



SHAPING SCOTTSDALE: AXON'S ECONOMIC FOOTPRINT

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ABSTRACT

This report, prepared by Rounds Consulting Group, Inc., examines the economic and fiscal impacts generated by Axon's presence in Scottsdale, both currently and upon the completion of a new corporate headquarters and supporting campus. The principal objectives of the analysis are to evaluate:

- The on-going economic and fiscal impact of Axon;
- The construction-related impacts of Axon's proposed world corporate headquarters; and
- The potential economic and fiscal impact of Axon's world corporate headquarters.

The economic impact report demonstrates that Axon's influence on the local economy is projected to increase by 600%, as the company expands from 800 to 5,000+ employees in the Scottsdale area. This growth is anticipated to result in an annual net-gain of \$9.5M in additional tax revenue collections for the City of Scottsdale—13x more than the current net-revenues generated by Axon each year.

Unless otherwise cited, all estimates in this report are based on calculations conducted by the authors based on established industry standards and methodologies typical for such analyses. Our approach includes the use of a proprietary impact model leveraging IMPLAN multipliers to estimate the impacts of various industries and activities by measuring direct, indirect, and induced effects on a local economy.

To accurately interpret the findings, it is essential to utilize the entire report. Partial use may lead to misinterpretations of the data and conclusions drawn from it. While every effort has been made to ensure the accuracy and reliability of the information presented in this report, unforeseen factors or changes in economic conditions may impact the validity of the estimates over time.

Users are advised to consider this report as a snapshot based on current data and to exercise caution when applying it to future scenarios or policy decisions without updated analysis.

SUMMARY OF FINDINGS

AXON'S CURRENT ON-GOING IMPACT ON THE LOCAL ECONOMY

Today, Axon is one of the largest private employers in Arizona and Scottsdale, with more than 1,500 employees statewide as of December 2023.

As an international tech leader, Axon pays its employees well above the state's average wage, generating more than \$1.0B in economic activity in 2023 alone—an impact equivalent to hosting a Super Bowl every year.

Axon's contribution to the local economy is significant as it employs high-skilled jobs and supports other high-tech businesses, local suppliers, retailers, hotels, restaurants, and other goods and service providers.

In 2023, Axon's direct employees, business operations, and expenditures supported an estimated 5,100 jobs in Arizona, collectively earning \$335M in wages.

Axon's on-going operations and its employees currently generate an estimated \$21M in tax revenues for all levels of government in Arizona each year.

These annual tax revenues include:

- \$15.0M in income taxes, sales taxes, and vehicle license taxes and fees for the state.
- \$4.4M in sales taxes, property taxes, and State-Shared Revenues for the state's counties.
- \$1.4M in sales taxes, property taxes, and State-Shared Revenues for the City of Scottsdale.
- \$0.5M in property taxes for local schools, public safety, and other local districts.

The following summarizes Axon's estimated economic and tax revenue impact for the year 2023.

\$1.0B
ECONOMIC
IMPACT

Total annual economic impact on the Arizona economy.

5,100
JOBS

Total direct, indirect, and induced jobs supported by Axon throughout Arizona each year.

\$335M
LABOR INCOME

Total combined annual employee-earned income generated for Arizonans.

\$21M
TAX REVENUES

Total combined tax revenues generated by Axon and its employees for all levels of government in Arizona each year.

SUMMARY OF FINDINGS

THE POTENTIAL IMPACT OF AXON'S EXPANSION PLANS

Given Axon's growth and success, the Scottsdale-based company has outgrown its existing headquarters.

As a result, the company is looking to expand into a larger world corporate headquarters with housing available to its employees, conference space, lodging for visitors, and other live-work amenities to support a thriving and innovate tech community.

The proposed \$1.3B headquarters has been designed to accommodate up to 5,500 employees, increasing Axon's local footprint by over 600%—representing an economic game-changer for the Scottsdale and broader state economy.

The world headquarters would allow Axon to host its conferences and meetings for customers and partners—drawing in about 18,200 business travelers and generating an estimated \$26M in sales at local restaurants, retailers, hotels, and other travel-related businesses each year.

Construction of the world headquarters would create 3,500 construction-related jobs, \$3B in economic activity, and \$145.1M in state and local tax revenues.

