,300
Source: EDPCo; IMPLAN; AZ Department of Revenue						

The following table illustrates the ongoing tax revenue that La Paz County and other local entities collect stemming from the operations of GSC Farms as well as the expected spending of employees in the county. Sales tax collections on employee incomes are based on their estimated average wages and spending patterns outlined in the U.S. Consumer Expenditure Survey. For the purposes of this analysis, it is assumed that employees spend their disposable income where they reside. In La Paz County, an estimated 48% of employees live in the county, the remainder of which commute from their residences in neighboring counties.



For La Paz County and several property taxing districts, including the school district, community college district, Cibola Valley Irrigation District, the Arizona state school equalization fund, and the fire district assistance fund, an estimated \$9,367 is collected each year from GSC Farm’s property taxes.

Annual Fiscal Impact of Operations	
GSC Farms Operations	
La Paz County & Local Entities	
(2019 Dollars)	
La Paz County	\$791
Cibola Valley Irrigation	\$6,347
School Districts	\$1,176
Community College	\$861
State School Equalization	\$159
Fire District Assistance	\$34
Total	\$9,367
Source: EDPCo; IMPLAN; AZ Department of Revenue; AZ Tax Research Association	

3.3 Net Property Tax Change from Agricultural Status to Vacant Land

The 485 acres currently being farmed by GSC Farms will remain as vacant land and will be held privately. As such, the land will still be subject to property taxes. Additionally, it will still belong the irrigation district and will not receive any agricultural exemptions in terms of property valuation.

Based on surrounding vacant parcels, we estimate that the land will be valued at approximately \$1,000 per acre. The following table illustrates the comparison of property tax payments to La Paz County, local school district, and other taxing districts before and after the transfer, assuming a vacant land status.

As the table illustrates, it is estimated that La Paz County and most other districts will receive *more* property tax revenue after the transfer occurs (the irrigation district charges a rate per acre, so no change in revenue is expected for the irrigation district). An estimated \$12,546 in property taxes are expected to be paid annually after the water transfer (compared to \$9,367 currently).



Annual Fiscal Impact of Operations GSC Farms Operations La Paz County & Local Entities (2019 Dollars)		
	Current Property Taxes	Post Transfer Property Taxes
La Paz County	\$791	\$1,624
Cibola Valley Irrigation	\$6,347	\$6,347
School Districts	\$1,176	\$2,414
Community College	\$861	\$1,766
State School Equalization	\$159	\$326
Fire District Assistance	\$34	\$69
Total	\$9,367	\$12,546

Source: EDPCo; IMPLAN; AZ Department of Revenue; AZ Tax Research Association



4.0 Impacts of the Water Transfer for the Town of Queen Creek

The transfer of water rights is estimated to support at least 5,220 single family residential homes in the Town of Queen Creek, Arizona located in Pinal County. This will be the basis of the following economic and fiscal impact calculations.

The primary inputs of this economic and fiscal impact model are based on (1) project assumptions regarding the size and scale of the homes supported and (2) basic economic source data such as the Consumer Expenditure Survey to determine spending patterns of employees and residents. All values in this study are expressed in 2019 dollars. Unless otherwise indicated, an inflation factor has not been included in this analysis.

The assumptions used to estimate the economic and fiscal impacts of the operations of residents are outlined below. In estimating the impacts, the average property value of homes is estimated to be \$375,000 which is comparable to homes currently in the Town of Queen Creek. The average household income for these homes calculates to \$93,000 equating to \$30,400 in taxable spending per household. Total spending includes a 45% leakage rate for Town sales tax collections. Monthly utilities are estimated to be \$230 per month per home. An estimated 3.5 persons per household is used in the analysis with 5.4% being non-primary residents as reported by the U.S. Census.

Annual Operating Assumptions	
2,088 Acre-Foot Water Transfer	
(2019 Dollars)	
Units	5,220
Average home value	\$375,000
Average annual HH Income	\$93,000
Average annual taxable spending per HH	\$30,400
Resident spending leakage rate	45%
Monthly utilities per unit	\$230
Persons per HH	3.5
Percent non-primary resident	5.4%
State shared revenues per capita	\$339

Source: Town of Queen Creek; ULI; SIOR; MAG; AZDOR; ESRI

4.1 Economic Impact of Resident Spending

Residents spend a significant portion of their disposable income in the community and state and support a substantial number of jobs in the industries that the spending occurs in. This includes retail goods such as furniture, electronics, appliances, groceries, and clothing.



Spending on services by residents includes maintenance and repairs, transportation, telecommunications, insurance, banking, medical care and other personal services. Residents also support local restaurants and bars as well as other entertainment venues.

The following table displays the results of the economic impact analysis of residents supported by the water transfer. In total, residents supported by the transfer within the Town of Queen Creek will spend over \$218.8 million annually on goods and services in the local economy. This is enough to support 2,709 jobs, over \$115.4 million in wages, and \$307.7 million in annual economic activity.

