

# **ECONOMIC IMPACT OF THE PHOENIX AIRPORT SYSTEM**

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*5/17/17*

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## INTRODUCTION

The Phoenix Airport System consists of Phoenix Sky Harbor International Airport (PHX), Phoenix Deer Valley Airport (DVT) and Phoenix Goodyear Airport (GYR). These facilities provide the residents and businesses of the dynamic metropolitan Phoenix economy access to the markets of the nation and the world while also enabling in Phoenix: global tourism, foreign investment and cultural exchange. The airport system plays a critical role in the regional economy due to the high number of airport-related jobs, income and business activity both on and off the airport. This report provides an analysis of the economic impact of the Phoenix Airport System in fiscal year 2016. The economic impact is measured in terms of employment, payrolls, and economic activity (eg, business revenue and personal spending). The measures reflect impacts that are direct (eg, jobs related to the airport), indirect (eg, jobs that support jobs related to the airport) and induced (eg, economic activity created by the direct and indirect activities). Secondary impacts, made up of combined indirect and induced impacts, are estimated using the industry-standard IMPLAN model.

***The Phoenix Airport System created a total economic impact of \$38.7 billion in fiscal year 2016. The economic activity generated by system airports supported 269,580 jobs in the regional economy, with a payroll of \$13.5 billion (Figure 1).***

**FIGURE 1  
TOTAL ECONOMIC IMPACT OF THE PHOENIX AIRPORT SYSTEM: FY 2016**



Since the last impact study in 2011, total economic activity has increased by 35% (from \$28.7 billion) and employment has increased by 11% (from 241,995 jobs). There is a more significant change in economic activity compared to the more moderate employment increase. This is consistent with national economic trends, as the post housing crash (2011) economy has prioritized personnel value over job quantity.

**1. SOURCES OF ECONOMIC IMPACT OF THE PHOENIX AIRPORT SYSTEM**

Economic impact categories are detailed in Table 1. Major elements include the Sky Harbor Center business park as well as spending by business and leisure visitors. PHX had the most direct impact (\$12.6 billion) and air visitor spending created the most jobs (67,443).

<b>TABLE 1 SOURCES OF ECONOMIC IMPACT OF PHOENIX AIRPORT SYSTEM: FY 2016</b>			
<b>Economic Impact Sources</b>	<b>Employment</b>	<b>Payroll (thousands)</b>	<b>Economic Activity (thousands)</b>
Phoenix Airport System Airports	58,760	\$3,825,852	\$12,584,004
<i>Phoenix Sky Harbor*</i>	<i>57,432</i>	<i>3,726,652</i>	<i>12,320,470</i>
<i>Phoenix Deer Valley</i>	<i>965</i>	<i>72,325</i>	<i>196,189</i>
<i>Phoenix Goodyear</i>	<i>363</i>	<i>26,875</i>	<i>67,345</i>
Air Visitor Spending	67,443	2,123,859	5,757,876
Direct Economic Impact	126,203	5,949,711	18,341,880
Secondary Economic Impact	143,377	7,584,527	20,318,985
<b>TOTAL ECONOMIC IMPACT</b>	<b>269,580</b>	<b>\$13,534,238</b>	<b>\$38,660,865</b>

*\*Includes Sky Harbor Center employment, payroll and economic activity*

**2. AN AVERAGE DAY FOR THE PHOENIX AIRPORT SYSTEM**

In 2016, there were more than 440,000 commercial aircraft operations at PHX, resulting in a daily average of 1,215 aircraft arriving and departing. On an average day, 120,982 passengers moved through the terminals and 927 tons of cargo were shipped or received. The daily impact of \$106 million is an increase of 34% from 2011.

