APPLIED ECONOMICS

ECONOMIC AND REVENUE IMPACTS OF THE RODGER ON THE RIO NUEVO DISTRICT AND THE CITY OF TUCSON

JULY 2025

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1.0 INTRODUCTION

The Rio Nuevo Multipurpose Facilities District (the District) retained Applied Economics to perform an economic and fiscal impact analysis of the Rodger, a proposed art and music venue in the District. The project would involve a complete renovation of historic buildings at 123 S. Stone Avenue, and the adjacent vacant parcel 18 and 20 E. Ochoa Street. The building at 123 S. Stone Avenue is currently owned by The District.

The proposed project would include 15,209 square feet on three levels. The main floor would have a barber shop, a full-service restaurant, nightclub, and office/storage space. The lower level would have a bar and performance venue. The second floor would include artist studios and a lounge area. The developer would invest an estimated $3.3 million to renovate the buildings, and upgrade the electrical/mechanical/plumbing and facades. The developer is requesting $1,467,812 in TIF revenues from the District to offset the cost of renovations.

The project could be eligible for a Government Property Lease Excise Tax (GPLET) agreement with the District that would result in the replacement of all real property taxes during the 25-year term of the agreement with a lease excise tax. The lease excise tax, which is based on a statutory rate per square foot by the type of use, is typically less than the amount of property tax that would have been paid without the GPLET, potentially resulting in an incentive to the lessee. This analysis is intended to provide a framework for understanding the economic and fiscal impacts of the project, relative to the incentives being offered, to address the statutory economic benefit requirement for the GPLET.

1.1 Project Description

The restaurant, bar, barber shop, and art studios would be leased to third parties, generating taxable annual lease revenues. There would also be taxable food and beverage, ticket, and art sales. Total annual taxable sales are estimated at $8.1 million (**Figure 1**). In addition, The Rodger could support an estimated 47 new jobs.

FIGURE 1
DEVELOPMENT ASSUMPTIONS

Development Type	Gross Square Feet	Estimated Jobs	Lease Rate	Annual Taxable Sales and Leases
Full Service Restaurant	5,532	28	$16	$3,155,000
Barber Shop	584	2	$25	$14,000
Artist Studios & Lounge	4,552	9	$32	$682,000
Performance Venue & Bar	4,541	8	$16	$4,290,000
Total	**15,209**	**47**	**na**	**$8,141,000**

2.0 IMPACT SUMMARY

The new tenants in The Rodger could generate the following economic and fiscal impacts to the City of Tucson (City) and the District.

- The building renovations could support an estimated 25 total construction jobs and $1.6 million in labor income in the City during the construction period. The total economic impact of construction is estimated at $4.9 million over approximately 9 to 12 months.

- The new tenant businesses at The Rodger could generate an annual economic impact of $7.8 million or a total of $195.3 million over 25 years through 2050.

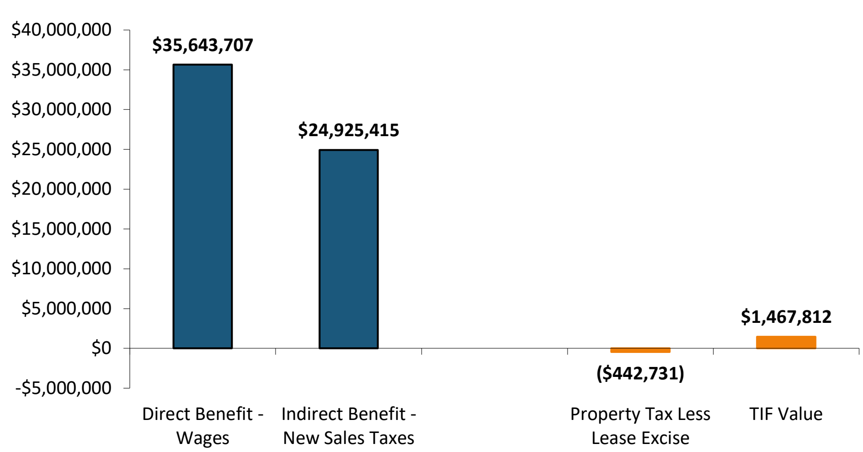
- This level of economic impact assumes that the barber shop, restaurant, bars, performance venue, and artist studios could directly support 47 new FTE jobs and $1.4 million in estimated annual payroll, or $35.6 million over 25 years, creating a direct benefit to the community. The project could also support 18 indirect and induced jobs at other local businesses in Tucson.