Once complete, Axon's headquarters, operations, business travel, and employee spending would support an estimated 18,800 permanent jobs contributing \$12B in combined labor income, generate \$36B in economic activity, and \$868M in taxes throughout Arizona over the first decade.

Combined construction and 10-years of operations would generate \$2.3B in tax revenue collections at all levels of government in Arizona.

These construction and operations revenues include:

- \$1.5B in state and \$453.2M in county taxes.
- \$365.9M in Scottsdale taxes.
- \$16.3M in property taxes for local schools, public safety, and other local districts.

\$38B
**ECONOMIC
IMPACT**
Total economic impact of
construction and 10-years
of operations.

18,800
ONGOING JOBS
Total direct, indirect, and
induced jobs supported in
Arizona by Axon each year.

\$13B
LABOR INCOME
Total employee-earned
income over construction
and 10-years of operations.

\$2.3B
TAX REVENUES
Total construction and 10-
years of operations taxes
for all levels of government
in Arizona.

SUMMARY OF FINDINGS

ANNUAL TAX REVENUE IMPACTS BY TAX JURISDICTION

Figure 1 summarizes the annual tax revenue impact by tax jurisdiction of Axon's current activities compared to the potential annual fiscal impact if Axon expands in Scottsdale.

Figure 1: Annual Fiscal Impact by Tax Jurisdiction		
Tax Jurisdiction	Current Impact	Potential Impact
State Tax Revenues	\$14,994,600	\$57,187,200
Income/Payroll Taxes	\$8,081,300	\$29,631,300
Sales Taxes	\$6,017,000	\$24,269,200
VLT/HURF Taxes	\$896,300	\$3,286,700
County Tax Revenues	\$4,426,600	\$17,201,300
Sales Taxes	\$1,390,900	\$5,665,900
Commercial Property Taxes	\$96,800	\$269,900
Residential Property Taxes	\$780,100	\$2,860,200
State Shared Revenues	\$2,158,800	\$8,405,300
Scottsdale Tax Revenues	\$1,387,400	\$11,513,700
Sales Taxes	\$656,400	\$6,692,000
Commercial Property Taxes	\$62,500	\$212,800
Residential Property Taxes	\$546,600	\$3,757,500
State Shared Revenues	\$121,900	\$851,400
Other Commercial Property Taxes	\$473,800	\$1,630,100
Community College District	\$72,500	\$249,400
Paradise Valley Unified School District	\$350,200	\$1,204,700
Central AZ Water District	\$8,900	\$30,700
Fire District Assistance	\$500	\$1,700
Flood Control District	\$9,800	\$33,700
Library District	\$3,100	\$10,800
Maricopa Health District	\$17,300	\$59,500
WEST-MEC	\$11,500	\$39,600
Total Annual Tax Revenue Collections	\$21,282,400	\$87,532,300

SUMMARY OF FINDINGS

AXON'S CURRENT AND POTENTIAL FISCAL IMPACT ON SCOTTSDALE

The fiscal impact on the City of Scottsdale is an estimate of the annual recurring tax revenues compared to City expenses (i.e., public safety, recreation, and other public services) that Axon and its employees generate.

Axon's on-going operations and its employees currently generate an estimated \$1.4M in annual General Fund and property tax revenues for the City of Scottsdale.

The largest component of recurring General Fund revenues are sales taxes, utility taxes, and the revenues allocated to the City from the state's income and sales tax distribution base.

The City property tax estimates include both commercial and residential property taxes from Axon-owned and employee-owned property.

After taking into account the cost of providing municipal services, Axon's current annual net-fiscal impact on the City of Scottsdale is estimated to be \$0.7M.

If built, annual operations of the world headquarters would produce \$7.5M in annual Scottsdale General Fund revenues and \$4.0M in City property tax revenues.

After taking into account the cost of providing municipal services, Axon's projected annual net-fiscal impact on the City of Scottsdale is estimated to be \$10.2M.

Compared to the current fiscal impact, the Axon expansion would generate an annual net-gain of approximately \$9.5M for the City of Scottsdale.