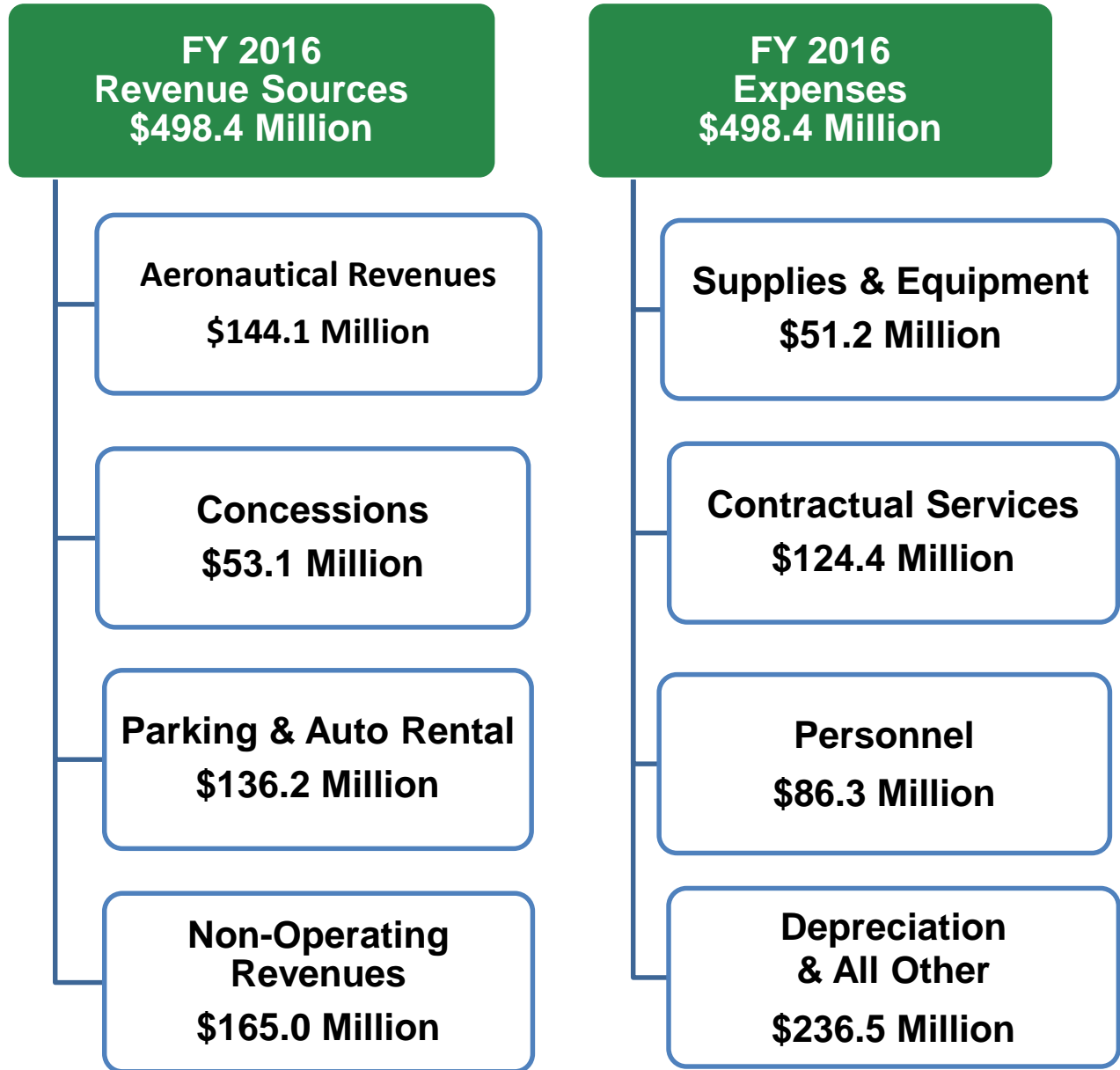
**FIGURE 2**  
**AN AVERAGE DAY FOR THE PHOENIX AIRPORT SYSTEM: FY 2016**



**3. THE PHOENIX AIRPORT SYSTEM IS SELF SUSTAINING**

Figure 3 describes in detail the direct sources of revenue as well as spending at PHX (noting that the facility is a self-sufficient public enterprise). Current PHX revenues of \$498.4 million represent an increase of 63% over FY 2011. These revenues are driven in large part by terminal and landing fees paid by commercial airlines and are particularly sensitive to changes in passenger activity. Additionally, rental car center user fees and state and federal airport grants make up the non-operating revenue. Operations, maintenance, depreciation and interest on capital debt account for approximately 98% of total expenses.

**FIGURE 3  
THE PHOENIX AIRPORT SYSTEM IS SELF SUSTAINING**



#### 4. PHOENIX SKY HARBOR INTERNATIONAL AIRPORT ECONOMIC IMPACT

Table 2 shows the variety of economic activity types that impact the Airport system economy. The *direct* economic impact of PHX includes the employment, payrolls, and economic activity (revenues, sales, budgets of government agencies) of multiple organizations. **The direct economic impact of Sky Harbor Airport in 2016 was 57,432 jobs, \$3.7 billion in payrolls and \$12.3 billion in economic activity.** The largest single employer was airlines, with 13,081 employees (a decrease of 9.7% from 2011). The airport *terminal businesses* and *passenger services* categories include services to passengers, including sky caps, shops, food service, auto rental, and parking; the total employment in these two categories is 9,059, up substantially from 5,763 for 2011.

