THE ECONOMIC IMPACT OF PISTACHIO GROWING AND PROCESSING IN THE STATE OF ARIZONA

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EXECUTIVE SUMMARY

INTRODUCTION AND PURPOSE

In January 2021, American Pistachio Growers (APG), the non-profit trade association for the United States, retained The Tootelian Company to conduct a study to assess the economic impact pistachio growers and processors have within the State of Arizona (State). This impact includes the increased business activity created by growing and processing pistachios, the jobs created as a result of this growth in activity throughout the various sectors of the State's economy, the increased labor income generated for those employed, and the indirect business taxes that are created. This 2021 study is a follow-up to a similar study conducted for APG in 2017.

The specific issues addressed in this study of pistachio growers and processors in Arizona are:

- How much business activity growers and processors create and how the overall impact is diffused through the various sectors of the State's economy.
- How many jobs this increased activity creates on a full-time-equivalent basis.
- How much labor income is created and how that income could be diffused within the State's economy.
- How much this increased activity generates in indirect business taxes.

Economic impact is a function of spending within a defined geographic area. Accordingly, two models were used in this analysis. IMPLAN, a well-respected analytical software program, was used to compute the overall economic impact, and a specially designed feeder model was created to help define expenditure levels to use in the IMPLAN model.

FINDINGS AND CONCLUSIONS

Economic impact analyses were conducted for the net total expenditures of growers and the net variable expenses of processors in Arizona. ***It is important to note that these projections are based on annual expenditures, which means that this impact is expected to occur each year that such spending occurs***.

The findings of this study show that growers and processors of pistachios have a significant impact on Arizona's economy. These growers and processors spent nearly $49.1 million in Arizona in 2020, averaging more than $134,400 per day.

With respect to economic impact on the State, the growers and processors created:

- Nearly $91.8 million in economic output, the best measure of economic activity. This equates to more than $251,400 each day of the year. Of this, growers accounted for more than $52.2 million of the total and processors accounted for nearly $39.6 million.

- More than 915 jobs on a full-time equivalent basis as a result of their business activities and the multiplier effect their purchases generate in a variety of farming and non-farming economic sectors. Growers accounted for more than 400 of the jobs and processors accounted for nearly 515 jobs.

- More than $39.6 million in labor income as a result of their business activities. This averages nearly $108,600 per day. These are dollars going to wages and salaries for new employment as well as expanded incomes to those already in the labor force (e.g., overtime pay). These dollars are diffused throughout the State's economy as the funds are spent for an array of goods and services. Growers generated nearly $17.5 million of labor income and processors generated nearly $22.1 million.

- More than $3.0 million in indirect business taxes, not including income taxes. This equates to about $8,335 per day. Depending on how these funds are used, they can help pay for some or all State and local programs that further benefit the people residing in Arizona's communities. Of this, grower activities generated nearly $1.3 million of these taxes, and processor activities created nearly $1.8 million.

These findings demonstrate the important role pistachio growers and processors play in strengthening the economic climate of the State. Their activities are diffused throughout Arizona's economy, touching nearly every aspect of life in the State.

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SUMMARY REPORT OF FINDINGS

INTRODUCTION AND PURPOSE

In January 2021, American Pistachio Growers (APG)), the non-profit trade association for the United States, retained The Tootelian Company to conduct a study to assess the economic impact pistachio growers and processors have within the State of Arizona (State). This 2021 study is a follow-up to a similar study conducted for APG in 2017.

The economic impact includes the increased business activity created by growing and processing pistachios, the jobs created as a result of this growth in activity throughout the various sectors of the State's economy, the increased labor income generated for those employed, and the indirect business taxes that are created.

The specific issues addressed in this study of pistachio growers and processors in Arizona are:

- How much business activity growers and processors create and how the overall impact is diffused through the various sectors of the State's economy.
- How many jobs this increased activity creates on a full-time-equivalent basis.
- How much labor income is created and how that income could be diffused within the State's economy.
- How much this increased activity generates in indirect business taxes.

The Tootelian Company (formerly Tootelian & Associates) is a Sacramento, California-based marketing and management consulting firm. It specializes in performing economic impact studies, conducting market research, and assisting its clients with their business and marketing plans. The consultant was Dennis H. Tootelian, Ph.D. Dr. Tootelian is an Emeritus Professor of Marketing and former Director of the Center for Small Business in the College of Business Administration at California State University, Sacramento. He received his Ph.D. in Marketing from Arizona State University, with minor fields in Accounting and Management.

Dr. Tootelian has conducted numerous economic impact studies on a wide variety of subjects, many of which were in the agricultural sector. Other clients for which economic impact studies have been conducted include the Chicago 2016 Olympic Games Committee, McDonald's Corporation, the State of California, and trade and professional associations.

Dr. Tootelian has published approximately one hundred articles dealing with all facets of business, and has co-authored six texts on marketing and small business management. His academic research has appeared as peer-reviewed articles (i.e., reviewed by academicians for quality of research methodology) in such journals as the Journal of Marketing, Journal of Retailing, Journal of Business Research, Journal of Food Products Marketing, Journal of Health Care Marketing, and Journal of Professional Services Marketing. Results of some of his applied research and writing have appeared in The Congressional Record, The Wall Street Journal, Forbes, The Kiplinger Report, USA Today, ABC National News website, and even The National Enquirer.

In addition to conducting economic impact studies, Dr. Tootelian has worked in a consulting capacity with Fortune 500 companies (e.g., McDonald's Corporation, Merck, Johnson & Johnson, Nestle U.S.A., McKesson Corporation), not-for-profit organizations (e.g., California Pharmacists Association, California Dental Association), and federal and State governmental agencies (e.g., Centers for Disease Control, California Department of Food and Agriculture, California Environmental Protection Agency, California Department of Parks and Recreation.

METHODOLOGY

Two models were used in this analysis. IMPLAN was used to compute the overall economic impact, and a specially designed feeder model was created to help define expenditure levels to use in the IMPLAN model.

Specialty Feeder Model

Economic impact is a function of expenditures within a defined area. To measure the level of expenditures, the analyst developed a "feeder" economic model that specifically addresses the variables and the critical issues associated with growing and processing pistachios within Arizona. This model not only provides the data used in the IMPLAN analysis, but takes the economic value to a more understandable level to assess the impact in more detailed ways.

This model was primarily based on 2020 data. However, because agricultural revenues and expenditures can fluctuate significantly from year-to-year, some averages were used to help ensure that the statistics used were appropriate. It is important to note that the economic impact of pistachio crops could vary on an annual basis depending on climatic, pest, market, and other conditions partly or completely beyond the control of growers and processors.

The feeder model considered a wide variety of variables. These included costs associated with developing non-bearing acreage for future pistachio harvesting, expenses related to growing and harvesting pistachios on bearing acreage, costs of processing pistachios from the field to consumer markets, etc.

IMPLAN

The model used for the actual computation of the economic impact was IMPLAN. It is a software program that provides modeling based on data and tools to assess economic impacts at the State and other levels. IMPLAN users include federal and State governments, universities, and private sector consultants.

The benefit of using an input-output model like IMPLAN is that it helps evaluate the effects industries have on each other based on the supposition that industries use the outputs of other industries as inputs. An input-output model makes it possible to examine economic relationships between businesses and between businesses and consumers.

Each industry that produces goods and services has an influence on, and in turn is influenced by, the production of goods and services of other industries. These interrelationships are captured through a multiplier effect as the demand and supply trickle over from industry to industry and thus impact total output, employment, compensation,

etc. Of particular interest are industry output, employment, employee compensation, and indirect business taxes.

The full range of economic impacts includes direct, indirect, and induced benefits:

- ***Direct benefits*** consist of economic activity contained exclusively within the designated sector(s). This includes all expenditures made and all people employed.

- ***Indirect benefits*** define the creation of additional economic activity that results from linked businesses, suppliers of goods and services, and provision of operating inputs.

- ***Induced benefits*** measure the consumption expenditures of direct and indirect sector employees who spend their incremental income. Examples of induced benefits include employees' expenditures on items such as retail purchases, housing, banking, and medical services.

The total direct, indirect, and induced benefits arising due to the multiplier effect are presented in four ways:

- ***Output*** accounts for total revenues including all sources of income for a given time period for an industry in dollars. This is the best overall measure of business and economic activity .

- ***Employment*** demonstrates the number of jobs generated, and is calculated on an annual full-time equivalent basis.

- ***Labor Income*** includes all forms of employee compensation paid by employers (e.g., total payroll costs including benefits, wages and salaries of workers), and proprietary income (e.g., self employment income, income received by private business owners).