- The project would generate taxable sales from food and beverages, leases, admission fees for performances, and art sales and could generate an estimated $24.9 million in total sales tax revenues to the City, District, Regional Transportation Authority (RTA) and state from 2025 through 2050. Direct and indirect workers supported by the project could generate an additional $4.4 million in local and state taxes over 25 years.

- The Rodger could qualify for a GPLET. This incentive tool is designed to promote economic growth through revitalization of the property. The lease excise tax revenues associated with the GPLET are estimated at $2.2 million over 25 years. However, the exempted property taxes would only be $1.7 million, so there would be no net, direct, financial benefit to the prime lessee.

- The District will reimburse the developer $1,467,812 of the total renovation costs. The reimbursement would come from new sales taxes to the District generated from sales taxes originated by businesses at the project. The project could generate $2.4 million in sales taxes to the District between 2026 and 2035, and the reimbursement could be completed by 2032.

FIGURE 2
VALUE OF GPLET WITH A 25-YEAR TERM



3.0 ECONOMIC IMPACT ANALYSIS

The economic impacts of The Rodger could include both the one-time construction impacts and on-going operational impacts of the tenant businesses. These impacts are quantified in terms of direct, indirect, and induced jobs, labor income, and output that could be generated by the projects. Indirect and induced impacts are the result of the multiplier effect and capture supported supplier and consumer businesses in the District and the City that could benefit from this project.

3.1 Construction Impacts

The estimated renovation costs for the project total $3.3 million including $2.4 million in hard costs, $0.9 million in soft costs. Construction is anticipated to occur in 2025. The multiplier effects of construction spending could result in a total increase in economic activity of $4.9 million during the construction period (**Figure 3**). The estimated 25 total full time equivalent (FTE) jobs supported by this construction activity could result in $1.6 million in additional labor income in the City.

FIGURE 3
CONSTRUCTION IMPACTS

	Direct Impacts			Total Impacts		
	Expenditures	Jobs	Labor Income	Output	Jobs	Labor Income
Hard Construction	$2,374,214	12	$715,349	$3,509,984	17	$1,065,586
Soft Costs	$893,784	5	$338,953	$1,400,950	8	$497,414
Total	**$3,267,998**	**17**	**$1,054,302**	**$4,910,934**	**25**	**$1,563,000**

[1] Includes $1.5 million in improvements funded by the Rio Nuevo District.

3.2 Operations Impacts

Once construction is completed, the new barbershop, performance venue and bar, restaurant, and art studios will likely create an estimated 47 jobs. The annual economic impacts from on-going operations of the tenant businesses are shown in **Figure 4**. The 47 new direct jobs and $1.4 million in estimated annual labor income or payroll could generate $4.8 million in annual direct economic output.

The multiplier effect of this increase in business activity could result in a total annual impact of $7.8 million or $195.3 million over the next 25 years. The 65 total jobs supported by the tenant business operations (including the 47 jobs at The Rodger) could result in an estimated $2.3 million in total annual labor income in Tucson, or $58.0 million over the next 25 years.

FIGURE 4
ECONOMIC IMPACTS OF TENANT BUSINESSES

	Direct Impacts			Total Impacts		
	Output	Jobs	Labor Income	Output	Jobs	Labor Income
2026	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2027	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2028	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2029	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2030	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2031	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2032	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2033	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2034	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2035	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2036	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2037	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2038	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2039	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2040	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2041	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2042	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2043	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2044	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2045	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2046	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2047	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2048	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2049	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
2050	$4,828,026	47	$1,425,748	$7,813,651	65	$2,320,502
25 Year Total	**$120,700,660**	**47**	**$35,643,707**	**$195,341,287**	**65**	**$58,012,538**

The direct, indirect, and induced jobs generated by this project could support an estimated local population of approximately 70 people in the City, based on local commuting patterns. Supported population includes families of direct employees as well as families of employees at related supplier and consumer businesses. This estimate assumes that 49% of the employees would live and work in Tucson, based on local commuting data from the Census.[1]

The differences between direct and total economic impacts are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in output (which is similar to gross sales) into a corresponding increase in jobs and labor income. The total increase in output includes the impact of new demand on other

[1] https://onthemap.ces.census.gov/

local suppliers and consumer businesses. In essence, the multiplier effect represents the recycling of local spending. This process creates new business opportunities.