Other major employment areas in the airport economy include fixed base operators; firms that support general aviation with ramp service, baggage handling, airline cleaning, fueling, etc. Airport contractors are utilized for added support in information technology, security, maintenance, and employee training. PHX industrial facilities, anchored by Honeywell, are located directly north of the runway area, with employment divided between on-airport and off-airport property. Sky Harbor Center is located to the west of the airport and provides employment for over 10,000 workers in various financial, technical and governmental positions. This area is characterized by a relatively low vacancy rate and employment was stable in FY 2016 compared to 2011. Direct economic activity for Sky Harbor Center businesses exceeded \$2 billion in FY 2016.

Capital improvement projects create jobs and income for workers, and involve spending that impacts the regional economy. In fiscal year 2016, on-airport capital improvement projects spending at PHX was \$474.4 million, supporting 2,851 worker-years of employment (one job for one year). Federal government employment includes FAA tower and air traffic personnel as well as the Transportation Security Administration (TSA), Customs and Border Protection, and the air national guard. City of Phoenix employment (which includes the Aviation Department, fire and police) is essentially unchanged from 2011.

All of these figures are generally greater than 2011, when direct employment was 54,990 and economic activity was \$9.6 billion. Direct employment is up by 5% while economic activity in FY 2016 increased over 2011 by 29%. A large gain in economic activity (over one third) was recorded by industrial facilities north of Sky Harbor Airport compared to 2011. After accounting for all direct and secondary effects, **the total employment economic impact of PHX in 2016 was 142,666 jobs with payrolls of \$8.3 billion, resulting in \$24.4 billion of total economic activity** (up by 28% from 2011). The total employment economic impact incorporates benefits that result when direct spending recirculates in the economy. As workers spend income, additional jobs are created in retail, services, and other industries. Airport firms create jobs in the general economy when they spend for goods and services from suppliers. These effects are measured through the input-output analysis, which applies multipliers to direct spending to obtain a measure of the secondary impacts.

**TABLE 2  
PHOENIX SKY HARBOR INTERNATIONAL AIRPORT  
ECONOMIC IMPACT: FY 2016**

<b>Economic Impact Sources</b>	<b>Employment</b>	<b>Payroll (thousands)</b>	<b>Economic Activity (thousands)</b>
<b>Commercial Airlines</b>	<b>13,081</b>	<b>\$1,203,142</b>	<b>\$5,135,796</b>
<b>Air Cargo &amp; Couriers</b>	<b>10,167</b>	<b>433,209</b>	<b>1,035,843</b>
<b>Terminal Businesses</b> Retail Shops, Food Services, Auto Rental Facility	<b>6,632</b>	<b>228,044</b>	<b>672,542</b>
<b>Passenger Services</b> Sky Caps, Banking, Other Parking Facilities	<b>2,427</b>	<b>96,964</b>	<b>197,874</b>
<b>Fixed Base &amp; Ramp Operations</b> Airline Support Services, Fueling, General Aviation	<b>1,937</b>	<b>126,634</b>	<b>314,565</b>
<b>Ground Transportation</b> Taxis, Buses, Shuttles, Limousine, Vans, Ride Share	<b>3,320</b>	<b>124,573</b>	<b>286,720</b>
<b>Airport Contractors</b> Information Technology, Security, Environmental Studies, Maintenance	<b>378</b>	<b>19,701</b>	<b>38,195</b>
<b>Industrial Facilities</b>	<b>2,850</b>	<b>353,384</b>	<b>1,677,268</b>
<b>Government Services</b> FAA, TSA, Air National Guard City of Phoenix Aviation Dept.	<b>3,285</b>	<b>342,669</b>	<b>429,714</b>
<b>Capital Improvement Projects</b>	<b>2,851</b>	<b>144,829</b>	<b>474,358</b>
<b><i>Sky Harbor Airport Subtotal</i></b>	<b><i>46,928</i></b>	<b><i>3,073,148</i></b>	<b><i>10,262,912</i></b>
Sky Harbor Center Business Park	10,504	653,504	2,057,558
<b>Direct Economic Impact</b>	<b>57,432</b>	<b>3,726,652</b>	<b>12,320,470</b>
<i>On Airport</i>	<i>46,083</i>	<i>3,008,552</i>	<i>9,877,973</i>
<i>Off Airport</i>	<i>11,349</i>	<i>718,100</i>	<i>2,442,497</i>
<b>Secondary Economic Impact</b>	<b>85,234</b>	<b>4,547,365</b>	<b>12,088,129</b>
<b>TOTAL ECONOMIC IMPACT</b>	<b>142,666</b>	<b>\$8,274,017</b>	<b>\$24,408,599</b>

**5. SKY HARBOR WORKERS SPEND PAYROLLS IN THEIR COMMUNITIES**

Table 3 shows the distribution and induced economic impact of airport workers across the metropolitan area. Nearly 60% of workers live in a city other than Phoenix. The distribution is extremely diverse, with only Mesa claiming a percentage into the double digits (11%). About one third (32%) of airport employees live in the East Valley, while 18% of workers live in the West Valley (up from 10% in 2011), and just over 4% call Scottsdale home. An additional 5% live in other areas, such as Casa Grande, New River, or Wickenburg. Airport workers earned a payroll of \$3.7 billion in FY 2016 that was spent in their home communities across the metropolitan area.