- ***Indirect Business Taxes*** consist of property taxes, excise taxes, fees, licenses, and sales taxes paid by businesses. Taxes on profits or income are not included.

The ***multiplier effect*** for sales and employment reflect the increased economic activity that comes from sales being generated and expenses being incurred by a business. For example, when a business generates sales, it must use some of that money to purchase other goods and services and hire people to meet the demand for its products and services. Purchases made by the business represent sales to other firms who must then also purchase goods and services and hire people to meet their new demand. The additional hiring to meet demand means more people will have income which they will use to purchase goods and services for their households. All of this brings added sales to firms across most economic sectors in the State. The net effect is that sales dollars are recycled in the State through this process of sales requiring additional purchases and employment, which result in sales for other firms who must use that money to make their own purchases and hire people.

Data Sources

Industry statistics were used to determine average expenses and some other operating data for this study. However, to ensure that this information was appropriate, APG was asked to verify that the statistics being used were reasonable for Arizona growers and processors. Based on the information received from APG, the industry statistics were modified as deemed appropriate. Information from economic impact studies conducted by the analyst for other specialty crop organizations also was used in some instances and verified as appropriate by APG sources.

Data used to assess the economic impact came from such sources as the:

- American Pistachio Growers.
- Census of Agriculture, U.S. Department of Agriculture.
- Census of Business, United States Bureau of the Census.
- State of Arizona's official website.
- United States Bureau of Labor Statistics.
- University of California, Davis Cooperative Extension's Sample Costs to Establish and Produce Pistachios, 2020.

FINDINGS OF THE ANALYSES

The findings of this study are presented in four sections: Computation of Expenditures Used in the Analyses, Economic Impact of Growers and Processors, Economic Impact of Growers Only, and Economic Impact of Processors Only. Tabled data is presented at the end of this Summary Report.

Computation of Grower and Processor Net Expenditures

The numbers of pistachio farms, number of acres in development, and the number of bearing acres in Arizona were obtained from APG and the Census of Agriculture.

Expenditure estimates for growers were partly based on average costs per acre as reported by the University of California, Davis (UCD) for 2020. These estimates were then adjusted downward based on recommendations by growers who were knowledgeable about growing costs in the State. These expenditure levels were for both non-bearing and bearing acreage, and included most costs. However, since the economic impact of growing and processing pistachios on the State's economy is a function of spending, it was not considered appropriate to include depreciation and amortization.

By eliminating depreciation and amortization costs, this study excluded future investments that growers will be making to replace depreciable assets such as equipment and facilities. Eventually, growers have to make capital purchases, but the timing of those expenditures is unknown. The net effect of eliminating these costs is to make the analysis considerably more conservative than it might be in terms of estimating the economic impact on the State's economy.

Total expenditures also were adjusted downward to reflect the possible out-migration of some dollars for purchases of goods and services. In effect, it was assumed that not all grower expenditures would necessarily be made to entities within the State. Making this adjustment results in the net total expenditures for growers.

Expenditure estimates for processors were based on average ***variable*** processing costs per pound from field to market. Processing costs per pound and crop yields per acre were provided by APG.

It is important to note that the analysis for processors only includes variable costs. Insufficient fixed cost data was available to include expenditures that normally would be made by processors. Consequently, the economic impact of processors is understated since certain fixed expenditures could not be added into the feeder model. As in the case for growers, the variable expenditures included in the study were then adjusted downward for the possible out-migration of dollars to create a net total expenditure.

Based on these computations, growers and processors spent nearly $49.1 million in Arizona in 2020, with growers accounting for nearly $29.2 million (59.4%) and processors

accounting for more than $19.9 million (40.6%). This is shown below. These expenditures equate to more than $134,400 per day (i.e., $49.1 million divided by 365 days per year), with growers spending nearly $80,000 per day and processors spending nearly $54,600 per day.

	ESTIMATE
PISTACHIO GROWERS	
Net Total Cash Cost per Acre*	$3,182
Total Bearing Acres	6,000
Total Expenditures for Bearing Acres	$19,092,204
Net Total Cash Cost/Year to Establish Pistachios per Acre*	$2,876
Number of Non-Bearing Acres	3,500
Total Expenditures for Non-Bearing Acres	$10,065,156
Net Total Expenditures by Growers*	$29,157,360
PISTACHIO PROCESSORS	
Net Average Expenditure per Pound Harvested*	$1.350
Net Average Number of Pounds per Acre	2,750
Total Bearing Acres	6,000
Total pounds	16,500,000
Net Total Expenditures by Processors*	$19,913,850
NET TOTAL EXPENDITURES*	
Growers	$29,157,360
Processors	$19,913,850
Total Expenditures by Growers and Processors	$49,071,210

*Discounted for out-migration of some dollars.

The net expenditure levels for growers and processors combined, for growers only, and for processors only were used in IMPLAN to compute their economic impacts in the State.

Economic Impact of Growers and Processors

Economic impact analyses were conducted based on the combined net total expenditures of growers and processors in Arizona. ***It is important to note that these projections are based on annual expenditures, which means that this impact is expected to occur each year that such spending occurs***.

Combined Growers and Processors Economic Impact

The Output, Employment, Labor Income, and Indirect Business Taxes for growers and processors of pistachios are presented in Table One and summarized below. As previously indicated, growers and processors spent nearly $49.1 million in Arizona in 2020. This averaged more than $134,400 per day (i.e., $49.1 million divided by 365 days).

Total for Growers & Processors	Total	Per Day
Output	$91,763,333	$251,406
Employment	915.4	n.a.
Labor Income	$39,635,490	$108,590
Indirect Business Taxes	$3,042,238	$8,335

The Output, or the amount of overall business activity created, is projected to total nearly $91.8 million, equating to more than $251,400 each day of the year. This includes the direct spending by growers and processors ("Direct"), the amount of additional business activity created by that spending ("Indirect"), and the amount of additional business activity created by people's spending caused by the incremental labor income ("Induced"). Over half of this impact (53.5%) was caused by grower and processor spending, and the remainder (46.5%) was the result of increased business activity. The industries gaining the most from this increase in overall business activity were farming ($52.3 million), real estate/construction/finance/insurance ($12.1 million), professional services ($4.3 million), health services ($4.2 million), and retailing ($4.2 million).

INDUSTRY	Output Total
Farming	$53,341,249
Real Est./Construction/Fin./Ins.	$12,088,401
Professional Services	$4,325,979
Health	$4,243,452
Retailing	$4,203,059

More than 915 additional jobs are expected to be created as a result of the spending by these growers and processors. This is computed on an annual full-time equivalent basis. About 67.5% of this was the result of grower and processor operations and the rest (32.5%) was due to the increased business activity caused by grower and processor spending. The industries gaining the most from this increase in employment were farming (695 jobs), retailing (49 jobs), real estate/construction/finance/insurance (40 jobs), health services (30 jobs), and professional services (27 jobs).

INDUSTRY	Employment Total
Farming	695.5
Retailing	48.9
Real Est./Construction/Fin./Ins.	38.9
Health	30.1
Professional Services	27.2

Labor Income resulting from the additional people employed and current employees earning more is projected to be more than $39.6 million, equating to nearly $108,600 each day of the year. About 62.6% of this income was the direct result of spending by growers and processors, while 37.4% was due to the increased business activity. How these funds are likely to be spent across various sectors of the economy is based on consumer purchasing patterns described later in this Summary Report. The industries generating the

most labor income were farming ($28.0 million), health services ($2.3 million), real estate/construction/finance/insurance ($1.9 million), retailing ($1.8 million), and professional services ($1.6 million).

INDUSTRY	Labor Income Total
Farming	$27,992,643
Health	$2,254,963
Real Est./Construction/Fin./Ins.	$1,947,715
Retailing	$1,779,417
Professional Services	$1,551,991

Finally, more than $3.0 million in additional indirect business taxes is created from the increased business activity caused by growers and processors, equating to about $8,335 each day of the year. These tax dollars are generated from businesses benefiting from the heightened economic activity and the increased employment. About 24.6% of these indirect business taxes were the direct result of spending by growers and processors, while 75.4% was due to the increased business activity. As is described later in this Summary Report, these tax dollars can be used for programs that further serve residents of the communities within the State. Industries generating the most indirect business taxes were farming ($874,700), wholesaling ($555,000), real estate/construction/finance/insurance ($553,300), retailing ($531,400), and accommodations/food services ($132,400).

INDUSTRY	Ind. Bus. Tax Total
Farming	$874,741
Wholesaling	$555,001
Real Est./Construction/Fin./Ins.	$553,281
Retailing	$531,394
Accommodations/food services	$132,373

Possible Diffusion of Labor Income Spending

The labor income that is created is likely to be diffused throughout the various sectors of the State's economy. As people spend this added income, those funds will be used to purchase a wide array of goods and services.