Figure 2: City of Scottsdale Annual Fiscal Impact (\$ in Millions)

	Revenues	Expenditures	Net-Revenues
Current Axon Operations (2023)	\$1.4	\$0.7	\$0.7
Projected Axon Operations	\$11.5	\$1.2	\$10.2
Net-Gain	\$10.1	\$0.6	\$9.5

SUMMARY OF FINDINGS

EXPANDING SCOTTSDALE'S RESEARCH & INNOVATION HUB

According to a recent article from *Scottsdale Progress*, Scottsdale's "development row" has emerged as a cornerstone for innovation.[i]

In addition to Axon's headquarters expansion, ASM International—a leader in semiconductor technology research and development—is set to develop its North American headquarters and research lab and Banner Health is planning a comprehensive medical center in the area.

ASM will relocate approximately 700 jobs from other facilities in the Phoenix metro area to the new campus and add 500 new jobs, for a total of 1,200 high-paying jobs in Scottsdale.[i]

In total, ASM's new headquarters is estimated to cost more than \$400M to build, including land acquisition, building construction, and equipment. [ii]

Over the next decade, the ASM project is estimated to have an economic impact of \$4.1B, according City records.

Recently the Scottsdale City Council unanimously approved \$7.0M in water and sewer line reimbursements to ASM, Banner Health, and retail development specialist De Rito as part of a plan to develop the area.[i]

Banner Health is planning to build a \$400M new medical center with a hospital and adjacent medical office and cancer center that will create an estimated 2,500 jobs.[iii]

City leaders, including Mayor David Ortega, the City Council, and Economic Development Director, have thrown their full support behind the ASM project and the area developing as a prestige innovation hub.[i][ii]

Mayor David Ortega has identified this area as "one of the hottest for development in Maricopa County." Stretching from the new 1,330-unit Optima McDowell Mountain luxury residences to ASM, Banner Health, and Axon's corporate campus, the area is becoming a center of innovation.[i]

This cluster of developments forms a collaborative ecosystem ideal for fostering research and development, fueling Scottsdale's reputation as a tech hub and boosting long-term economic growth.

[i] Scanlon, Tom. "Deals Pave Way for 'Development Row.'" *Scottsdale Progress*, Sept. 23, 2024, <https://www.scottsdale.org/city-news/deals-pave-way-for-development-row/article-9577c7a4-77a0-11ef-b1f9-bb77b5371f0e.html>

[ii] Davis, Ron. "Scottsdale Approves Development Agreement for ASM's New Flagship Facility." *Phoenix Business Journal*, Sept. 20, 2024, <https://www.bizjournal.com/phoenix/news/2024/09/19/scottsdale-approves-development-agreement-asm.html>

[iii] Banner Health, March 20, 2023, <https://www.bannerhealth.com/newsroom/press-releases/banner-health-to-build-medical-campus-in-scottsdale>



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INTRODUCTION

COMPANY OVERVIEW & EXPANSION PLANS IN SCOTTSDALE

This report provides an analysis of Axon's, a leading innovator in public safety technology, impact on the local economy—looking at both its current operations and the potential benefits of its new world headquarters campus proposed for Scottsdale, Arizona.

This includes an evaluation of the company's significant contributions to the broader state economy, job market, personal income, and overall well-being of the local community.

Axon Enterprise, Inc. (a publicly traded corporation listed on the NASDAQ stock exchange with a market capitalization of approximately \$28.2B as of August 19, 2024) is currently headquartered in Scottsdale, Arizona, and employs over 4,100 individuals worldwide.

The company develops technology, software, and products related to handheld self-defense weapons, body cameras, drones, and real-time digital monitoring for military, law enforcement, and civilian customers worldwide.

Given Axon's growth and success, the company has outgrown its existing headquarters and, as a result, seeks to expand into a larger world headquarters.

The proposed expansion is designed to attract and retain top tech talent, create an innovation hub and walkable community for up to 5,500 Axon employees in Scottsdale, and include the company's:

- Global headquarters,
- Research and development facilities,
- Conference and meeting spaces,
- A hotel,
- Residential components, and
- Live-work amenities.