<b>TABLE 3 PHOENIX SKY HARBOR INTERNATIONAL AIRPORT EMPLOYEES SPEND PAYROLLS IN THEIR HOME COMMUNITIES</b>			
<b>Home Communities</b>	<b>Distribution (percent)</b>	<b>Sky Harbor Employees*</b>	<b>Payroll* (thousands)</b>
<b>Phoenix</b>	<b>40.9</b>	<b>23,514</b>	<b>\$1,525,791</b>
<b>Mesa</b>	<b>11.0</b>	<b>6,315</b>	<b>409,738</b>
<b>Chandler</b>	<b>5.4</b>	<b>3,121</b>	<b>202,504</b>
<b>Tempe</b>	<b>5.4</b>	<b>3,095</b>	<b>200,815</b>
<b>Gilbert</b>	<b>5.2</b>	<b>2,998</b>	<b>194,566</b>
<b>Other East Valley</b>	<b>4.6</b>	<b>2,616</b>	<b>169,739</b>
<b>Scottsdale</b>	<b>4.4</b>	<b>2,543</b>	<b>165,010</b>
<b>Glendale</b>	<b>5.5</b>	<b>3,160</b>	<b>205,038</b>
<b>Peoria</b>	<b>3.1</b>	<b>1,752</b>	<b>113,666</b>
<b>Avondale</b>	<b>1.8</b>	<b>1,007</b>	<b>65,362</b>
<b>Goodyear</b>	<b>1.6</b>	<b>906</b>	<b>58,775</b>
<b>Other West Valley</b>	<b>6.2</b>	<b>3,553</b>	<b>230,541</b>
<b>All Other Areas</b>	<b>5.0</b>	<b>2,853</b>	<b>185,108</b>
<b>TOTAL</b>	<b>100.0</b>	<b>57,432</b>	<b>\$3,726,652</b>

*\*Includes Sky Harbor Center employment and payroll*



**6. SKY HARBOR IMPACT IS FELT ACROSS ALL INDUSTRIES**


The combined direct and indirect impact across the whole industrial base of the service area of PHX is shown in Table 4. As expected, transportation has the greatest level of economic activity (\$6.7 billion). It is important to recognize that the “transportation” entry in the table is broader than aviation. It also includes materials delivered to and from the airport by truck and rail, or services from travel agents, for example. The most jobs are in business services. The business service sector supports business operations and activities. Business service examples include: accounting, advertising, computer systems design, information technology support, and administrative services.

<b>TABLE 4                      PHOENIX SKY HARBOR INTERNATIONAL AIRPORT                      CREATES JOBS AND ECONOMIC ACTIVITY IN EVERY INDUSTRY</b>			
<b>Industries</b>	<b>Employment</b>	<b>Payroll (thousands)</b>	<b>Economic Activity (thousands)</b>
<b>Business Services</b>	<b>27,731</b>	<b>\$1,381,563</b>	<b>\$2,769,534</b>
<b>Transportation Services</b>	<b>23,625</b>	<b>1,765,176</b>	<b>6,665,459</b>
<b>Government</b>	<b>14,101</b>	<b>1,147,557</b>	<b>1,615,094</b>
<b>Finance &amp; Real Estate</b>	<b>13,868</b>	<b>688,785</b>	<b>3,414,676</b>
<b>Hospitality Services</b>	<b>13,767</b>	<b>374,867</b>	<b>748,844</b>
<b>Cargo &amp; Warehousing</b>	<b>12,716</b>	<b>522,488</b>	<b>1,281,106</b>
<b>Health Care</b>	<b>7,682</b>	<b>456,922</b>	<b>811,417</b>
<b>Manufacturing</b>	<b>6,907</b>	<b>800,988</b>	<b>3,760,716</b>
<b>Retail Trade</b>	<b>6,825</b>	<b>255,180</b>	<b>567,908</b>
<b>Construction</b>	<b>4,307</b>	<b>226,452</b>	<b>752,478</b>
<b>Personal Services</b>	<b>3,731</b>	<b>173,336</b>	<b>284,862</b>
<b>Wholesale trade</b>	<b>2,602</b>	<b>228,723</b>	<b>626,456</b>
<b>Education</b>	<b>1,607</b>	<b>75,680</b>	<b>134,711</b>
<b>Arts &amp; Entertainment</b>	<b>1,556</b>	<b>44,602</b>	<b>121,580</b>
<b>Information &amp; Publishing</b>	<b>1,342</b>	<b>103,979</b>	<b>616,190</b>
<b>Agriculture &amp; Mining</b>	<b>297</b>	<b>27,719</b>	<b>237,568</b>
<b>TOTAL ECONOMIC IMPACT</b>	<b>142,666</b>	<b>\$8,274,017</b>	<b>\$24,408,599</b>

## 7. AIRPORT CONSTRUCTION SUPPORTS JOBS AND THE ECONOMY

City of Phoenix expenditures in 2016 were \$466.0 million for all three system airports. Airport tenant improvements were \$26.4 million across system's three airports. The value of all system capital improvements in 2016 totaled \$492.4 million. The total spending of \$474.4 million at Sky Harbor created \$170.6 million in payroll for construction services.