To illustrate how those funds could be distributed to various economic sectors in Arizona, consumer expenditures across various categories were obtained from the U.S. Bureau of Labor Statistics. Assuming that those funds will be spent in the same proportion as consumers currently spend their incomes, the dollars that are generated for selected sectors are shown below and in more detail in Table One.

Spending Category	Total Dollars	Dollars per Day
Food	$5,137,243	$14,075
Housing	$13,545,049	$37,110
Apparel and services	$1,129,998	$3,096
Transportation	$6,479,116	$17,751
Healthcare	$2,937,536	$8,048
Entertainment	$1,961,420	$5,374
Personal care products and services	$485,187	$1,329
Reading	$57,419	$157
Education	$847,499	$2,322
Miscellaneous	$4,200,745	$2,939

As shown above, the greatest sector beneficiaries of this spending were housing, transportation, and food. These three accounted for more than 68.4% of total spending and nearly 63.5% of the total labor income generated. Some labor income, of course, goes into savings.

Possible Uses for Business Taxes Created

To illustrate how the indirect business tax dollars (i.e., excluding income taxes) could be used to help fund some of Arizona's operations, the General Fund budgets of a variety of agencies were obtained from the State's official website. Some caution should be exercised in using these numbers since budgets are adjusted over the course of the fiscal year. Accordingly, these only are presented as illustrations of general amounts spent by each of the State's agencies/programs.

Presented below is the percent of various Arizona state agency's General Fund budget that could be covered by the indirect business tax dollars generated by the business activities of pistachio growers and processors within Arizona. It is important to recognize that the total indirect business tax dollars generated were applied to <u>each</u> State agency/program. A sample of agencies' budgets is listed below and a larger list is presented in Table One.

	Total General Funds	% Paid for by Indirect Business Taxes*
DEPARTMENTS		
Commerce Authority	$22,800,000	13.3%
Department of Agriculture	$11,501,900	26.4%
Department of Child Safety	$375,838,700	0.8%
Department of Emergency and Military Affairs	$12,357,300	24.6%
Department of Forestry and Fire Management	$11,156,700	27.3%
Department of Public Safety	$77,442,800	3.9%
Department of Transportation	$40,000,000	7.6%
Department of Veterans' Services	$7,321,100	41.6%
Department of Water Resources	$50,669,800	6.0%
Office of Economic Opportunity	$488,800	622.4%
Office of Tourism	$8,112,000	37.5%

*If percent exceeds 100.0%, it indicates the taxes could pay more than the General Fund budget.

Economic Impact of Growers Only

Economic impact analyses were conducted based on the net total expenditures of growers in Arizona. ***It is important to note that these projections are based on annual expenditures, which means that this impact is expected to occur each year that such spending occurs***.

Grower Economic Impact

The Output, Employment, Labor Income, and Indirect Business Taxes for growers of pistachios are presented in Table Two and summarized below. As previously indicated, growers spent nearly $29.2 million in Arizona in 2020. This averaged nearly $80,000 per day (i.e., $29.2 million divided by 365 days).

Total for Growers	Total	Per Day
Output	$52,204,368	$143,026
Employment	401.4	n.a.
Labor Income	$17,558,390	$48,105
Indirect Business Taxes	$1,282,711	$3,514

The Output, or the amount of overall business activity created, is projected to total more than $52.2 million, equating to more than $143,000 each day of the year. This includes the direct spending by growers ("Direct"), the amount of additional business activity created by that spending ("Indirect"), and the amount of additional business activity created by people's spending caused by the incremental labor income ("Induced"). Over half of this impact (55.9%) was caused by grower and processor spending, and the remainder (44.1%) was the result of increased business activity. The industries gaining the most from this increase in overall business activity were farming ($33.2 million), real estate/construction/finance/insurance ($6.0 million), wholesaling ($2.1 million), professional services ($2.0 million), and retailing ($1.9 million).

INDUSTRY	Output Total
Farming	$33,249,925
Real Est./Construction/Fin./Ins.	$5,989,116
Wholesaling	$2,090,776
Professional Services	$2,047,639
Retailing	$1,923,204

More than 400 additional jobs are expected to be created as a result of the spending by these growers. This is computed on a full-time equivalent basis. About 54.6% of this was the result of grower and processor operations and the rest (45.4%) was due to the increased business activity caused by grower and processor spending. The industries gaining the most from this increase in employment were farming (296 jobs), retailing (22 jobs), real estate/construction/finance/insurance (21 jobs), health services (13 jobs), and professional services (13 jobs).

INDUSTRY	Employment Total
Farming	296.1
Retailing	22.1
Real Est./Construction/Fin./Ins.	20.7
Health	13.3
Professional Services	12.7

Labor income resulting from the additional people employed and current employees earning more is projected to be nearly $17.6 million, equating to more than $48,100 each day of the year. About 50.3% of this income was the direct result of spending by growers and processors, while 49.7% was due to the increased business activity. How these funds are likely to be spent across various sectors of the economy is based on consumer purchasing patterns described later in this Summary Report. The industries generating the most labor income were farming ($11.9 million), real estate/construction/finance/insurance ($1.0 million), health services ($999,000), retailing ($807,500), and professional services ($725,900).

INDUSTRY	Labor Income Total
Farming	$11,944,545
Real Est./Construction/Fin./Ins.	$1,000,235
Health	$998,964
Retailing	$807,495
Professional Services	$725,884

Finally, nearly $1.3 million in additional indirect business taxes was created from the increased business activity caused by these growers, equating to more than $3,500 each day of the year. These tax dollars are generated from businesses benefiting from the heightened economic activity and the increased employment. About 6.5% of these indirect business taxes were the direct result of spending by growers and processors, while 93.5% was due to the increased business activity. As is described later in this Summary Report, these tax dollars can be used for programs that further serve residents of the communities within the State. The industries generating the most indirect business taxes were wholesaling ($312,460), real estate/construction/finance/insurance ($253,300), retailing ($244,700), farming ($208,600), and accommodations/food services ($60,200).

INDUSTRY	Ind. Bus. Tax Total
Wholesaling	$312,460
Real Est./Construction/Fin./Ins.	$253,343
Retailing	$244,721
Farming	$208,627
Accommodations/food services	$60,183

Possible Diffusion of Labor Income Spending

The labor income that is created is likely to be diffused throughout the various sectors of the State's economy. As people spend this added income, those funds will be used to purchase a wide array of goods and services.

As previously indicated, to illustrate how those funds could be distributed to various economic sectors in Arizona, consumer expenditures across various categories were obtained from the U.S. Bureau of Labor Statistics. Again, assuming that those funds will be spent in the same proportion as consumers currently spend their incomes, the dollars that are generated for selected sectors are shown below, and in more detail in Table Two.

Spending Category	Total Dollars	Dollars per Day
Food	$2,275,781	$6,235
Housing	$6,000,412	$16,439
Apparel and services	$500,585	$1,371
Transportation	$2,870,227	$7,864
Healthcare	$1,301,319	$3,565
Entertainment	$868,902	$2,381
Personal care products and services	$214,936	$589
Reading	$25,436	$70
Education	$375,439	$1,029
Miscellaneous	$1,860,916	$1,302

As shown above, the greatest amount of spending was for housing, transportation, and food. These three accounted for more than 68.4% of total spending and nearly 63.5% of the total labor income generated. Some labor income, of course, goes into savings.

Possible Uses for Indirect Business Taxes Created

To illustrate how the indirect business tax dollars (i.e., excluding income taxes) could be used to help fund some of Arizona's operations, the General Fund budgets of a variety of agencies were obtained from the State's official website. As noted before, some caution should be exercised in using these numbers since budgets are adjusted over the course of the fiscal year. Accordingly, these only are presented as illustrations of general amounts spent by each of the State's agencies/programs.

Presented below is the percent of various Arizona state agency's General Fund budget that could be covered by the business tax dollars generated by the business activities of pistachio growers within Arizona. It is important to recognize that the total indirect business tax dollars generated were applied to <u>each</u> State agency/program. A sample of agencies' budgets is listed below, and a larger list is presented in Table Two.