— “*Axon's headquarters expansion will bring significant economic benefits to Scottsdale by generating nearly \$40B in economic activity within the first decade and allowing the company to expand its workforce to 5,500 high-wage, high-tech jobs while creating housing opportunities for its employees and the community. Axon has created a demonstrably strong impact in Scottsdale over the past 20 years, and the company's forward-looking expansion plan will continue to benefit the region for decades to come.*”

- Chris Camacho, President & CEO, Greater Phoenix Economic Council



INTRODUCTION

A CATALYST FOR ECONOMIC DEVELOPMENT

The establishment of a high-tech corporate campus in Scottsdale represents a pivotal development opportunity for the local economy and community.

Historically, high-tech corporate expansions have been known to stimulate growth in the surrounding areas and lead to increased property values as the area becomes more desirable and high-wage individuals relocate nearby.

For example, Sugar Land, Texas, is home to the headquarters of 19 different companies in the oil, gas, and energy sector, the advanced manufacturing industry, and the research and development sector.

The strategic location was chosen by these companies because labor pool, access to local global markets, and vicinity to various higher education universities and colleges.[1]

This abundance of talent has streamlined and facilitated the recruitment process of companies, allowing them to hire top-tier candidates.

As a result, an interconnected and comprehensive ecosystem of forward-thinking companies has emerged, supported by the essential educational infrastructure required for long-term success.

Between 2015 and 2020, employment growth in Sugar Land, Texas, increased significantly by approximately 14%, surpassing both the national and regional averages by twice and more than three times, respectively.[1]

Additionally, nearly 60% of residents aged 25 and above hold a bachelor's degree or higher in the region. Moreover, local employers benefit from accessible resources, as there are over half a million college graduates within a 30-minute drive of Sugar Land.

Securing a corporate headquarters is a noteworthy attainment for any economic development organization or endeavor. Such developments highlight and validate a region's pro-business climate, quality infrastructure, and workforce capabilities.

They also play a pivotal role in job creation, stimulating demand for goods and services and fostering innovation within their respective sectors. Moreover, strategically placing a company's headquarters can lead to streamlined supply chain operations, cost reduction, and heightened market agility.

[1] Huff, Elizabeth. "Beyond Buildings: The Economic Impact of Corporate Headquarters." Trade and Industry Development, 19 Mar. 2024. www.tradeandindustrydev.com/industry/back-office/call-centers/data-centers/beyond-buildings-economic-impact-corporate-32925#:~:text=Attracting%20corporate%20headquarters%20s%20a,innovation%20n%20their%20respective%20industries.

AXON'S CURRENT ECONOMIC IMPACT

AXON'S CURRENT DIRECT ECONOMIC IMPACT

Axon is a significant contributor to Scottsdale and the state's economies.

According to the Maricopa Association of Governments, Axon is a top 10 employer in Scottsdale. Axon has also been recognized as an award-winning employer in Arizona's technology industry.[2]

Axon's contribution to the local economy is significant as it creates high-paying jobs and supports other high-tech businesses to the region.

With its innovative solutions and technological advancements, Axon has positioned itself as one of the leading companies in the technology industry.

The positive impact of Axon's presence is a testament to its commitment to excellence and its contribution to the region's growth and development.

By fostering a culture of innovation and progress, Axon has helped reinforce the City's reputation as a hub of technological advancement.

[2] "The Best Employers in Arizona," BestCompaniesAZ, 4 Sept. 2023, bestcompaniesaz.com/best-employers-phoenix-arizona/.

As of December 2023, Axon directly employed approximately 1,500 workers in Arizona and added a total of \$150.8M in direct labor to the state. Axon generated a direct economic impact of \$435.4M throughout the state.

Axon and its employees generated \$6.1M in direct tax revenues for the state, \$1.6M for the state's counties, and \$0.5M for the City of Scottsdale. These tax revenues include personal income taxes, residential and commercial property taxes, and sales taxes, among others.

Additionally, Axon contributes approximately \$0.5M in commercial property tax revenues for local schools, the community college, and other local districts (e.g., library, flood, health, etc.).

Axon's direct economic and tax revenue impacts include:

- 1,500 direct jobs with \$150.8M in combined wages and salaries,
- \$435.4M in economic output,
- \$6.1M in state tax revenues,
- \$1.6M in county tax revenues,
- \$0.5M in Scottsdale tax revenues, and
- \$0.5M in commercial property tax revenues for local schools, the community college, etc.