**FIGURE 4  
PHOENIX SKY HARBOR INTERNATIONAL AIRPORT  
CAPITAL IMPROVEMENT PROJECTS: FY 2016**



**Value of Capital Improvement Projects  
\$474,358,000**

**City of Phoenix Expenditures  
\$448,944,000**

**Tenant Expenditures  
\$25,414,000**

**Jobs Created in Construction & Design  
2,851**

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## 8. ECONOMIC IMPACT OF SKY HARBOR CENTER FACILITIES

Sky Harbor Center, a business park located on airport property west of the airport, exceeds 10,000 workers that earned payrolls in FY 2016 of \$653.5 million (Table 5). The average wage for workers is \$62,200, but there is considerable variation among industries. The aerospace and electronics firms located in the Sky Harbor Center area pay average wages of more than \$120,000, while financial service wages average around \$40,000. Economic activity on the site is estimated as \$2.0 billion of sales/revenue/output. After inclusion of multiplier effects of second round induced and indirect spending, the total economic impact of the Sky Harbor Center area is estimated at \$4.4 billion, supporting a total of 26,269 jobs in the greater metropolitan area.

**TABLE 5  
PHOENIX SKY HARBOR INTERNATIONAL AIRPORT  
ECONOMIC IMPACT OF SKY HARBOR CENTER FACILITIES: FY 2016**

Sky Harbor Center Industries	Employment	Payroll (thousands)	Economic Activity (thousands)
<b>Aerospace &amp; Electronics</b>	<b>2,288</b>	<b>\$283,699</b>	<b>\$1,346,523</b>
<b>Insurance &amp; Financial</b>	<b>6,541</b>	<b>261,313</b>	<b>485,770</b>
<b>All Other Private Services</b>	<b>1,390</b>	<b>85,209</b>	<b>198,027</b>
<b>Public Sector Services</b>	<b>285</b>	<b>23,283</b>	<b>27,238</b>
<b>Direct Economic Impact</b>	<b>10,504</b>	<b>653,504</b>	<b>2,057,558</b>
<b>Secondary Economic Impact</b>	<b>15,765</b>	<b>850,644</b>	<b>2,348,845</b>
<b>TOTAL ECONOMIC IMPACT</b>	<b>26,269</b>	<b>\$1,504,148</b>	<b>\$4,406,403</b>

## 9. ECONOMIC IMPACT OF AIR VISITOR SPENDING

In 2016, air visitor spending (dollars spent by travelers arriving at Sky Harbor by air) was approximately \$5.8 billion. According to the Origination and Destination data from the U. S. Department of Transportation, there were 7,391,369 visitor enplanements (non-connecting) in FY 2016, an increase of 1.2 million or 19% over the 2011 figure. Average spending per visitor per trip during FY 2016 was estimated at \$779. The spending distribution categories (hotel, eating & entertainment, etc.) followed multipliers developed for the Arizona Office of Tourism in 2015. The direct economic impact of air visitor spending of \$5.8 billion for FY 2016 was up by 29% compared to 2011. The largest spending category was lodging, at \$2 billion, followed by food and beverage expenditures of \$1.4 billion. Food and beverage spending created the greatest number of jobs (23,253), including an unknown proportion of part time jobs. Air visitor spending created 67,443 jobs in the hospitality industry, with payroll of \$2.1 billion, yielding an overall average wage for the industry of \$31,490. In comparison, the secondary economic impacts from air visitor spending supported 56,529 jobs with payroll of \$2.9 billion, with an average wage of \$52,250. Indirect spending by hotels, for example, would include purchases of furniture, food supplies, and utilities.