	Total General Funds	% Paid for by Indirect Business Taxes*
DEPARTMENTS		
Arizona Historical Society	$3,195,000	40.1%
Commerce Authority	$22,800,000	5.6%
Department of Agriculture	$11,501,900	11.2%
Department of Child Safety	$375,838,700	0.3%
Department of Emergency and Military Affairs	$12,357,300	10.4%
Department of Forestry and Fire Management	$11,156,700	11.5%
Department of Public Safety	$77,442,800	1.7%
Department of Transportation	$40,000,000	3.2%
Department of Veterans' Services	$7,321,100	17.5%
Department of Water Resources	$50,669,800	2.5%
Office of Economic Opportunity	$488,800	262.4%
Office of Tourism	$8,112,000	15.8%

*If percent exceeds 100.0%, it indicates the taxes could pay more than the General Fund budget.

Economic Impact of Processors Only

Economic impact analyses were conducted based on the net total ***variable*** expenditures of processors in Arizona. As previously indicated, fixed costs could not be included due to lack of availability of adequate data. ***It is also important to note that these projections are based on annual expenditures, which means that this impact is expected to occur each year that such spending occurs***.

Processor Economic Impact

The Output, Employment, Labor Income, and Indirect Business Taxes for processors of pistachios are presented in Table Three and summarized below. As noted before, the variable cost expenditures of processors were more than $19.9 million in Arizona in 2020. This averaged nearly $54,600 million per day (i.e., $19.9 million divided by 365 days).

Total for Processors	Total	Per Day
Output	$39,558,965	$108,381
Employment	514.0	n.a.
Labor Income	$22,077,100	$60,485
Indirect Business Taxes	$1,759,527	$4,821

The Output, or the amount of overall business activity created, is projected to total nearly $39.6 million, equating to nearly $108,400 each day of the year. This includes the direct spending by processors ("Direct"), the amount of additional business activity created by that spending ("Indirect"), and the amount of additional business activity created by people's spending caused by the incremental labor income ("Induced"). Over half of this impact (50.3%) was caused by grower and processor spending, and the remainder (49.7%) was the result of increased business activity. The industries gaining the most from this increase in overall business activity were farming ($20.1 million), real

estate/construction/finance/insurance ($6.1 million), health services ($2.4 million), retailing ($2.3 million), and professional services ($2.3 million).

INDUSTRY	Output Total
Farming	$20,091,324
Real Est./Construction/Fin./Ins.	$6,099,285
Health	$2,363,226
Retailing	$2,279,855
Professional Services	$2,278,340

Nearly 515 additional jobs are expected to be created as a result of the spending by these processors. This is computed on a full-time equivalent basis. About 77.5% of this was the result of grower and processor operations and the rest (22.5%) was due to the increased business activity caused by grower and processor spending. The industries gaining the most from this increase in employment were farming (400 jobs), retailing (27 jobs), real estate/construction/finance/insurance (18 jobs), health services (17 jobs), and professional services (15 jobs).

INDUSTRY	Employment Total
Farming	399.4
Retailing	26.8
Real Est./Construction/Fin./Ins.	18.2
Health	16.8
Professional Services	14.5

Labor Income resulting from the additional people employed and current employees earning more is projected to be nearly $22.1 million, equating to nearly $60,500 each day of the year. About 72.4% of this income was the direct result of spending by growers and processors, while 27.6% was due to the increased business activity. How these funds are likely to be spent across various sectors of the economy is based on consumer purchasing patterns described later in this Summary Report. The industries generating the most labor income were farming ($16.0 million), health services ($1.3 million), retailing ($971,900), real estate/construction/finance/insurance ($947,500), and professional services ($826,100).

INDUSTRY	Labor Income Total
Farming	$16,048,098
Health	$1,255,999
Retailing	$971,922
Real Est./Construction/Fin./Ins.	$947,481
Professional Services	$826,107

Finally, nearly $1.8 million in additional indirect business taxes was created from the increased business activity caused by these processors, equating to more than $4,800 each

day of the year. These tax dollars are generated from businesses benefiting from the heightened economic activity and the increased employment. About 37.9% of these indirect business taxes were the direct result of spending by growers and processors, while 62.1% was due to the increased business activity. As is described later in this Summary Report, these tax dollars can be used for programs that further serve residents of the communities within the State. The industries generating the most indirect business taxes were farming ($666,100), real estate/construction/finance/insurance ($300,000), retailing ($286,700), wholesaling ($242,500), and accommodations/food services ($72,200).

INDUSTRY	Ind. Bus. Tax Total
Farming	$666,114
Real Est./Construction/Fin./Ins.	$299,938
Retailing	$286,672
Wholesaling	$242,541
Accommodations/food services	$72,190

Possible Diffusion of Labor Income Spending

The labor income that is created will be diffused throughout the various sectors of the State's economy. As people spend this added income, those funds will be used to purchase a wide array of goods and services.

As previously indicated, to illustrate how those funds could be distributed to various economic sectors in Arizona, consumer expenditures across various categories were obtained from the U.S. Bureau of Labor Statistics. Assuming that those funds will be spent in the same proportion as consumers currently spend their incomes, the dollars that are generated for selected sectors are shown below, and in more detail in Table Three.

Spending Category	Total Dollars	Dollars per Day
Food	$2,861,461	$7,840
Housing	$7,544,638	$20,670
Apparel and services	$629,413	$1,724
Transportation	$3,608,889	$9,887
Healthcare	$1,636,217	$4,483
Entertainment	$1,092,517	$2,993
Personal care products and services	$270,251	$740
Reading	$31,982	$88
Education	$472,060	$1,293
Miscellaneous	$2,339,829	$1,637

As shown above, the greatest amount of spending was for housing, transportation, and food. These three accounted for more than 68.4% of total spending and nearly 63.5% of the total labor income generated. Some labor income, of course, goes into savings.

Possible Uses for Indirect Business Taxes Created

To illustrate how the indirect business tax dollars (i.e., excluding state income taxes) could be used to help fund some of Arizona's operations, the General Fund budgets of a variety of agencies were obtained from the State's official website. As noted before, some caution should be exercised in using these numbers since budgets are adjusted over the course of the fiscal year. Accordingly, these only are presented as illustrations of general amounts spent by each of the State's agencies/programs.

Presented below is the percent of various Arizona state agency's budget that could be covered by the business tax dollars generated by the business activities of pistachio processors within Arizona. It is important to recognize that the total indirect business tax dollars generated were applied to <u>each</u> State agency/program. A sample of agencies' budgets is listed below, and a larger list is presented in Table Three.

	Total General Funds	% Paid for by Indirect Business Taxes*
DEPARTMENTS		
Arizona Historical Society	$3,195,000	55.1%
Commerce Authority	$22,800,000	7.7%
Department of Agriculture	$11,501,900	15.3%
Department of Child Safety	$375,838,700	0.5%
Department of Emergency and Military Affairs	$12,357,300	14.2%
Department of Forestry and Fire Management	$11,156,700	15.8%
Department of Public Safety	$77,442,800	2.3%
Department of Transportation	$40,000,000	4.4%
Department of Veterans' Services	$7,321,100	24.0%
Department of Water Resources	$50,669,800	3.5%
Office of Economic Opportunity	$488,800	360.0%
Office of Tourism	$8,112,000	21.7%

*If percent exceeds 100.0%, it indicates the taxes could pay more than the General Fund budget.

CONCLUSIONS

Economic impact analyses were conducted for the total expenditures of growers and processors in Arizona. ***It is important to note that these projections are based on annual expenditures, which means that this impact is expected to occur each year that such spending occurs***.

Combined Grower and Processor Impact. The Output, Employment, Labor Income, and Indirect Business Taxes for ***growers and processors*** of pistachios are summarized below. These organizations spent nearly $49.1 million in Arizona in 2020. This averaged more than $134,400 per day.

Combined Grower and Processor Impact	Total	Total Per Day
Output	$91,763,333	$251,406
Employment	915.4	n.a.
Labor Income	$39,635,490	$108,590
Indirect Business Taxes	$3,042,238	$8,335

With respect to economic impact on the State, the growers and processors created:

- Nearly $91.8 million in economic output, the best measure of economic activity. This equates to more than $251,400 each day of the year. Of this, growers accounted for more than $52.2 million of the total and processors accounted for nearly $39.6 million.

- More than 915 jobs on a full-time equivalent basis as a result of their business activities and the multiplier effect their purchases generate in a variety of farming and non-farming economic sectors. Growers accounted for more than 400 of the jobs and processors accounted for nearly 515 jobs.

- More than $39.6 million in labor income as a result of their business activities. This averages nearly $108,600 per day. These are dollars going to wages and salaries for new employment as well as expanded incomes to those already in the labor force (e.g., overtime pay). These dollars are diffused throughout the State's economy as the funds are spent for an array of goods and services. Growers generated nearly $17.5 million of labor income and processors generated nearly $22.1 million.