Annual Economic Impact Supported by Residents 2,088 Acre-Foot Water Transfer State of Arizona (2019 Dollars)				
	Impact Type	Jobs	Wages	Economic Output
Retail	Direct	280	\$11,356,000	\$25,661,000
	Indirect	61	\$3,194,000	\$10,206,000
	Induced	101	\$4,994,000	\$15,217,000
	Total	442	\$19,544,000	\$51,084,000
Services	Direct	707	\$36,175,000	\$87,895,000
	Indirect	225	\$13,029,000	\$42,880,000
	Induced	339	\$16,749,000	\$51,046,000
	Total	1,271	\$65,953,000	\$181,821,000
Entertainment	Direct	267	\$3,916,000	\$17,288,000
	Indirect	33	\$1,885,000	\$5,630,000
	Induced	40	\$1,993,000	\$6,075,000
	Total	340	\$7,794,000	\$28,993,000
Restaurant & Bar	Direct	500	\$14,111,000	\$20,956,000
	Indirect	41	\$2,375,000	\$7,612,000
	Induced	115	\$5,669,000	\$17,280,000
	Total	656	\$22,155,000	\$45,848,000
GRAND TOTAL	Direct	1,753	\$65,558,000	\$151,800,000
	Indirect	360	\$20,483,000	\$66,328,000
	Induced	596	\$29,405,000	\$89,618,000
	Total Impact^{1/}	2,709	\$115,446,000	\$307,746,000
1/ 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 Resident Spending

The ongoing effects of residents within the Town of Queen Creek will continue to contribute significantly to taxes at all levels of government. This includes retail sales taxes, utility taxes, income taxes, vehicle license taxes, and gasoline taxes, and state shared revenue.

State of Arizona

The State of Arizona will receive an estimated \$17.2 million in tax revenues each year generated by the supported households within the Town of Queen Creek. Retail sales taxes from household spending (\$6.8 million) and personal income taxes (\$8.6 million) comprise the majority of the state’s tax revenue.

Annual Fiscal Impact of Operations 2,088 Acre-Feet Water Transfer State of Arizona (2019 Dollars)	
Retail sales tax	\$6,811,400
Utility sales tax	\$627,700
Income Tax	\$8,610,900
Vehicle License Tax	\$763,400
Highway User Tax	\$401,000
Total	\$17,214,400
<p>1/ 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. All of the above figures are representative of the major revenue sources for the State. The figures are intended only as a general guideline as to how the State could be impacted by the project. The above figures are based on the current economic structure and tax rates of the State.</p> <p>Source: Elliott D. Pollack & Co.; ADOR; ATRA</p>	

Pinal County

Pinal County will continue to benefit from supported households in the amount of \$10.6 million annually. This includes over \$5.7 million generated by county property taxes and another \$3.3 million in various state shared revenues. Household spending also generates significant tax revenue, including nearly \$1.4 million in county sales tax collections and an estimated \$234,00 in utility taxes.



Annual Fiscal Impact of Operations (at Buildout)	
2,088 Acre-Foot Water Transfer	
Pinal County	
(2019 Dollars)	
Property Tax	\$5,731,000
Sales Tax	\$1,397,000
Utility Tax	\$234,000
State Shared Revenues	\$3,280,000
Total	\$10,642,000
<p>1/ 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. All of the above figures are representative of the major revenue sources for the County. The figures are intended only as a general guideline as to how the County could be impacted by the project. The above figures are based on the current economic structure and tax rates of the County.</p> <p>Source: Elliott D. Pollack & Co.; ADOR; ATRA</p>	

Town of Queen Creek

The Town of Queen Creek will collect household related taxes and state shared revenue estimated at over \$11.1 million each year. This includes nearly \$2.1 million generated by municipal sales taxes and nearly \$5.9 million in various state shared revenues. Property taxes of nearly \$2.9 million and an estimated \$329,000 in utility taxes will also accrue to the town of Queen Creek annually.

Annual Fiscal Impact of Operations (at Buildout)	
2,088 Acre-Foot Water Transfer	
Town of Queen Creek	
(2019 Dollars)	
Property Tax	\$2,888,000
Sales Tax	\$2,063,000
Utility Tax	\$329,000
State Shared Revenues	\$5,860,000
Sub-Total	\$11,140,000
<p>1/ 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. All of the above figures are representative of the major revenue sources for the Town. The figures are intended only as a general guideline as to how the Town could be impacted by the project. The above figures are based on the current economic structure and tax rates of the Town.</p> <p>Source: Town of Queen Creek; Elliott D. Pollack & Co.; ADOR; ATRA</p>	



La Paz County Impacts

In addition to the increase in property tax collections outlined in the previous section, La Paz County and the incorporated cities within La Paz County realize tax benefits from the supported residents within the Town of Queen Creek through state revenue sharing formulas.

The spending of residents produce an estimated \$6,000 each year for La Paz County and \$5,900 for La Paz County municipalities on an annual basis. In total, government revenue within La Paz County will receive an estimated \$11,900 each year through residents supported by the proposed water transfer.