**The total economic impact estimated for air visitors using Phoenix Sky Harbor International Airport in fiscal year 2016 was \$13.7 billion, supporting a total of 123,972 jobs in the regional economy, with payroll of \$5.1 billion.**

<b>TABLE 6 PHOENIX SKY HARBOR INTERNATIONAL AIRPORT ECONOMIC IMPACT OF AIR VISITOR SPENDING: FY 2016</b>			
<b>Economic Impact Sources</b>	<b>Employment</b>	<b>Payroll (thousands)</b>	<b>Economic Activity (thousands)</b>
<b>Hotel &amp; Other Lodging</b>	<b>17,661</b>	<b>\$690,728</b>	<b>\$2,041,358</b>
<b>Food &amp; Beverage Services</b>	<b>23,253</b>	<b>569,427</b>	<b>1,441,417</b>
<b>Retail Establishments</b>	<b>6,444</b>	<b>230,729</b>	<b>709,021</b>
<b>Entertainment &amp; Recreation</b>	<b>9,529</b>	<b>236,894</b>	<b>654,481</b>
<b>Ground Transportation</b>	<b>10,556</b>	<b>396,080</b>	<b>911,599</b>
<b>Direct Economic Impact</b>	<b>67,443</b>	<b>2,123,859</b>	<b>5,757,876</b>
<b>Secondary Economic Impact</b>	<b>56,529</b>	<b>2,953,759</b>	<b>7,992,620</b>
<b>TOTAL ECONOMIC IMPACT</b>	<b>123,972</b>	<b>\$5,077,618</b>	<b>\$13,750,496</b>

## 10. ECONOMIC IMPACT OF PHOENIX DEER VALLEY AIRPORT

Deer Valley Airport is consistently among the busiest general aviation airports in the world, as measured by aircraft operations. Businesses on the airport and adjacent aero business parks accounted for 835 private sector jobs in FY 2016, with payroll of \$62 million and sales/revenues of \$175.2 million. Government (including Arizona agencies and City of Phoenix) accounted for an additional 84 jobs. The value of capital improvement projects was \$7.6 million, supporting 46 construction jobs on the airport.

The FY 2016 direct impact of Deer Valley Airport includes employment of 965 workers, payrolls of \$72.3 million and economic activity (sales, revenues) of \$196.2 million. As these dollars recirculated within the metropolitan area, a significant total economic impact for Deer Valley airport was created, yielding 2,213 jobs, payroll of \$136.8 million and total economic activity of \$380.5 million.

**TABLE 7  
PHOENIX DEER VALLEY AIRPORT  
TOTAL ECONOMIC IMPACT: FY 2016**

Economic Impact Sources	Employment	Payroll (thousands)	Economic Activity (thousands)
<b>Airport Businesses</b> <ul style="list-style-type: none"> <li>• Flight Training</li> <li>• FBO Services &amp; Charter</li> <li>• Air Ambulance</li> <li>• Industrial Airpark</li> </ul>	835	\$61,994	\$175,246
<b>Government Services</b> <ul style="list-style-type: none"> <li>• FAA Tower</li> <li>• Arizona Game &amp; Fish</li> <li>• Phoenix Police Dept.</li> <li>• Phoenix Aviation Dept.</li> </ul>	84	7,768	13,273
<b>Capital Improvement Projects</b>	46	2,563	7,670
<b>Direct Economic Impact</b>	965	72,325	196,189
<b>Secondary Economic Impact</b>	1,248	64,480	184,305
<b>TOTAL ECONOMIC IMPACT</b>	2,213	\$136,805	\$380,494

## 11. ECONOMIC IMPACT OF PHOENIX GOODYEAR AIRPORT

Goodyear Airport is located in the western portion of the Phoenix metropolitan area, within the City of Goodyear. The airport is a center for aviation flight training, with some 250 resident students on site, and also has a large aircraft modification and engine servicing operation. Private employers on the airport reported 277 jobs in FY 2016, with payroll of \$21.1 million and sales/revenues of \$54.2 million (Table 8). Administration (including the contract control tower and City of Phoenix) accounted for an additional 24 jobs. Capital projects totaled \$10.4 million, supporting 62 construction jobs. The direct impact of GYR includes employment of 363, payrolls of \$26.9 million and direct economic activity of \$67.3 million. As these dollars recirculated within the metropolitan area, the total impact includes 730 jobs, \$45.8 million in payrolls, and \$121.3 million of economic activity.

**TABLE 8  
PHOENIX GOODYEAR AIRPORT  
TOTAL ECONOMIC IMPACT: FY 2016**

Economic Impact Sources	Employment	Payroll (thousands)	Economic Activity (thousands)
<b>Airport Businesses</b> <ul style="list-style-type: none"> <li>• Flight Training</li> <li>• Aviation Education</li> <li>• FBO Services &amp; Charter</li> <li>• Aircraft Modification</li> </ul>	277	\$21,118	\$54,218
<b>Government Services</b> <ul style="list-style-type: none"> <li>• Contract Tower</li> <li>• Phoenix Aviation Dept.</li> </ul>	24	2,284	2,730
<b>Capital Improvement Projects</b>	62	3,474	10,397
<b>Direct Economic Impact</b>	363	26,875	67,345
<b>Secondary Economic Impact</b>	367	18,922	53,931
<b>TOTAL ECONOMIC IMPACT</b>	<b>730</b>	<b>\$45,798</b>	<b>\$121,276</b>