The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software, and are specific to the City. The analysis uses industry-specific multipliers for other food and beverage services, personal care services, independent artists and performers, and commercial construction. The average output multiplier for this project is 1.62. This means that for every $1 million of annual output created by the tenant businesses, an additional $620,000 in economic activity and 4 local jobs are supported at other local businesses. On average, the income from these indirect and induced jobs is estimated at $48,000 per employee.

4.0 REVENUE IMPACTS

In addition to supporting jobs, labor income, and output at related businesses in the City through economic impacts, the tenants at The Rodger could also generate sales and lease excise tax revenues. Over 25 years, the project could generate an estimated $24.9 million in gross sales tax revenues and $2.2 million in lease excise tax revenues to state and local governments. Workers supported by the project could generate an additional $4.4 million in state and local tax revenues.

4.1 Sales Tax Revenues

One-time sales taxes from construction are estimated at $43,000 to the District, $48,000 to the City and RTA, and $43,000 to the state in 2025. On-going sales tax revenues associated with taxable food and beverage sales, lease revenues, ticket sales, and art sales are estimated at $7.8 million to the City, $1.5 million to the RTA, $2.4 million to the District, and $13.3 million to the state over the 25-year GPLET term, based on assumptions used in this analysis.[2] In total, the project could generate $24.9 million in gross sales taxes over the next 25 years. These estimates are based on taxable sales provided by the developer.

The District receives half of the 5.6% state sales tax on sales within the District above the established base. Since all the taxable activity associated with The Rodger would be new, it is assumed that the full 50% of the 5.6% state tax would be returned as TIF revenues to the District. The District has agreed to reimburse the developer for $1,467,812 of the building renovations, resulting in net sales taxes to the District of $0.9 million, assuming the District will sunset in 2035.

[2] *This analysis assumes that taxable sales increase by 3% per year.*

FIGURE 5
GROSS SALES TAX REVENUES FROM TENANT BUSINESSES

	Sales Tax[1]				Total Indirect Benefit
	Tucson	RTA	Rio Nuevo	State	
2025 (Const.)	$40,124	$7,716	$43,211	$43,211	$134,262
2026	$211,669	$40,706	$213,797	$213,797	$679,969
2027	$218,019	$41,927	$220,211	$220,211	$700,368
2028	$224,560	$43,185	$226,817	$226,817	$721,379
2029	$231,297	$44,480	$233,622	$233,622	$743,020
2030	$238,236	$45,815	$240,630	$240,630	$765,311
2031	$245,383	$47,189	$247,849	$247,849	$788,270
2032	$252,744	$48,605	$255,285	$255,285	$811,918
2033	$260,327	$50,063	$262,943	$262,943	$836,276
2034	$268,136	$51,565	$270,831	$270,831	$861,364
2035	$276,180	$53,112	$139,478	$418,434	$887,205
2036	$284,466	$54,705	$0	$574,650	$913,821
2037	$293,000	$56,346	$0	$591,890	$941,235
2038	$301,790	$58,037	$0	$609,646	$969,473
2039	$310,844	$59,778	$0	$627,936	$998,557
2040	$320,169	$61,571	$0	$646,774	$1,028,513
2041	$329,774	$63,418	$0	$666,177	$1,059,369
2042	$339,667	$65,321	$0	$686,162	$1,091,150
2043	$349,857	$67,280	$0	$706,747	$1,123,884
2044	$360,353	$69,299	$0	$727,949	$1,157,601
2045	$371,163	$71,378	$0	$749,788	$1,192,329
2046	$382,298	$73,519	$0	$772,282	$1,228,099
2047	$393,767	$75,724	$0	$795,450	$1,264,942
2048	$405,580	$77,996	$0	$819,314	$1,302,890
2049	$417,748	$80,336	$0	$843,893	$1,341,977
2050	$430,280	$82,746	$0	$869,210	$1,382,236
Total	**$7,757,432**	**$1,491,814**	**$2,354,673**	**$13,321,496**	**$24,925,415**

[1] Taxable sales and rents are increased at a rate of 3 percent per year to reflect inflation.

