



Rio Nuevo's Economic Impact in Tucson and the State

Lucinda Smedley • published in the April 2018 issue

The Rio Nuevo Board recently reviewed the investments it has made downtown, the private funds it has attracted and the progress of its projects. Board Chairman Fletcher McCusker said that the success Rio Nuevo has had advancing its proposed 10-year extension in the Arizona Legislature is due to “our willingness to show people our work.”

The Arizona Legislature passed the 10-year extension of Rio Nuevo on Friday, March 30. House Bill 2456, introduced by Representative Mark Finchem, which will extend the Rio Nuevo Tax Incremental Financing District until 2035, was overwhelmingly supported by both the Arizona House of Representatives and the Arizona Senate. The legislation has now been submitted to the Governor for his signature. He has five days under the law to sign the bill. The bill passed both the House and Senate with super majorities reflecting a high level of bi-partisan support. This is highly unusual for a tax incentive piece of legislation and a testament to the work done by the current Rio Nuevo board and a strong desire by the legislature to allow Rio Nuevo to finish the revitalization of downtown Tucson.

Rio Nuevo's Economic Impact

- Rio Nuevo is creating state tax, not just spending it. For every \$1 invested the private sector has invested over \$10. Construction sales tax alone has almost returned our investment of \$32,000,000 over the last five years.
- District sales tax is up 30% and for every \$1 Rio Nuevo receives, the State general fund receives a \$1 in return.
- The resurgence of downtown Tucson is important for the whole state, attracting major Fortune 50 companies, moving Tucson to the 7th ranked music city in America, and one of the top food destinations in the world.
- The Rio Nuevo Board has demonstrated how to manage state dollars, remain accountable and transparent, leverage tax dollars, and attract hundreds of thousands of people to the new downtown Tucson. We will be honored to finish the job.

“The reason we’ve been so successful in Phoenix is we’ve shown the economics of every single project,” McCusker said.

Rio Nuevo has invested \$32.5 million of Rio Nuevo Multipurpose Facilities District sales tax revenue returned by the state to launch 20 projects valued at nearly \$366 million. The estimated sales tax generated from construction of all Rio Nuevo-assisted projects is \$29 million. “We’ve had people criticize us for wasteful spending,” McCusker said. “This is just the opposite.”

The positive attributes of a ten-year extension of the Rio Nuevo TIF District include:

- An extension of Rio Nuevo from 2025 to 2035 will allow the district to finish their mission, which is only about 50% complete.
- No new money formula or any change in the boundaries of the District will occur.
- The extension only adds time to finish the work—10 years.
- If the District wraps up early, the money goes back to the State of Arizona.

Accomplishments include:

- The launch of Caterpillar’s new headquarters with its \$2 billion economic impact will be completed in early 2019.
- The completion of the AC Marriott Hotel—the first hotel built in downtown in almost 50 years.
- The approval of the new “Caliber” hotel at the Tucson Convention Center, the second new hotel downtown in almost 50 years.
- The approval of a new “Moxy” hotel close to the Hotel Congress, the third new hotel downtown in almost 50 years.
- The completion of a new Greyhound Terminal which is located in the Rio Nuevo District.
- The completion of the renovation of the Rio Nuevo owned TCC Arena which lead to a home for the Tucson Roadrunners.
- The ongoing restoration of the historic Marist College on Cathedral Square which is nearing completion.
- The completion of the Scott Street Streetscapes.
- The approval of the Hotel Arizona Rio Nuevo plan to reopen the long-shuttered hotel on the TCC Campus.
- The launch of City Park which nears completion later this year—this is also where Hexagon Mining will be located bringing more engineers into our downtown core.

	Rio Nuevo Spent	Rio Nuevo Committed	Rio Nuevo Total	Estimated total project cost	Estimated sales tax generated from construction
CAPITAL FUNDED PROJECTS					
City Park - held in Bank of Tucson	2,600,000	0	2,600,000	27,500,000	1,500,000
Hexagon	0	1,300,000	1,300,000	9,400,000	500,000
Marist - Senior Living	350,000	0	350,000	24,000,000	1,300,000
Cathedral Square Ochoa Street Diocese of Tucson	5,000	995,000	1,000,000	1,000,000	1,000,000
	0	0	0	19,000,000	1,000,000
Caterpillar building					
Construction costs	4,700,000	1,100,000	5,800,000	49,000,000	2,700,000
Incentive	1,980,000	0	1,980,000		
Mercado Annex					
Assignment	1,220,000	0	1,220,000	12,000,000	650,000
Land	2,200,000	0	2,200,000		
Total projects using capital	13,055,000	4,250,000	16,450,000	141,900,000	
REBATES IN LIEU OF INVESTMENTS					
AC Marriott			3,450,000	38,000,000	200,000
Moxy Hotel			4,775,000	23,000,000	12,500,000
75 E Broadway - JE Dunn proposal			22,000,000	120,000,000	6,600,000
TCC Hotel - Caliber proposal			2,500,000	24,000,000	1,300,000
Brings			1,860,000	2,500,000	130,000
Total projects involving rebates			34,585,000	207,500,000	
Total of "partnered projects"			51,035,000	349,400,000	
RIO NUEVO PROJECTS					
TCC Arena renovation	8,000,000	0	8,000,000	8,000,000	440,000
Roadrunner improvements	3,200,000	0	3,200,000	3,200,000	170,000
Greyhound	1,300,000	0	1,300,000	1,900,000	70,000
Greyhound - land	575,000	0	575,000		
Fox Theatre	313,000	0	313,000		
Mission Gardens	1,100,000	0	1,100,000	1,100,000	
Scott Ave - Streetscapes	60,000	690,000	750,000	750,000	
Granada Drainage improvements	0	855,000	855,000	1,500,000	
Total Rio Nuevo solely funded			16,093,000		
Total Cash			32,543,000	365,850,000	
Total Rio Nuevo out project funding			67,128,000		
Total sales tax generated from projects through construction					29,060,000

The summary of investments is listed above.



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