## 12. AIRPORTS GENERATE LOCAL, STATE AND FEDERAL REVENUES

Departing passengers often buy food and beverages, books and other retail products at the airport while arriving passengers often proceed to the rental car facility. These on-airport transactions involve taxes and other fees that contribute revenue to state and local governments. In fiscal year 2016, businesses in the terminals at Sky Harbor Airport generated \$12.7 million in state and local sales taxes. The Rental Car Center was the source of \$40.4 million in sales taxes, along with \$12.4 million for the special tourism and sports tax and an additional \$19.1 million in Arizona auto license fees. Businesses on the airport pay sales taxes when they buy goods from suppliers, and those suppliers in turn pay sales taxes, property taxes, and other fees such as motor vehicle licenses. Workers on the airport pay income taxes and sales taxes on their own purchases as consumers when they return to their home communities. Federal taxes generated on the airport include not only individual and corporate income taxes, but also contributions to the social security system, paid by business and workers.

**TABLE 9  
PHOENIX AIRPORT SYSTEM  
GENERATES LOCAL, STATE AND FEDERAL TAX REVENUES: FY 2016**

Tax Revenue Sources	State & Local Tax Revenue (thousands)	Federal Tax Revenue (thousands)	Total Tax Revenue (thousands)
<b>Sky Harbor International</b>	<b>\$1,103,489</b>	<b>\$1,556,222</b>	<b>\$2,659,710</b>
<b>Sky Harbor Center</b>	<b>245,176</b>	<b>345,766</b>	<b>590,942</b>
<b>Phoenix Deer Valley</b>	<b>22,299</b>	<b>31,448</b>	<b>53,747</b>
<b>Phoenix Goodyear</b>	<b>7,465</b>	<b>10,528</b>	<b>17,992</b>
<b>Air Visitor Spending</b>	<b>827,652</b>	<b>1,167,216</b>	<b>1,994,868</b>
<b>TOTAL FISCAL IMPACT</b>	<b>\$2,206,081</b>	<b>\$3,111,179</b>	<b>\$5,317,259</b>

State and local taxes totaled \$2.2 billion in FY 2016 (Table 9). Taxes paid by visitors to Arizona that arrived by air were \$827.6 million, including sales taxes, bed taxes, and taxes at entertainment venues, as well as worker and business sales and income taxes. The combined state, local and federal tax revenues in FY 2016 totaled \$5.3 billion.

### 13. SUMMARY AND PROJECTIONS OF FUTURE ECONOMIC IMPACTS

Projections for future economic impacts set out in the 2011 economic impact study of the Phoenix Airport System showed an expected total impact in 2016 of 288,458 jobs, payroll of \$11.8 billion and total economic activity of \$34.2 billion (in 2011 dollars). **The actual FY 2016 figures (in 2011 dollars) for payroll and economic activity exceeded projections by approximately 6%.** Employment was overestimated, suggesting that the post-recession employment patterns that emerged after 2011 varied somewhat from prior long term averages which drove the employment projections. For example, metro Phoenix employment grew at an annual average growth of 3.9% between 1995 and 2005 but only by 2.6% from 2010 to 2016, according to the U. S. Bureau of Labor Statistics.

Projections for the Phoenix Airport System economic impact for FY 2021 and FY 2026 were developed for this study based on the Terminal Area Forecast (TAF) prepared by the Federal Aviation Administration. Industrial economic activity growth was based on estimates for Arizona Gross State Product and employment projections from the Arizona Department of Administration. By FY 2021, Phoenix Airport System operations and passenger traffic are projected to support some 288,000 jobs, with payrolls of \$14.5 billion and overall economic activity of \$43.3 billion (in 2016 dollars). The growth in total economic activity is projected as 11.9%. By FY 2026, the total economic impact of the Phoenix Airport System will account for more than 300,000 jobs, with \$15 billion in payrolls and \$48 billion economic activity.