AXON'S CURRENT ECONOMIC IMPACT

AXON'S CURRENT SECONDARY & TOTAL IMPACT

Axon's direct activity supported an additional 3,635 indirect and induced (i.e., secondary) jobs at local supplier companies, retail stores, restaurants, hotels, hair salons, car repair shops, transportation companies, etc.

Indirect jobs are created when a company's operations lead to increased demand for goods and services within the supply chain. Induced jobs arise when employees of the company and its suppliers spend their wages in the economy, boosting demand for goods and services across a broader range of industries.

Approximately \$183.8M in labor income was earned by the 3,635 secondary jobs. The indirect and induced activity generated \$534.5M in economic output. Indirect and induced activity generated \$8.8M in state tax revenues, \$2.8M in county tax revenues, and \$0.9M in Scottsdale tax revenues.

This includes sales taxes and property taxes generated by employee spending and employee-owned homes.

In 2023, the annual operations of Axon statewide supported a total of 5,135 jobs with \$334.6M in labor income, and \$1.0B in economic output.

Additionally, Axon's annual activities generate a total of \$21.3M in state and local tax revenues, including \$15.0M in state tax revenues, \$4.4M in county tax revenues, \$1.4M in Scottsdale tax revenues, and \$0.5M in commercial property tax revenues for other local tax jurisdictions including local schools, the community college, fire assistance, etc.

Note: The Scottsdale tax revenues include \$0.8M in Scottsdale General Fund revenues and \$0.6M in Scottsdale property taxes.

Figure 3: Axon's Current Annual Economic Impact

Impact Type	Direct	Secondary	Total
Jobs	1,500	3,635	5,135
Labor Income	\$150,800,000	\$183,824,300	\$334,624,300
Economic Output	\$435,393,400	\$534,477,100	\$969,870,500
Tax Revenues	\$8,814,800	\$12,467,700	\$21,282,500
State Taxes	\$6,169,600	\$8,825,000	\$14,994,600
County Taxes	\$1,635,800	\$2,790,800	\$4,426,600
City Taxes	\$535,500	\$851,900	\$1,387,400
Other Taxes	\$473,900	\$ -	\$473,800



AXON'S POTENTIAL ECONOMIC IMPACT

AXON'S PROPOSED EXPANSION & CONSTRUCTION IMPACT

The project plans include a hotel with 425 rooms, residential buildings with 1,975 units, 50,000 square feet of commercial space, and 400,000 square feet of office and research and development space.

In total, the Axon corporate campus and headquarters will consist of over 1.5M square feet of office, commercial, and residential space in Scottsdale.

The entire project is estimated to cost \$1.3B to build over multiple years, including \$251.4M for the hotel, \$733.4M for the multi-family development, \$294.6M for the office development, and \$14.1M for offsite development costs.

Construction of Axon's planned expansion is estimated to support 2,100 direct construction-related workers, \$567.5M in labor income, and \$1.4B in direct economic output per year over a five-year period.

Arizona, counties throughout the state, and Scottsdale would collect \$74.1M, \$22.6M, and \$21.9M, respectively, in direct tax collections from construction sales taxes and construction worker income and spending.

Each year during construction, direct construction activity would support 1,400 indirect and induced jobs and \$378.2M in labor income at local supplier companies and other businesses. Indirect and induced activity would generate \$1.2B in economic output.

The income earned and spending of the 1,400 jobs would generate \$26.5M in state and local tax revenues.

In total, construction activity would support 3,500 jobs per year over the five-year period. These employees would earn \$945.7M in labor income. Construction activity would generate \$2.6B in economic activity over the same period.

Overall, construction activity would generate \$92.0M in State taxes, \$28.1M in county taxes, and \$25.1M in City taxes over five years.

This includes construction sales taxes, income taxes, and sales taxes from employee spending. Additionally, construction of the project would generate an estimated \$1.5M in permitting and development fees for the City.