4.2 Lease Excise Revenues

This project could be eligible for a GPLET that would result in payment of lease excise tax revenues instead of property taxes. Under state statute, an excise tax is established annually based on the type of use and gross building square footage. The GPLET requires that the land and improvements be conveyed to a government entity and then leased back for private use. Since the predominant use of the building is retail with a 2025 excise rate of $4.22 per square foot. The property could generate $64,000 in annual excise taxes at 2025 rates. Lease excise tax rates are adjusted annually by the state based on the percentage change in the two most recent years of producer price indices for new construction. For this analysis, a 2.49% annual percentage increase is applied based on the historical rate of increase over the past eight years, excluding 2023 and 2024 when the producer price index for construction increased at an unprecedented rate.

The GPLET begins when the certificate of occupancy is issued, which is anticipated to be in early 2026. The lease excise tax is distributed to the City (7%), Pima County (County) (13%), Pima Community Colleges (Community Colleges) (7%), and the Tucson Unified School District (TUSD) (73%). Total lease excise tax revenues are estimated at $2.2 million over 25 years from 2026 to 2050 (**Figure 6**).

FIGURE 6
ESTIMATED LEASE EXCISE TAX REVENUES

	Lease Excise Tax				
	City of Tucson	Tucson Unified District	Community Colleges	Pima County	Total Lease Excise Taxes
2026	$4,493	$46,853	$4,493	$8,344	$64,182
2027	$4,605	$48,020	$4,605	$8,552	$65,781
2028	$4,719	$49,217	$4,719	$8,765	$67,420
2029	$4,837	$50,443	$4,837	$8,983	$69,100
2030	$4,957	$51,699	$4,957	$9,207	$70,821
2031	$5,081	$52,988	$5,081	$9,436	$72,586
2032	$5,208	$54,308	$5,208	$9,671	$74,394
2033	$5,337	$55,661	$5,337	$9,912	$76,247
2034	$5,470	$57,047	$5,470	$10,159	$78,147
2035	$5,607	$58,469	$5,607	$10,412	$80,094
2036	$5,746	$59,925	$5,746	$10,672	$82,090
2037	$5,889	$61,418	$5,889	$10,938	$84,135
2038	$6,036	$62,949	$6,036	$11,210	$86,231
2039	$6,187	$64,517	$6,187	$11,489	$88,379
2040	$6,341	$66,124	$6,341	$11,776	$90,581
2041	$6,499	$67,772	$6,499	$12,069	$92,838
2042	$6,661	$69,460	$6,661	$12,370	$95,151
2043	$6,827	$71,191	$6,827	$12,678	$97,522
2044	$6,997	$72,964	$6,997	$12,994	$99,951
2045	$7,171	$74,782	$7,171	$13,317	$102,441
2046	$7,350	$76,645	$7,350	$13,649	$104,994
2047	$7,533	$78,555	$7,533	$13,989	$107,609
2048	$7,720	$80,512	$7,720	$14,338	$110,290
2049	$7,913	$82,518	$7,913	$14,695	$113,038
2050	$8,110	$84,574	$8,110	$15,061	$115,855
Total	**$153,291**	**$1,598,611**	**$153,291**	**$284,684**	**$2,189,878**

4.3 Employee Revenues

In addition to sales and lease excise taxes, there could also be taxes generated by new employees. Using the results from the economic impact analysis, it is possible to estimate employee tax impacts based on the number of direct, indirect, and induced jobs supported by the project. Employee taxes could total over $4.4 million during the term of the GPLET.

Employee property taxes are estimated at $3,500 per year to the City, and an additional $37,000 per year to TUSD, the Community Colleges, and the County. In total, the project could generate approximately $1.0 million in employee property tax revenues from 2026 to 2050, based on the assumptions used in this analysis (**Figure 7**). Employee property tax revenues represent property taxes on employee housing based on average residential assessed per capita in Tucson and the annual supported population associated with this project.

Employee sales taxes to the City and RTA are estimated at $340,000 over 25 years. Additional employee sales taxes generated to the state are estimated at $1.1 million over 25 years. Sales tax revenues represent sales taxes on household spending by direct, indirect, and induced employees. Employee sales taxes are estimated by multiplying total labor income from the economic impact by 33% (share of taxable expenditures), multiplied by 49% of employees living in the City, and then by the sales tax rate.[3] No residency ratio is used for RTA or state sales tax.

State shared income and sales taxes that are distributed to cities and counties on a per capita basis are estimated at $738,000 to the City and $322,000 to the County over 25 years. This assumes an estimated supported population of 70 people living in Tucson and associated with the project and current per capita distribution rates.