- More than $3.0 million in indirect business taxes, not including income taxes. This equates to about $8,335 per day. Depending on how these funds are used, they can help pay for some or all State and local programs that further benefit the people residing in Arizona's communities. Of this, grower activities generated nearly $1.3 million of these taxes, and processor activities created nearly $1.8 million.

These findings demonstrate the important role pistachio growers and processors play in strengthening the economic climate of the State. Their activities are diffused throughout Arizona's economy, touching nearly every aspect of life in the State.

Grower Impact. The Output, Employment, Labor Income, and Indirect Business Taxes for ***growers*** of pistachios are summarized below. These organizations spent nearly $29.2 million in Arizona in 2020. This averaged nearly $80,000 per day.

Grower Economic Impact	Total	Total Per Day
Output	$52,204,368	$143,026
Employment	401.4	n.a.
Labor Income	$17,558,390	$48,105
Indirect Business Taxes	$1,282,711	$3,514

Based on the findings of this study, growers of pistachios alone have a significant impact on Arizona's economy. Overall, the growers create:

- More than 52.2 million in economic output, the best measure of economic activity, each year. This equates to more than $143,000 dollars each day of the year.

- More than 400 jobs as a result of grower business activities and the multiplier effect their purchases generate in a variety of farming and non-farming economic sectors.

- Nearly $17.6 million in labor income as a result of grower business activities. This averages more than $48,100 per day. These are dollars going to wages and salaries for new employment as well as expanded incomes to those already in the labor force (e.g., overtime pay). These dollars are diffused throughout the State's economy as the funds are spent for an array of goods and services.

- Nearly $1.3 million in indirect business taxes, not including income taxes. This equates to more than $3,500 per day. Depending on how these funds are used, they can help pay for some or all State and local programs that further benefit the people residing in Arizona's communities.

Processor Impact. The Output, Employment, Labor Income, and Indirect Business Taxes for the ***variable costs only*** of ***processors*** of pistachios are summarized below. These processors spent more than $19.9 million in Arizona in 2020. This averaged nearly $54,600 million per day.

Processor Economic Impact	Total	Total Per Day
Output	$39,558,965	$108,381
Employment	514.0	n.a.
Labor Income	$22,077,100	$60,485
Indirect Business Taxes	$1,759,527	$4,821

Based on the findings of this study, processors of pistachios alone have a significant impact on Arizona's economy. Overall, the processors create:

- Nearly $39.6 million in economic output, the best measure of economic activity, each year. This equates to nearly $108,400 dollars each day of the year.

- Nearly 515 jobs as a result of processor business activities and the multiplier effect their purchases generate in a variety of farming and non-farming economic sectors.

- Nearly $22.1 million in labor income as a result of processor business activities. This averages nearly $60,500 per day. These are dollars going to wages and salaries for new employment as well as expanded incomes to those already in the labor force (e.g., overtime pay). These dollars are diffused throughout the State's economy as the funds are spent for an array of goods and services.

- Nearly $1.8 million in indirect business taxes, not including income taxes. This equates to more than $4,800 per day. Depending on how these funds are used, they can help pay for some or all State and local programs that further benefit the people residing in Arizona's communities.

TABLE ONE: COMBINED GROWER AND PROCESSOR ECONOMIC IMPACT

Annual Economic Impact

INDUSTRY	Output Direct	Output Indirect	Output Induced	Output Total
Manufacturing		$1,367,944	$523,373	$1,891,317
Wholesaling		$2,329,534	$1,468,933	$3,798,467
Retailing		$192,635	$4,010,425	$4,203,059
Real Est./Construction/Fin./Ins.		$1,803,661	$10,284,740	$12,088,401
Professional Services		$1,037,457	$3,288,522	$4,325,979
Administrative		$354,359	$1,300,183	$1,654,542
Education		$4,002	$321,306	$325,308
Health		$35	$4,243,417	$4,243,452
Arts, entertainment, recreation		$147,515	$882,515	$1,030,030
Accommodations, food services		$61,938	$1,583,799	$1,645,737
Other		$751,251	$1,476,520	$2,227,772
Farming	$49,071,210	$4,168,939	$101,100	$53,341,249
Federal		$25,138	$70,601	$95,740
State and local		$281,992	$610,289	$892,281
Total	$49,071,210	$12,526,400	$30,165,722	$91,763,333

INDUSTRY	Employment Direct	Employment Indirect	Employment Induced	Employment Total
Manufacturing		1.6	1.5	3.0
Wholesaling		7.6	4.4	12.1
Retailing		2.1	46.7	48.9
Real Est./Construction/Fin./Ins.		9.7	29.2	38.9
Professional Services		5.8	21.4	27.2
Administrative		3.0	10.9	13.9
Education		0.0	4.4	4.4
Health		0.0	30.1	30.1
Arts, entertainment, recreation		0.8	7.2	8.0
Accommodations, food services		0.8	20.0	20.8
Other		2.0	7.3	9.4
Farming	617.6	77.3	0.7	695.5
Federal		0.2	0.6	0.8
State and local		0.7	1.6	2.3
Total	617.6	111.8	186.1	915.4

INDUSTRY	Labor Income Direct	Labor Income Indirect	Labor Income Induced	Labor Income Total
Manufacturing		$117,354	$87,644	$204,998
Wholesaling		$629,119	$421,803	$1,050,922
Retailing		$84,679	$1,694,737	$1,779,417
Real Est./Construction/Fin./Ins.		$419,791	$1,527,924	$1,947,715
Professional Services		$396,263	$1,155,728	$1,551,991
Administrative		$185,000	$630,863	$815,863
Education		$2,040	$197,700	$199,739
Health		$20	$2,254,943	$2,254,963
Arts, entertainment, recreation		$57,401	$319,462	$376,862
Accommodations, food services		$22,957	$541,859	$564,816
Other		$173,210	$432,176	$605,386
Farming	$24,827,051	$3,135,905	$29,687	$27,992,643
Federal		$21,851	$50,871	$72,722
State and local		$68,627	$148,826	$217,453
Total	$24,827,051	$5,314,215	$9,494,224	$39,635,490

INDUSTRY	Ind. Bus. Tax Direct	Ind. Bus. Tax Indirect	Ind. Bus. Tax Induced	Ind. Bus. Tax Total
Manufacturing		$16,008	$6,186	$22,194
Wholesaling		$368,848	$186,153	$555,001
Retailing		$25,664	$505,730	$531,394
Real Est./Construction/Fin./Ins.		$25,775	$527,506	$553,281
Professional Services		$25,143	$92,517	$117,660
Administrative		$2,914	$10,790	$13,704
Education		$99	$8,297	$8,396
Health		$0	$46,569	$46,569
Arts, entertainment, recreation		$2,506	$34,880	$37,387
Accommodations, food services		$4,815	$127,558	$132,373
Other		$60,078	$105,404	$165,481
Farming	$749,176	$125,395	$170	$874,741
Federal		($238)	($2,465)	($2,703)
State and local		($4,135)	($9,105)	($13,239)
Total	$749,176	$652,872	$1,640,190	$3,042,238

Average Economic Impact per Day

INDUSTRY	Output Direct	Output Indirect	Output Induced	Output Total
Manufacturing		$3,748	$1,434	$5,182
Wholesaling		$6,382	$4,024	$10,407
Retailing		$528	$10,987	$11,515
Real Est./Construction/Fin./Ins.		$4,942	$28,177	$33,119
Professional Services		$2,842	$9,010	$11,852
Administrative		$971	$3,562	$4,533
Education		$11	$880	$891
Health		$0	$11,626	$11,626
Arts, entertainment, recreation		$404	$2,418	$2,822
Accommodations, food services		$170	$4,339	$4,509
Other		$2,058	$4,045	$6,103
Farming	$134,442	$11,422	$277	$146,140
Federal		$69	$193	$262
State and local		$773	$1,672	$2,445
Total	$134,442	$34,319	$82,646	$251,406

INDUSTRY	Employment Direct	Employment Indirect	Employment Induced	Employment Total
Manufacturing	n.a.	n.a.	n.a.	n.a.
Wholesaling	n.a.	n.a.	n.a.	n.a.
Retailing	n.a.	n.a.	n.a.	n.a.
Real Est./Construction/Fin./Ins.	n.a.	n.a.	n.a.	n.a.
Professional Services	n.a.	n.a.	n.a.	n.a.
Administrative	n.a.	n.a.	n.a.	n.a.
Education	n.a.	n.a.	n.a.	n.a.
Health	n.a.	n.a.	n.a.	n.a.
Arts, entertainment, recreation	n.a.	n.a.	n.a.	n.a.
Accommodations, food services	n.a.	n.a.	n.a.	n.a.
Other	n.a.	n.a.	n.a.	n.a.
Farming	n.a.	n.a.	n.a.	n.a.
Federal	n.a.	n.a.	n.a.	n.a.
State and local	n.a.	n.a.	n.a.	n.a.
Total	n.a.	n.a.	n.a.	n.a.