La Paz County Fiscal Impact 5,220 Homes in Queen Creek, Arizona			
	County	Cities	Total
Ongoing			
State Shared Sales	\$3,700	\$2,300	\$6,000
State Shared Utilities	\$300	\$100	\$400
State Shared Income	N/A	\$2,400	\$2,400
State Shared VLT	\$1,500	\$700	\$2,200
State Shared HURF	\$500	\$400	\$900
TOTAL	\$6,000	\$5,900	\$11,900

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



5.0 Impacts of Farm Land Redevelopment

After the proposed transfer of water, GSC Farm, LLC will retain ownership of the land. With the land staying privately owned, it is reasonable to assume that the owners will seek to achieve the highest and best use of the land.

For illustrative purposes, this analysis displays the impact of 80 units of residential development (assumed to be manufactured homes). Average property values were estimated from existing properties nearby. Household occupancy characteristics and incomes were derived from the U.S. Census for the area. Due to its location near the Arizona/California border, a 50% spending leakage rate was assumed.

Annual Operating Assumptions Manufactured Home Development (2019 Dollars)	
Units	80
Average home value	\$127,900
Average annual HH Income	\$36,600
Average annual taxable spending per HH	\$16,800
Resident spending leakage rate	50%
Monthly utilities per unit	\$100
Persons per HH	2.1
Percent non-primary resident	29.3%
State shared revenues per capita	\$382

Source: U.S. Census; La Paz County; ULI; SIOR; MAG; AZDOR; ESRI

5.1 Impacts of New Residents

As residential units are occupied, the state and local governments will benefit in terms of new population and resident spending which supports local industries and produces ongoing annual tax revenues.

5.1.1 Economic Impacts

New residents within the residential development would spend a portion of their disposable income within the state and support jobs in industries such as retail, services, restaurants and bars as well as other entertainment venues.



The following table displays the results of the economic impact analysis at full build out of the homes. In total, new residents within La Paz County will spend an estimated \$946,300 annually on goods and services in the local economy. This is enough to support 11 jobs, an estimated \$486,000 in wages, and \$1.3 million in annual economic activity.

Annual Economic Impact Supported by New Residents La Paz County Manufactured Home Development State of Arizona (2019 Dollars)				
	Impact Type	Jobs	Wages	Economic Output
Retail	Direct	1.3	\$50,000	\$112,000
	Indirect	0.3	\$13,000	\$45,000
	Induced	0.4	\$22,000	\$67,000
	Total	2.0	\$85,000	\$224,000
Services	Direct	2.8	\$153,000	\$386,000
	Indirect	1.0	\$57,000	\$190,000
	Induced	1.5	\$71,000	\$218,000
	Total	5.3	\$281,000	\$794,000
Entertainment	Direct	1.0	\$15,000	\$68,000
	Indirect	0.1	\$7,000	\$22,000
	Induced	0.2	\$8,000	\$24,000
	Total	1.3	\$30,000	\$114,000
Restaurant & Bar	Direct	2.0	\$57,000	\$85,000
	Indirect	0.2	\$10,000	\$31,000
	Induced	0.5	\$23,000	\$70,000
	Total	2.7	\$90,000	\$186,000
GRAND TOTAL	Direct	7.2	\$275,000	\$651,000
	Indirect	1.5	\$87,000	\$288,000
	Induced	2.5	\$124,000	\$379,000
	Total Impact^{1/}	11.2	\$486,000	\$1,318,000
<p>^{1/}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.</p> <p>Source: Elliott D. Pollack & Company; IMPLAN</p>				



5.1.2 Fiscal Impacts

The ongoing effects of new residents within La Paz County will contribute to taxes at all levels of government. This includes retail sales taxes, utility taxes, income taxes, vehicle license taxes, gasoline taxes, and state shared revenue.

State of Arizona

The State of Arizona would receive an estimated \$75,300 in tax revenues generated by new households within the county. Retail sales taxes from household spending and personal income taxes comprise the majority of the state’s tax revenue.

Annual Fiscal Impact New Residents in Manufactured Housing State of Arizona (2019 Dollars)	
Retail sales tax	\$28,800
Utility sales tax	\$4,100
Income Tax	\$28,000
Vehicle License Tax	\$8,300
Highway User Tax	\$6,100
Total	\$75,300
<p>1/ 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. All of the above figures are representative of the major revenue sources for the State. The figures are intended only as a general guideline as to how the State could be impacted by the project. The above figures are based on the current economic structure and tax rates of the State.</p> <p>Source: Elliott D. Pollack & Co.; ADOR; ATRA</p>	

La Paz County

La Paz County will benefit from new household spending in the amount of \$85,000 annually. This includes \$45,000 in state shared revenues, \$25,000 generated by county property taxes, \$13,000 in county sales tax collections, and an estimated \$2,000 in utility taxes.



Annual Fiscal Impact (at Buildout) New Residents in Manufactured Housing La Paz County (2019 Dollars)	
Property Tax	\$25,000
Sales Tax	\$13,000
Utility Tax	\$2,000
State Shared Revenues	\$45,000
Total	\$85,000
<p>1/ 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. All of the above figures are representative of the major revenue sources for the County. The figures are intended only as a general guideline as to how the County could be impacted by the project. The above figures are based on the current economic structure and tax rates of the County.</p> <p>Source: Elliott D. Pollack & Co.; ADOR; ATRA</p>	