AXON'S POTENTIAL ECONOMIC IMPACT

ECONOMIC IMPACT OF AXON'S PLANNED CONSTRUCTION

Figure 4 summarizes the estimated five-year economic and tax revenue impact generated by the construction of the proposed Axon expansion in Scottsdale.

Figure 4: 5-Year Economic & Fiscal Impact of Construction				
Impact Type	Direct	Indirect	Induced	Total
Jobs (Annual)	2,124	444	971	3,539
Labor Income	\$567,457,100	\$143,836,700	\$234,356,800	\$945,650,500
Economic Output	\$1,427,400,000	\$437,172,800	\$725,444,000	\$2,590,016,800
Tax Revenues	\$118,627,800	\$9,300,000	\$17,217,800	\$145,145,600
State Taxes	\$74,120,000	\$6,404,900	\$11,430,500	\$91,955,400
County Taxes	\$22,588,800	\$1,849,400	\$3,677,800	\$28,116,000
City Taxes	\$21,919,000	\$1,045,700	\$2,109,500	\$25,074,200

Note: May not sum to total due to rounding.

AXON'S POTENTIAL ECONOMIC IMPACT

EXPANDING AXON'S ECONOMIC FOOTPRINT IN SCOTTSDALE

Axon's proposed expansion will have significant positive effects on Scottsdale and its residents.

The expansion will increase Axon's current economic footprint in Scottsdale, contributing to the growth of local businesses, generating employment opportunities, increasing tax revenues, and stimulating the area's overall economic development.

The hotel and conference space will allow Axon to host conferences and meetings for customers and partners, ranging from one to five days, with between 40 and 2,000 attendees visiting Scottsdale.

For instance, Axon's recurring user conference, Axon Accelerate, attracts approximately 2,000 attendees each year.

Business travelers typically have a higher per diem spending rate compared to leisure travelers, and business travel tends not to be as seasonal as leisure travel.

The approximate 18,200 annual business travelers expected to attend Axon's conferences will help stabilize demand for local travel-related services throughout the year.

This will boost sales at local restaurants, retailers, and other local businesses in Scottsdale by nearly \$26.4M per year. Additionally, Axon employees travel often for other conferences and meetings.

The influx of business travelers will contribute to an increase in activity at the Scottsdale Airpark, specifically for private air travel and for companies such as JSX. Other transportation services, such as ground transportation, will also benefit from the increased activity.

Once complete and fully operational, Axon's annual day-to-day business activities and employee/business-traveler spending will support:

- 18,800 jobs with \$1.2B in labor income,
- \$3.6B in economic output,
- \$57.2M in state tax revenues,
- \$17.2M in county taxes,
- \$11.5M in Scottsdale tax revenues, and
- \$1.6M in commercial property tax revenues for local jurisdictions (i.e., schools, fire/medical district, etc.).

Note: The annual tax revenue gains include retail sales taxes, bed taxes, income taxes, vehicle license taxes and fees, and State-Shared Revenues.

AXON'S POTENTIAL ECONOMIC IMPACT

ANNUAL ECONOMIC AND TAX REVENUE IMPACTS

Figure 5 summarizes the estimated annual economic and tax revenue impacts estimated to be generated by Axon's daily operations if the project is developed.

Figure 5: Potential Annual Economic and Tax Revenue Impact

Impact Type	Direct	Indirect	Induced	Total
Jobs (Annual)	5,500	7,023	6,306	18,828
Labor Income	\$552,933,300	\$369,746,800	\$304,275,700	\$1,226,955,800
Economic Output	\$1,596,442,300	\$1,017,862,900	\$941,886,400	\$3,556,191,600
Tax Revenues	\$39,084,000	\$26,095,600	\$22,352,700	\$87,532,300
State Taxes	\$24,828,500	\$17,519,000	\$14,839,700	\$57,187,200
County Taxes	\$6,968,300	\$5,458,500	\$4,774,500	\$17,201,300
City Taxes	\$5,657,100	\$3,118,100	\$2,738,500	\$11,513,700
Other Taxes	\$1,630,100	\$ -	\$ -	\$1,630,100
Community College	\$249,400	\$ -	\$ -	\$249,400
Paradise Valley Unified	\$1,204,700	\$ -	\$ -	\$1,204,700
Central AZ Water	\$30,700	\$ -	\$ -	\$30,700
Fire District Assistance	\$1,700	\$ -	\$ -	\$1,700
Flood Control District	\$33,700	\$ -	\$ -	\$33,700
Library District	\$10,800	\$ -	\$ -	\$10,800
Maricopa Health District	\$59,500	\$ -	\$ -	\$59,500
WEST-MEC	\$39,600	\$ -	\$ -	\$39,600

Note: May not sum to total due to rounding.