INDUSTRY	Labor Income Direct	Labor Income Indirect	Labor Income Induced	Labor Income Total
Manufacturing		$322	$240	$562
Wholesaling		$1,724	$1,156	$2,879
Retailing		$232	$4,643	$4,875
Real Est./Construction/Fin./Ins.		$1,150	$4,186	$5,336
Professional Services		$1,086	$3,166	$4,252
Administrative		$507	$1,728	$2,235
Education		$6	$542	$547
Health		$0	$6,178	$6,178
Arts, entertainment, recreation		$157	$875	$1,032
Accommodations, food services		$63	$1,485	$1,547
Other		$475	$1,184	$1,659
Farming	$68,019	$8,592	$81	$76,692
Federal		$60	$139	$199
State and local		$188	$408	$596
Total	$68,019	$14,559	$26,012	$108,590

INDUSTRY	Ind. Bus. Tax Direct	Ind. Bus. Tax Indirect	Ind. Bus. Tax Induced	Ind. Bus. Tax Total
Manufacturing		$44	$17	$61
Wholesaling		$1,011	$510	$1,521
Retailing		$70	$1,386	$1,456
Real Est./Construction/Fin./Ins.		$71	$1,445	$1,516
Professional Services		$69	$253	$322
Administrative		$8	$30	$38
Education		$0	$23	$23
Health		$0	$128	$128
Arts, entertainment, recreation		$7	$96	$102
Accommodations, food services		$13	$349	$363
Other		$165	$289	$453
Farming	$2,053	$344	$0	$2,397
Federal		-$1	-$7	-$7
State and local		-$11	-$25	-$36
Total	$2,053	$1,789	$4,494	$8,335

Possible Diffusion of Labor Income Spending

Spending Category	Total Dollars	Dollars per Day
Food	$5,137,243	$14,075
Food at home	$2,830,737	$7,755
Food away from home	$2,306,505	$6,319
Housing	$13,545,049	$37,110
Shelter	$8,530,682	$23,372
Utilities, fuels, and public services	$2,244,493	$6,149
Household operations	$1,038,128	$2,844
Housekeeping supplies	$410,543	$1,125
Household furnishings and equipment	$1,320,054	$3,617
Apparel and services	$1,129,998	$3,096
Men and boys	$278,480	$763
Women and girls	$442,697	$1,213
Children under 2	$57,419	$157
Footwear	$217,042	$595
Other apparel products and services	$134,360	$368
Transportation	$6,479,116	$17,751
Vehicle purchases (net outlay)	$2,400,098	$6,576
Gasoline, other fuels, and motor oil	$1,399,291	$3,834
Other vehicle expenses	$2,104,392	$5,765
Public and other transportation	$575,909	$1,578
Healthcare	$2,937,536	$8,048
Health insurance	$1,897,685	$5,199
Medical services	$658,017	$1,803
Drugs	$267,571	$733
Medical supplies	$114,263	$313
Entertainment	$1,961,420	$5,374
Personal care products and services	$485,187	$1,329
Reading	$57,419	$157
Education	$847,499	$2,322
Miscellaneous	$7,056,173	$2,939

Possible Uses for Indirect Business Taxes Created

	Total General Funds	% Paid for by Indirect Business Taxes*
DEPARTMENTS		
Arizona Historical Society	$3,195,000	95.2%
Commerce Authority	$22,800,000	13.3%
Community Colleges	$84,053,700	3.6%
Department of Agriculture	$11,501,900	26.4%
Department of Child Safety	$375,838,700	0.8%
Department of Economic Security	$730,924,200	0.4%
Department of Emergency and Military Affairs	$12,357,300	24.6%
Department of Environmental Quality	$15,000,000	20.3%
Department of Forestry and Fire Management	$11,156,700	27.3%
Department of Health Services	$92,347,800	3.3%
Department of Public Safety	$77,442,800	3.9%
Department of Transportation	$40,000,000	7.6%
Department of Veterans' Services	$7,321,100	41.6%
Department of Water Resources	$50,669,800	6.0%
Office of Economic Opportunity	$488,800	622.4%
Office of Tourism	$8,112,000	37.5%
Schools for the Deaf and the Blind	$23,259,300	13.1%

*If percent exceeds 100.0%, it indicates the indirect business taxes would pay more than the General Fund budget.

TABLE TWO: ECONOMIC IMPACT OF GROWERS ONLY

Annual Economic Impact

INDUSTRY	Output Direct	Output Indirect	Output Induced	Output Total
Manufacturing		$62,820,398	$44,044,639	$106,865,037
Wholesaling		$87,552,791	$38,307,273	$125,860,064
Retailing		$6,774,228	$96,765,723	$103,539,951
Real Est./Construction/Fin./Ins.		$65,251,071	$259,140,043	$324,391,114
Professional Services		$34,710,295	$101,928,522	$136,638,817
Administrative		$11,757,146	$32,231,853	$43,988,999
Education		$162,213	$11,792,603	$11,954,816
Health		$1,181	$82,743,705	$82,744,886
Arts, entertainment, recreation		$4,603,115	$25,396,541	$29,999,656
Accommodations, food services		$2,433,448	$40,213,969	$42,647,417
Other		$19,959,690	$35,225,825	$55,185,515
Farming	$1,637,515,245	$227,510,571	$4,976,931	$1,870,002,746
Federal		$735,667	$1,775,500	$2,511,167
State and local		$10,451,785	$12,306,368	$22,758,153
Total	$1,637,515,245	$534,723,599	$786,849,495	$2,959,088,339

INDUSTRY	Employment Direct	Employment Indirect	Employment Induced	Employment Total
Manufacturing		71.4	85.8	157.2
Wholesaling		253.8	103.7	357.5
Retailing		52.9	1,019.2	1,072.1
Real Est./Construction/Fin./Ins.		302.5	559.0	861.5
Professional Services		142.9	557.6	700.5
Administrative		78.0	219.7	297.8
Education		1.7	141.5	143.2
Health		0.0	549.2	549.2
Arts, entertainment, recreation		22.9	175.5	198.4
Accommodations, food services		28.9	461.0	489.9
Other		53.5	202.5	255.9
Farming	11,978.9	3,839.7	25.8	15,844.5
Federal		6.5	13.3	19.8
State and local		28.3	37.6	65.8
Total	11,978.9	4,883.0	4,151.3	21,013.3

INDUSTRY	Labor Income Direct	Labor Income Indirect	Labor Income Induced	Labor Income Total
Manufacturing		$6,375,838	$6,634,100	$13,009,939
Wholesaling		$21,940,575	$10,349,089	$32,289,664
Retailing		$2,978,957	$45,266,583	$48,245,540
Real Est./Construction/Fin./Ins.		$17,813,664	$42,317,786	$60,131,450
Professional Services		$13,678,361	$39,543,888	$53,222,249
Administrative		$6,876,511	$17,269,309	$24,145,820
Education		$90,500	$7,557,717	$7,648,217
Health		$638	$47,178,102	$47,178,739
Arts, entertainment, recreation		$2,038,180	$10,989,475	$13,027,655
Accommodations, food services		$982,932	$15,228,826	$16,211,758
Other		$5,540,582	$12,672,626	$18,213,208
Farming	$612,837,748	$182,764,402	$1,634,065	$797,236,214
Federal		$644,854	$1,229,120	$1,873,974
State and local		$3,647,558	$4,830,488	$8,478,046
Total	$612,837,748	$265,373,551	$262,701,175	$1,140,912,473

INDUSTRY	Ind. Bus. Tax Direct	Ind. Bus. Tax Indirect	Ind. Bus. Tax Induced	Ind. Bus. Tax Total
Manufacturing		$725,532	$761,805	$1,487,337
Wholesaling		$21,420,477	$7,462,010	$28,882,487
Retailing		$759,978	$11,653,914	$12,413,891
Real Est./Construction/Fin./Ins.		$1,032,088	$14,956,046	$15,988,134
Professional Services		$790,152	$2,248,450	$3,038,601
Administrative		$87,965	$298,433	$386,398
Education		$3,493	$257,070	$260,563
Health		$10	$880,287	$880,297
Arts, entertainment, recreation		$53,894	$596,030	$649,924
Accommodations, food services		$195,077	$3,291,664	$3,486,740
Other		$1,260,329	$1,929,714	$3,190,043
Farming	$15,638,294	$6,196,469	$79,904	$21,914,666
Federal		-$5,446	-$59,656	-$65,102
State and local		-$711,858	-$824,250	-$1,536,107
Total	$15,638,294	$31,808,159	$43,531,420	$90,977,873