Direct, indirect, and induced employees could generate an estimated $856,000 in personal income taxes to the state from 2026 to 2050. Income taxes are calculated using average income per employee and current schedules from the Arizona Department of Revenue.

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[3] *According to the Census Bureau Consumer Expenditure Survey, households spend 33% of their income on taxable goods. Based on Census commuting estimates, 49% of the people who work in Tucson also live in the City.*

FIGURE 7
EMPLOYEE REVENUES

	City of Tucson				County, RTA and Schools				State of Arizona			
	Property	Sales	State Shared Revenues	City Total	Property	Sales	State Shared Revenues	County/ School Total	Sales	Personal Income	State Total	Total Employee Revenues
2026	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2027	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2028	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2029	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2030	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2031	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2032	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2033	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2034	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2035	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2036	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2037	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2038	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2039	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2040	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2041	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2042	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2043	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2044	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2045	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2046	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2047	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2048	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2049	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
2050	$3,514	$9,716	$29,513	$42,743	$37,488	$3,829	$12,897	$54,214	$42,883	$34,227	$77,110	$174,066
Total	$87,848	$242,901	$737,818	$1,068,567	$937,209	$95,721	$322,413	$1,355,343	$1,072,072	$855,676	$1,927,748	$4,351,658

4.4 GPLET Impacts

During the 25-year GPLET term, the lessee would pay lease excise tax instead of real property tax. The amount of lease excise taxes is typically less than the estimated property taxes, so normally there is effectively an incentive to the developer to enter into a GPLET agreement. In this case, however, the lease excise taxes are higher than the estimated amount of real property tax over 25 years.

A.R.S. § 42-6209 requires that the economic and fiscal benefit to the state, county, and city in which the government property improvement is located will exceed the benefits received by the prime lessee within the term of the development agreement. To meet the statutory requirements, it is necessary to show that public benefits created by the project would exceed the tax savings (i.e., the delta between property taxes and lease excise taxes). While the information on sales and other tax revenues generated by the project may be useful to decision-makers, it is not a qualifying public benefit.

The property taxes that would have been paid in the absence of the GPLET are estimated at $1.7 million over the 25-year term, of which $136,000 would have gone to the City, $0.9 million would have gone to TUSD and the Community Colleges, and the remaining $0.7 million would have gone to the County and other special districts (**Figure 8**). In comparison, the amount of lease excise taxes paid is estimated at $2.2 million. The amount of foregone property taxes is less than the amount of lease excise taxes paid by $443,000 over 25 years, resulting in no net benefit to the prime lessee.

The foregone property tax revenues are estimated using average limited property value (LPV) per square foot for comparable restaurants and night clubs in the downtown area. LPV post-construction is estimated at $2.6 million. LPV could increase by an average of 2.5% per year over 25 years. The property tax calculation incorporates a 15% commercial property assessment ratio. The LPV, on which property taxes are based, is generally significantly lower than the market value of the building. The building at 123 S. Stone Ave is not currently generating any property taxes because it is owned by the District.

FIGURE 8
ESTIMATED FOREGONE PROPERTY TAXES

Year	City of Tucson	TUSD and Community College	Pima County	Other Special Districts	Total Property Tax
2026	$4,100	$27,774	$16,740	$4,190	$52,803
2027	$4,067	$27,550	$16,605	$4,156	$52,377
2028	$4,168	$28,238	$17,020	$4,260	$53,686
2029	$4,272	$28,944	$17,445	$4,367	$55,029
2030	$4,379	$29,668	$17,881	$4,476	$56,404
2031	$4,489	$30,410	$18,328	$4,588	$57,814
2032	$4,601	$31,170	$18,786	$4,702	$59,260
2033	$4,716	$31,949	$19,256	$4,820	$60,741
2034	$4,834	$32,748	$19,738	$4,940	$62,260
2035	$4,955	$33,566	$20,231	$5,064	$63,816
2036	$5,079	$34,406	$20,737	$5,191	$65,412
2037	$5,206	$35,266	$21,255	$5,320	$67,047
2038	$5,336	$36,147	$21,787	$5,453	$68,723
2039	$5,469	$37,051	$22,331	$5,590	$70,441
2040	$5,606	$37,977	$22,890	$5,729	$72,202
2041	$5,746	$38,927	$23,462	$5,873	$74,007
2042	$5,890	$39,900	$24,048	$6,019	$75,857
2043	$6,037	$40,897	$24,649	$6,170	$77,754
2044	$6,188	$41,920	$25,266	$6,324	$79,698
2045	$6,343	$42,968	$25,897	$6,482	$81,690
2046	$6,501	$44,042	$26,545	$6,644	$83,732
2047	$6,664	$45,143	$27,208	$6,810	$85,826
2048	$6,830	$46,272	$27,889	$6,981	$87,971
2049	$7,001	$47,429	$28,586	$7,155	$90,171
2050	$7,176	$48,614	$29,301	$7,334	$92,425
Total	**$135,651**	**$918,976**	**$553,880**	**$138,640**	**$1,747,146**

