



Memorandum

Date: May 25, 2022

From: Rounds Consulting Group, Inc.

Re: Economic Impact Study of a Proposed Battery Manufacturing Facility in Queen Creek

This memorandum, prepared by Rounds Consulting Group, Inc. (“RCG”), summarizes the economic and fiscal impacts of a proposed ±1M square foot battery manufacturing facility within Queen Creek, Arizona, in Pinal County.

As proposed, the development will be constructed over multiple phases. The cost to build the facility and the cost to buy and install the necessary manufacturing equipment is approximately \$2.9B. At full operating levels, the manufacturer will directly employ approximately 2,800 persons.

An impact model was developed to quantify the direct and multiplier effects (i.e., indirect and induced effects) generated during the construction of the project and the impacts produced by annual operations once the manufacturing facility is at full operating levels.

The data and assumptions used in this report are subject to marginal uncertainty and variation, and are based on the project parameters as of May 25, 2022. Therefore, actual impacts may vary, and some impacts may not materialize due to unanticipated events and changing circumstances. However, RCG has made extensive efforts to confirm the accuracy of the information contained in this analysis.

Economic and Fiscal Impact Summary

The estimated economic and fiscal impacts are categorized as either construction or operations impacts. *Construction impacts* estimate the effects resulting from the construction and installation of equipment of the project based on the estimated total capital expenditure (i.e., land purchase, construction materials, site development, manufacturing equipment, etc.) required to develop the battery manufacturing facility. *Operations impacts* estimate the ongoing impacts generated by the day-to-day activities of the manufacturer and the employees who will occupy the facility on an annual basis.

In total, the construction of the manufacturing facility will support approximately 13,600 jobs with a combined \$700.6M in wages and produce \$1.9B in economic output. These impacts will be derived from the direct construction personnel working on the project along with the activity derived from supplier and tangential business activity (i.e., indirect and induced activity).

Construction of the manufacturing facility will generate \$64.4M in state tax revenues, \$16.3M in Pinal County tax revenues, and \$27.8M in Town of Queen Creek tax revenues. These tax revenues include the taxes that will be levied on construction activity (i.e., construction sales taxes), employee spending (i.e., the sales taxes collected when employees spend their earnings in the local community), employee wages (i.e., payroll taxes), and the taxes levied on the employees’ homes (i.e., property taxes).



At stabilized levels, the day-to-day operations of the manufacturer and the employees that will occupy the manufacturing facility will support nearly 5,500 full-time equivalent jobs each year. This includes the estimated 2,800 direct jobs that will work on-site, the nearly 1,100 indirect jobs that will be employed by the businesses that will supply goods and services to the manufacturer, as well as the 1,600 induced jobs that will be supported by the spending of both the direct and indirect jobs.

In total, the manufacturer’s operations will add \$295.2M in labor income (i.e., employee-earned wages and benefits) to the local economy each year. The annual economic output generated by the manufacturer and the employees that will occupy the manufacturing facility as well as the multiplier effects will equal \$1.2B.

Over 10 years, the state will collect \$93.1M in tax revenues, Pinal County will collect \$36.0M in tax revenues, and the Town of Queen Creek will collect \$27.4M in tax revenues from operations. This includes on- and off-site commercial/residential property taxes, the sales taxes generated by employee spending, and the sales taxes levied on the building’s utility use, among others.

Economic and Fiscal Impacts of the Proposed Battery Manufacturing Facility		
Impact Type	Construction ⁸⁾	Operations ⁹⁾
Jobs ¹⁾	13,600	5,500
Labor Income ²⁾	\$700,600,200	\$295,249,000
Economic Output ³⁾	\$1,918,855,100	\$1,244,571,800
Tax Revenues ⁴⁾	\$108,468,600	\$156,484,000
State Tax Revenues ⁵⁾	\$64,386,200	\$93,091,500
County Tax Revenues ⁶⁾	\$16,280,100	\$35,955,700
Town Tax Revenues ⁷⁾	\$27,802,300	\$27,436,800

¹⁾ Total number of full-time equivalent individuals employed on an annualized basis.

²⁾ Labor income represents the annual sum of all employee-earned wages and benefits.

³⁾ Economic output is the total value of economic activity (similar to how GDP captures economic volume).

⁴⁾ Tax revenues include both state and local (county and town) tax revenues. Tax revenues are 10-year totals.

⁵⁾ Tax revenues collected by the State of Arizona.

⁶⁾ Tax revenues collected by Pinal County.

⁷⁾ Tax revenues collected by the Town of Queen Creek.

⁸⁾ Construction refers to the impacts generated during the construction of the manufacturing facility.

⁹⁾ Operations represents the impacts of day-to-day activity on an annual basis at stabilized occupancy levels. However, tax revenues are the 10-year totals.

Note: In 2022 dollars. May not sum to totals due to rounding.

Source: IMPLAN; Town of Queen Creek; Pinal County; Rounds Consulting Group, Inc.