Average Economic Impact per Day

INDUSTRY	Output Direct	Output Indirect	Output Induced	Output Total
Manufacturing		$172,111	$120,670	$292,781
Wholesaling		$239,871	$104,951	$344,822
Retailing		$18,560	$265,112	$283,671
Real Est./Construction/Fin./Ins.		$178,770	$709,973	$888,743
Professional Services		$95,097	$279,256	$374,353
Administrative		$32,211	$88,306	$120,518
Education		$444	$32,309	$32,753
Health		$3	$226,695	$226,698
Arts, entertainment, recreation		$12,611	$69,580	$82,191
Accommodations, food services		$6,667	$110,175	$116,842
Other		$54,684	$96,509	$151,193
Farming	$4,486,343	$623,317	$13,635	$5,123,295
Federal		$2,016	$4,864	$6,880
State and local		$28,635	$33,716	$62,351
Total	$4,486,343	$1,464,996	$2,155,752	$8,107,091

INDUSTRY	Employment Direct	Employment Indirect	Employment Induced	Employment Total
Manufacturing	n.a.	n.a.	n.a.	n.a.
Wholesaling	n.a.	n.a.	n.a.	n.a.
Retailing	n.a.	n.a.	n.a.	n.a.
Real Est./Construction/Fin./Ins.	n.a.	n.a.	n.a.	n.a.
Professional Services	n.a.	n.a.	n.a.	n.a.
Administrative	n.a.	n.a.	n.a.	n.a.
Education	n.a.	n.a.	n.a.	n.a.
Health	n.a.	n.a.	n.a.	n.a.
Arts, entertainment, recreation	n.a.	n.a.	n.a.	n.a.
Accommodations, food services	n.a.	n.a.	n.a.	n.a.
Other	n.a.	n.a.	n.a.	n.a.
Farming	n.a.	n.a.	n.a.	n.a.
Federal	n.a.	n.a.	n.a.	n.a.
State and local	n.a.	n.a.	n.a.	n.a.
Total	n.a.	n.a.	n.a.	n.a.

INDUSTRY	Labor Income Direct	Labor Income Indirect	Labor Income Induced	Labor Income Total
Manufacturing		$17,468	$18,176	$35,644
Wholesaling		$60,111	$28,354	$88,465
Retailing		$8,162	$124,018	$132,180
Real Est./Construction/Fin./Ins.		$48,805	$115,939	$164,744
Professional Services		$37,475	$108,339	$145,814
Administrative		$18,840	$47,313	$66,153
Education		$248	$20,706	$20,954
Health		$2	$129,255	$129,257
Arts, entertainment, recreation		$5,584	$30,108	$35,692
Accommodations, food services		$2,693	$41,723	$44,416
Other		$15,180	$34,720	$49,899
Farming	$1,679,008	$500,724	$4,477	$2,184,209
Federal		$1,767	$3,367	$5,134
State and local		$9,993	$13,234	$23,228
Total	$1,679,008	$727,051	$719,729	$3,125,788

INDUSTRY	Ind. Bus. Tax Direct	Ind. Bus. Tax Indirect	Ind. Bus. Tax Induced	Ind. Bus. Tax Total
Manufacturing		$1,988	$2,087	$4,075
Wholesaling		$58,686	$20,444	$79,130
Retailing		$2,082	$31,929	$34,011
Real Est./Construction/Fin./Ins.		$2,828	$40,975	$43,803
Professional Services		$2,165	$6,160	$8,325
Administrative		$241	$818	$1,059
Education		$10	$704	$714
Health		$0	$2,412	$2,412
Arts, entertainment, recreation		$148	$1,633	$1,781
Accommodations, food services		$534	$9,018	$9,553
Other		$3,453	$5,287	$8,740
Farming	$42,845	$16,977	$219	$60,040
Federal		-$15	-$163	-$178
State and local		-$1,950	-$2,258	-$4,209
Total	$42,845	$87,146	$119,264	$249,254

Possible Diffusion of Labor Income Spending

Spending Category	Total Dollars	Dollars per Day
Food	$2,275,781	$6,235
Food at home	$1,254,007	$3,436
Food away from home	$1,021,774	$2,799
Housing	$6,000,412	$16,439
Shelter	$3,779,064	$10,354
Utilities, fuels, and public services	$994,303	$2,724
Household operations	$459,887	$1,260
Housekeeping supplies	$181,869	$498
Household furnishings and equipment	$584,779	$1,602
Apparel and services	$500,585	$1,371
Men and boys	$123,366	$338
Women and girls	$196,113	$537
Children under 2	$25,436	$70
Footwear	$96,149	$263
Other apparel products and services	$59,521	$163
Transportation	$2,870,227	$7,864
Vehicle purchases (net outlay)	$1,063,235	$2,913
Gasoline, other fuels, and motor oil	$619,881	$1,698
Other vehicle expenses	$932,239	$2,554
Public and other transportation	$255,126	$699
Healthcare	$1,301,319	$3,565
Health insurance	$840,668	$2,303
Medical services	$291,499	$799
Drugs	$118,533	$325
Medical supplies	$50,618	$139
Entertainment	$868,902	$2,381
Personal care products and services	$214,936	$589
Reading	$25,436	$70
Education	$375,439	$1,029
Miscellaneous	$3,125,861	$1,302

Possible Uses for Indirect Business Taxes Created

	Total General Funds	% Paid for by Indirect Business Taxes*
DEPARTMENTS		
Arizona Historical Society	$3,195,000	40.1%
Commerce Authority	$22,800,000	5.6%
Community Colleges	$84,053,700	1.5%
Department of Agriculture	$11,501,900	11.2%
Department of Child Safety	$375,838,700	0.3%
Department of Economic Security	$730,924,200	0.2%
Department of Emergency and Military Affairs	$12,357,300	10.4%
Department of Environmental Quality	$15,000,000	8.6%
Department of Forestry and Fire Management	$11,156,700	11.5%
Department of Health Services	$92,347,800	1.4%
Department of Public Safety	$77,442,800	1.7%
Department of Transportation	$40,000,000	3.2%
Department of Veterans' Services	$7,321,100	17.5%
Department of Water Resources	$50,669,800	2.5%
Office of Economic Opportunity	$488,800	262.4%
Office of Tourism	$8,112,000	15.8%
Schools for the Deaf and the Blind	$23,259,300	5.5%

*If percent exceeds 100.0%, it indicates the indirect business taxes would pay more than the General Fund budget.

TABLE THREE: ECONOMIC IMPACT OF PROCESSORS ONLY

Annual Economic Impact

INDUSTRY	Output Direct	Output Indirect	Output Induced	Output Total
Manufacturing		$44,854,801	$52,244,319	$97,099,121
Wholesaling		$56,903,045	$45,326,300	$102,229,345
Retailing		$2,283,612	$114,238,572	$116,522,185
Real Est./Construction/Fin./Ins.		$17,133,620	$304,121,912	$321,255,533
Professional Services		$28,537,698	$119,877,479	$148,415,177
Administrative		$7,811,899	$37,779,828	$45,591,726
Education		$139,971	$13,440,938	$13,580,909
Health		$771	$97,404,960	$97,405,732
Arts, entertainment, recreation		$3,412,721	$29,787,127	$33,199,849
Accommodations, food services		$758,997	$47,374,541	$48,133,538
Other		$12,289,146	$41,175,255	$53,464,401
Farming	$1,177,583,280	$8,603,501	$5,869,204	$1,192,055,986
Federal		$583,582	$2,070,183	$2,653,765
State and local		$1,207,259	$14,629,849	$15,837,108
Total	$1,177,583,280	$184,520,625	$925,340,467	$2,287,444,372

INDUSTRY	Employment Direct	Employment Indirect	Employment Induced	Employment Total
Manufacturing		46.3	101.7	148.0
Wholesaling		162.7	122.7	285.3
Retailing		36.1	1,202.3	1,238.4
Real Est./Construction/Fin./Ins.		83.2	653.1	736.3
Professional Services		129.6	650.7	780.3
Administrative		53.3	257.7	310.9
Education		1.4	160.8	162.2
Health		0.0	649.7	649.7
Arts, entertainment, recreation		17.0	204.5	221.5
Accommodations, food services		8.8	543.1	552.0
Other		42.9	234.4	277.3
Farming	20,674.2	54.1	30.4	20,758.7
Federal		5.3	15.5	20.8
State and local		3.2	44.6	47.8
Total	20,674.2	643.9	4,871.2	26,189.2