AXON'S POTENTIAL FISCAL IMPACT

AXON'S PROJECTED FISCAL IMPACT ON THE CITY OF SCOTTSDALE

The projected fiscal impact on the City of Scottsdale represents an estimate of the yearly recurring tax revenues and expenses associated with Axon's expansion.

To calculate the impact on the City's expenditures, the specific expenses likely to be affected by the increase in jobs and population due to Axon's expansion were first identified. This included:

- Administrative Services (e.g., Mayor and Council, City Manager, City Court).
- Community Services (e.g., Human Resources, Economic Development, Parks and Recreation).
- Public Safety (e.g., Police and Fire Services).
- Public Works (e.g., Capital Improvements and Facilities Management).

Data from the U.S. Census Bureau was then used to estimate the proportion of the City's workforce that resides within the City, creating a resident equivalent.

The total identified expenditures were divided by the population estimate to generate a per capita figure. This per capita estimate was subsequently multiplied by the resident equivalent to determine the overall fiscal impact on the City's expenditures.

Once built and fully operational, annual operations of Axon's world headquarters would produce \$7.5M in annual Scottsdale General Fund revenues and \$4.0M in City commercial and residential property tax revenues.

The expected cost of providing municipal services to Axon's resident equivalent is estimated to total \$1.3M each year.

After taking into account the cost of providing municipal services, Axon's projected annual net-fiscal impact (i.e., estimated revenues minus expenditures) on Scottsdale is estimated to be \$10.2M.

Figure 6: Projected Fiscal Impact on the City of Scottsdale

Revenues		Expenditures	
Sales Taxes	\$4,953,100	Admin. Services	\$218,000
Bed Taxes	\$1,738,900	Community Services	\$274,100
Commercial Property Tax	\$212,800	Public Safety - Fire	\$253,300
Residential Property Tax	\$3,757,500	Public Safety - Police	\$475,700
State Shared Revenues	\$851,400	Public Works	\$104,300
Total	\$11,513,700	Total	\$1,325,400
Net-Revenue		\$10,188,300	

IMPLICATIONS OF A NON-APPROVAL

UNINTENDED CONSEQUENCES - AXON EXPANSION VS ALTERNATIVE

If the expansion plans are not approved, it could have severe repercussions for the company, its employees, and the community.

The company could be forced to move out of Scottsdale and the state, creating significant job losses, including the loss of high-paying positions.

Moreover, the company's departure could negatively impact Scottsdale's ability to attract other high-value businesses.

Businesses typically locate in areas where the labor supply matches their needs, creating industry clusters. The area could lose out on future investment opportunities with the departure of a high-quality industry, which could have significant long-term consequences for the community's economic growth.

If Axon were to leave the Scottsdale area, the building and land where the company is currently located would become available.

There is a risk of less productive and lower-quality businesses locating on the site and/or redeveloping it to match the light industrial use of the property.

Companies that could come in and take over would likely include packaging businesses, light manufacturing, warehousing, or distribution facilities.


For example, an alternative use of the site could include a warehouse and distribution center.

While the operations of such a development would create job opportunities, it would increase truck traffic, noise, and displace current high-wage jobs and potentially lower the value of surrounding properties.

The economic impact of a warehousing and distribution center operating in the place of the Axon expansion was modeled for comparison.

The alternative use of the site would:

- Support 17,400 fewer jobs,
- Produce \$1.2B less labor income,
- Generate \$3.4B less in economic activity each year, and
- The City of Scottsdale would forego nearly \$8.0M in tax revenue collections each year.



ADDITIONAL CONSIDERATIONS

AXON'S SOLUTION TO RECRUITING & HOUSING ISSUES

A challenge that Axon and its workforce faces is a lack of nearby high-quality housing options, which has made it difficult for Axon to recruit and relocate highly skilled workers and for current workers to find adequate housing near their workplaces.