Based on a property tax rate of 13.32% in tax rate area 0163. Property values are increased at a rate of 2.5 percent per year.

The creation of jobs and wages through economic development creates benefits for the residents of the City and County. This project could create an estimated 47 jobs with annual wages of $1.4 million. Over the 25-year term, the direct public benefit of the direct wages created by the project are estimated at $35.6 million (**Figure 9**). The amount of property tax that would have been paid without the GPLET, less the amount of lease excise taxes paid, would total an estimated ($0.4) million resulting in no net benefit to the Prime Lessee from the GPLET. The development agreement would also include provisions for a TIF with a value of $1.5 million. This estimate assumes that a maximum of $1,467,812 would be reimbursed to the developer from new sales taxes to the District generated by the project.

FIGURE 9
25-YEAR VALUE OF GPLET AND TIF

	Public Benefit	Benefit to Prime Lessee			
	Direct Wages	Exempted Property Tax[1]	Lease Excise Tax Paid	Net Property Tax Savings	TIF
2026	$1,425,748	$52,803	($64,182)	($11,379)	$257,007
2027	$1,425,748	$52,377	($65,781)	($13,404)	$220,211
2028	$1,425,748	$53,686	($67,420)	($13,734)	$226,817
2029	$1,425,748	$55,029	($69,100)	($14,071)	$233,622
2030	$1,425,748	$56,404	($70,821)	($14,417)	$240,630
2031	$1,425,748	$57,814	($72,586)	($14,771)	$247,849
2032	$1,425,748	$59,260	($74,394)	($15,134)	$41,676
2033	$1,425,748	$60,741	($76,247)	($15,506)	$0
2034	$1,425,748	$62,260	($78,147)	($15,887)	$0
2035	$1,425,748	$63,816	($80,094)	($16,278)	$0
2036	$1,425,748	$65,412	($82,090)	($16,678)	$0
2037	$1,425,748	$67,047	($84,135)	($17,088)	$0
2038	$1,425,748	$68,723	($86,231)	($17,508)	$0
2039	$1,425,748	$70,441	($88,379)	($17,938)	$0
2040	$1,425,748	$72,202	($90,581)	($18,379)	$0
2041	$1,425,748	$74,007	($92,838)	($18,831)	$0
2042	$1,425,748	$75,857	($95,151)	($19,294)	$0
2043	$1,425,748	$77,754	($97,522)	($19,768)	$0
2044	$1,425,748	$79,698	($99,951)	($20,254)	$0
2045	$1,425,748	$81,690	($102,441)	($20,751)	$0
2046	$1,425,748	$83,732	($104,994)	($21,261)	$0
2047	$1,425,748	$85,826	($107,609)	($21,784)	$0
2048	$1,425,748	$87,971	($110,290)	($22,319)	$0
2049	$1,425,748	$90,171	($113,038)	($22,868)	$0
2050	$1,425,748	$92,425	($115,855)	($23,430)	$0
Total	**$35,643,707**	**$1,747,146**	**($2,189,878)**	**($442,731)**	**$1,467,812**

[1] Based on a property tax rate of 13.32% in tax rate area 0163.

4.5 Summary

The new economic activity created by The Rodger could generate economic and fiscal impacts to the District and the City. The new commercial tenants could support new jobs and payroll and create additional sales tax revenues for the District and the City on a long-term basis. This project could generate an estimated $2.4 million in gross TIF revenues to the District, of which $1.5 million would be reimbursed to the developer. The project also meets the net benefit requirement for a 25-year GPLET, based on the estimated amount of lease excise taxes generated versus the amount of exempted property taxes.