INDUSTRY	Labor Income Direct	Labor Income Indirect	Labor Income Induced	Labor Income Total
Manufacturing		$4,167,437	$7,858,276	$12,025,713
Wholesaling		$13,640,908	$12,244,529	$25,885,436
Retailing		$1,596,059	$53,425,094	$55,021,153
Real Est./Construction/Fin./Ins.		$5,323,161	$49,335,784	$54,658,946
Professional Services		$12,699,706	$46,394,491	$59,094,197
Administrative		$4,604,156	$20,257,239	$24,861,395
Education		$79,057	$8,566,336	$8,645,393
Health		$417	$55,569,129	$55,569,546
Arts, entertainment, recreation		$1,570,903	$12,849,473	$14,420,376
Accommodations, food services		$300,263	$17,917,800	$18,218,063
Other		$3,911,216	$14,771,929	$18,683,144
Farming	$978,271,262	$3,873,376	$1,928,214	$984,072,851
Federal		$524,258	$1,441,252	$1,965,510
State and local		$434,021	$5,734,082	$6,168,104
Total	$978,271,262	$52,724,936	$308,293,629	$1,339,289,827

INDUSTRY	Ind. Bus. Tax Direct	Ind. Bus. Tax Indirect	Ind. Bus. Tax Induced	Ind. Bus. Tax Total
Manufacturing		$902,084	$907,143	$1,809,228
Wholesaling		$13,693,211	$8,826,421	$22,519,632
Retailing		$213,537	$13,771,963	$13,985,501
Real Est./Construction/Fin./Ins.		$288,082	$17,599,140	$17,887,222
Professional Services		$463,942	$2,654,528	$3,118,471
Administrative		$56,804	$349,072	$405,876
Education		$2,953	$293,728	$296,681
Health		$6	$1,038,327	$1,038,334
Arts, entertainment, recreation		$38,661	$700,293	$738,954
Accommodations, food services		$60,740	$3,881,834	$3,942,574
Other		$420,402	$2,260,342	$2,680,743
Farming	$33,451,215	$70,407	$93,189	$33,614,811
Federal		-$2,513	-$68,402	-$70,914
State and local		-$67,049	-$979,674	-$1,046,724
Total	$33,451,215	$16,141,269	$51,327,906	$100,920,390

Average Economic Impact per Day

INDUSTRY	Output Direct	Output Indirect	Output Induced	Output Total
Manufacturing		$122,890	$143,135	$266,025
Wholesaling		$155,899	$124,182	$280,080
Retailing		$6,256	$312,982	$319,239
Real Est./Construction/Fin./Ins.		$46,941	$833,211	$880,152
Professional Services		$78,185	$328,431	$406,617
Administrative		$21,402	$103,506	$124,909
Education		$383	$36,824	$37,208
Health		$2	$266,863	$266,865
Arts, entertainment, recreation		$9,350	$81,609	$90,958
Accommodations, food services		$2,079	$129,793	$131,873
Other		$33,669	$112,809	$146,478
Farming	$3,226,256	$23,571	$16,080	$3,265,907
Federal		$1,599	$5,672	$7,271
State and local		$3,308	$40,082	$43,389
Total	$3,226,256	$505,536	$2,535,179	$6,266,971

INDUSTRY	Employment Direct	Employment Indirect	Employment Induced	Employment Total
Manufacturing	n.a.	n.a.	n.a.	n.a.
Wholesaling	n.a.	n.a.	n.a.	n.a.
Retailing	n.a.	n.a.	n.a.	n.a.
Real Est./Construction/Fin./Ins.	n.a.	n.a.	n.a.	n.a.
Professional Services	n.a.	n.a.	n.a.	n.a.
Administrative	n.a.	n.a.	n.a.	n.a.
Education	n.a.	n.a.	n.a.	n.a.
Health	n.a.	n.a.	n.a.	n.a.
Arts, entertainment, recreation	n.a.	n.a.	n.a.	n.a.
Accommodations, food services	n.a.	n.a.	n.a.	n.a.
Other	n.a.	n.a.	n.a.	n.a.
Farming	n.a.	n.a.	n.a.	n.a.
Federal	n.a.	n.a.	n.a.	n.a.
State and local	n.a.	n.a.	n.a.	n.a.
Total	n.a.	n.a.	n.a.	n.a.

INDUSTRY	Labor Income Direct	Labor Income Indirect	Labor Income Induced	Labor Income Total
Manufacturing		$11,418	$21,530	$32,947
Wholesaling		$37,372	$33,547	$70,919
Retailing		$4,373	$146,370	$150,743
Real Est./Construction/Fin./Ins.		$14,584	$135,167	$149,751
Professional Services		$34,794	$127,108	$161,902
Administrative		$12,614	$55,499	$68,113
Education		$217	$23,469	$23,686
Health		$1	$152,244	$152,245
Arts, entertainment, recreation		$4,304	$35,204	$39,508
Accommodations, food services		$823	$49,090	$49,913
Other		$10,716	$40,471	$51,187
Farming	$2,680,195	$10,612	$5,283	$2,696,090
Federal		$1,436	$3,949	$5,385
State and local		$1,189	$15,710	$16,899
Total	$2,680,195	$144,452	$844,640	$3,669,287

INDUSTRY	Ind. Bus. Tax Direct	Ind. Bus. Tax Indirect	Ind. Bus. Tax Induced	Ind. Bus. Tax Total
Manufacturing		$2,471	$2,485	$4,957
Wholesaling		$37,516	$24,182	$61,698
Retailing		$585	$37,731	$38,316
Real Est./Construction/Fin./Ins.		$789	$48,217	$49,006
Professional Services		$1,271	$7,273	$8,544
Administrative		$156	$956	$1,112
Education		$8	$805	$813
Health		$0	$2,845	$2,845
Arts, entertainment, recreation		$106	$1,919	$2,025
Accommodations, food services		$166	$10,635	$10,802
Other		$1,152	$6,193	$7,345
Farming	$91,647	$193	$255	$92,095
Federal		-$7	-$187	-$194
State and local		-$184	-$2,684	-$2,868
Total	$91,647	$44,223	$140,624	$276,494

Possible Diffusion of Labor Income Spending

Spending Category	Total Dollars	Dollars per Day
Food	$2,861,461	$7,840
Food at home	$1,576,730	$4,320
Food away from home	$1,284,731	$3,520
Housing	$7,544,638	$20,670
Shelter	$4,751,619	$13,018
Utilities, fuels, and public services	$1,250,190	$3,425
Household operations	$578,241	$1,584
Housekeeping supplies	$228,674	$627
Household furnishings and equipment	$735,274	$2,014
Apparel and services	$629,413	$1,724
Men and boys	$155,114	$425
Women and girls	$246,584	$676
Children under 2	$31,982	$88
Footwear	$120,893	$331
Other apparel products and services	$74,839	$205
Transportation	$3,608,889	$9,887
Vehicle purchases (net outlay)	$1,336,862	$3,663
Gasoline, other fuels, and motor oil	$779,410	$2,135
Other vehicle expenses	$1,172,153	$3,211
Public and other transportation	$320,783	$879
Healthcare	$1,636,217	$4,483
Health insurance	$1,057,017	$2,896
Medical services	$366,518	$1,004
Drugs	$149,038	$408
Medical supplies	$63,645	$174
Entertainment	$1,092,517	$2,993
Personal care products and services	$270,251	$740
Reading	$31,982	$88
Education	$472,060	$1,293
Miscellaneous	$3,930,312	$1,637

Possible Uses for Indirect Business Taxes Created

	Total General Funds	% Paid for by Indirect Business Taxes*
DEPARTMENTS		
Arizona Historical Society	$3,195,000	55.1%
Commerce Authority	$22,800,000	7.7%
Community Colleges	$84,053,700	2.1%
Department of Agriculture	$11,501,900	15.3%
Department of Child Safety	$375,838,700	0.5%
Department of Economic Security	$730,924,200	0.2%
Department of Emergency and Military Affairs	$12,357,300	14.2%
Department of Environmental Quality	$15,000,000	11.7%
Department of Forestry and Fire Management	$11,156,700	15.8%
Department of Health Services	$92,347,800	1.9%
Department of Public Safety	$77,442,800	2.3%
Department of Transportation	$40,000,000	4.4%
Department of Veterans' Services	$7,321,100	24.0%
Department of Water Resources	$50,669,800	3.5%
Office of Economic Opportunity	$488,800	360.0%
Office of Tourism	$8,112,000	21.7%
Schools for the Deaf and the Blind	$23,259,300	7.6%

*If percent exceeds 100.0%, it indicates the indirect business taxes would pay more than the General Fund budget.