## 14. DATA SOURCES

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2. Arizona Department of Tourism, Phoenix, Arizona
3. *Arizona Travel Impacts 1998-2015*, Dean Runyan Associates, Portland, Oregon
4. *Comprehensive Annual Financial Report*, June 30, 2016, City of Phoenix Aviation Department, Phoenix, Arizona
5. *Gross Sales Report*, City of Phoenix Aviation Department, Phoenix, Arizona
6. *Terminal Area Forecasts*, January, 2017, Federal Aviation Administration, Washington, D. C. [https://www.faa.gov/data\\_research/aviation/taf/](https://www.faa.gov/data_research/aviation/taf/)
7. IMPLAN Model, IMPLAN Company, Huntersville, North Carolina  
<http://implan.com/company/contact-us/>
8. *Employer Data Base*, Maricopa Association of Governments, Phoenix, Arizona
9. *Monthly Statistical Reports*, Financial Management Division, City of Phoenix Aviation Department, Phoenix, Arizona
9. U. S. Bureau of Labor Statistics, Inflation Calculator  
[https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)
10. Quarterly Census of Employment and Wages, U. S. Bureau of Labor Statistics  
<http://www.bls.gov/cew/dataguide.htm>

ECONOMIC IMPACT OF THE PHOENIX AIRPORT SYSTEM

**TABLE 10**  
**SUMMARY AND PROJECTIONS OF ECONOMIC IMPACT OF PHOENIX AIRPORT SYSTEM**  
**(Payroll and Economic Activity in Thousands of Constant 2016 Dollars)**

Economic Impact Sources	FY 2016 Employment	FY 2016 Payroll	FY 2016 Economic Activity	FY 2021 Employment	FY 2021 Payroll	FY 2021 Economic Activity	FY 2026 Employment	FY 2026 Payroll	FY 2026 Economic Activity
<b>Sky Harbor International</b>	<b>57,432</b>	<b>\$3,726,652</b>	<b>\$12,320,470</b>	<b>61,688</b>	<b>\$4,001,324</b>	<b>\$13,838,870</b>	<b>65,408</b>	<b>\$4,241,076</b>	<b>\$15,353,967</b>
<i>Commercial Airlines</i>	13,081	1,203,142	5,135,796	13,918	1,280,143	5,721,277	14,628	1,345,430	6,299,126
<i>Air Cargo &amp; Couriers</i>	10,167	433,209	1,035,843	10,817	460,934	1,153,930	11,369	484,442	1,270,477
<i>Airport Businesses</i>	6,632	228,044	672,542	7,056	242,639	749,212	7,416	255,013	824,882
<i>Airport Services</i>	2,427	96,964	197,874	2,582	103,170	220,432	2,714	108,431	242,696
<i>Fixed Base Operators</i>	1,937	126,634	314,565	2,061	134,739	350,426	2,166	141,610	385,819
<i>Ground Transportation</i>	3,320	124,573	286,720	3,533	132,546	319,406	3,713	139,306	351,666
<i>Contractors</i>	378	19,701	38,195	402	20,962	42,549	423	22,031	46,846
<i>Industrial Facilities</i>	2,850	353,384	1,677,304	3,032	376,001	1,868,517	3,187	395,177	2,057,237
<i>Government Services</i>	3,285	342,669	429,714	3,495	364,600	478,701	3,673	383,194	527,050
<i>Capital Improvements</i>	2,851	144,829	474,358	3,033	154,098	528,435	3,188	161,957	581,807
<i>Sky Harbor Center</i>	10,504	653,504	2,057,558	11,758	731,493	2,405,985	12,931	804,484	2,766,361
<b>Phoenix Deer Valley Airport</b>	<b>965</b>	<b>72,325</b>	<b>196,189</b>	<b>1,066</b>	<b>79,919</b>	<b>216,789</b>	<b>1,130</b>	<b>84,714</b>	<b>240,636</b>
<b>Phoenix Goodyear Airport</b>	<b>363</b>	<b>26,875</b>	<b>67,345</b>	<b>372</b>	<b>27,520</b>	<b>72,328</b>	<b>386</b>	<b>28,539</b>	<b>78,621</b>
<b>Air Visitor Spending</b>	<b>67,443</b>	<b>2,123,859</b>	<b>5,757,876</b>	<b>71,759</b>	<b>2,259,786</b>	<b>6,414,274</b>	<b>75,419</b>	<b>2,375,035</b>	<b>7,062,116</b>
<b>Direct Economic Impact</b>	<b>126,203</b>	<b>5,949,711</b>	<b>18,341,880</b>	<b>134,886</b>	<b>6,368,549</b>	<b>20,542,261</b>	<b>142,343</b>	<b>6,729,364</b>	<b>22,735,339</b>
<b>Secondary Economic Impact</b>	<b>143,377</b>	<b>7,584,527</b>	<b>20,318,985</b>	<b>153,241</b>	<b>8,118,451</b>	<b>22,756,548</b>	<b>161,713</b>	<b>8,578,407</b>	<b>25,186,022</b>
<b>TOTAL ECONOMIC IMPACT</b>	<b>269,580</b>	<b>\$13,534,238</b>	<b>\$38,660,865</b>	<b>288,127</b>	<b>\$14,487,000</b>	<b>\$43,298,809</b>	<b>304,056</b>	<b>\$15,307,771</b>	<b>\$47,921,361</b>