This has resulted in a mismatch between the available job opportunities and the required housing, creating a significant barrier to the company's growth.

Housing availability plays a critical role in an employer's location choices, expansion plans, and ability to attract and retain a diverse workforce.

Axon has put together plans to create a residential complex on the corporate campus that will be income-matched housing for employees and other community residents.

The purpose of providing the residential space is to provide nearby housing for its employees to live closer to their place of work.

The project also includes plans to incorporate a hotel and a range of retail and restaurant developments. The commercial spaces are intended to serve the on-site residents and the local community.

Those who oppose multi-family developments tend to do this because they have a preconceived idea that apartments bring lower property values, more traffic, crowding at schools, or change the community character, and will ultimately worsen their existing lifestyles.

A Harvard study and local household data from the U.S. Census Bureau provide evidence demonstrating that apartment complexes have fewer persons per household, and fewer school children on average than single-family households.

Additionally, the study and data demonstrate that not only are there more cars per household in single-family households than in multi-family households, but each of those single-family cars creates more traffic and has a higher demand for parking spaces at stores, offices, schools, and other facilities.[3][4]

Other studies also provide evidence that additional housing options, such as multi-family rentals, enhance both local property values and increase public safety.

[3] Obrinsky, Mark, and Debra Stein. "Overcoming Opposition to Multifamily Rental Housing." Joint Center for Housing Studies: Harvard University, Mar. 2007. https://doi.org/https://www.jchs.harvard.edu/sites/default/files/rr07-14_obrinsky_stein.pdf.

[4] Hipp, John, et al. "THE IMPACT OF AFFORDABLE HOUSING ON HOUSING & CRIME IN ORANGE COUNTY." Livable Cities Lab; University of California - Irvine: School of Social Ecology, Department of Criminology, Law and Society, 8 June 2022.

ASSUMPTIONS AND METHODOLOGY

ECONOMIC & FISCAL IMPACTS

Economic and tax revenue impact models can be used to measure existing activity and potential expansions or contractions of an area's economy.

Typically, the level of *economic impacts* resulting from the activity is estimated in terms of *economic output*, *labor income*, and *jobs*.

These economic impacts are defined as:

- *Economic output* captures the broader level of economic activity, or the total value of goods and services produced in the region. This is similar to how statistics like gross domestic product ("GDP") capture economic volume.
- *Labor income* measures the total change in employee-earned wages throughout the economy.
- The *jobs* estimate represents the total annual number of full-time (or equivalent) jobs.

Tax revenue impacts calculate the effects of a project on government revenues and expenditures. This includes estimating changes in tax revenues (e.g., property, sales, income taxes) and public service costs (e.g., administrative, park services, public safety) resulting from the project.

The tax revenue estimates were calculated for the State of Arizona, all counties within the state, the City of Scottsdale, and local school, public safety, flood, and other similar districts.

The tax revenue categories include:

- Construction taxes (i.e., sales tax on gross prime contracting revenues).
- Sales taxes (i.e., sales tax on retail, food, beverage, utility use, transportation, and other goods sold).
- Bed taxes (i.e., tax on transient lodging).
- Income taxes (i.e., state income and payroll taxes).
- Commercial property taxes (i.e., tax levied on commercial real and personal property including buildings, land, and equipment).
- Residential property taxes (i.e., tax levied on residential real property including single- and multi-family homes).
- State-Shared Revenues (i.e., the state income and sales taxes distributed to counties and cities based on a statutory formula and population).

The estimated tax revenues are based on the Arizona Department of Revenue's tax rate table and local tax structures.[5]

[5] "Transaction Privilege and Other Tax Rate Tables." Arizona Department of Revenue, https://azdor.gov/sites/default/files/document/TPT_RATE_TABLE_09012024.pdf

ASSUMPTIONS AND METHODOLOGY

MULTIPLIER EFFECT

The economic effects of the initial activity create additional activity in the regional economy. This relationship is known as the “multiplier” or “ripple” effect.

The basis for *multiplier effects* is the interdependencies between industries, how one industry impacts other sectors, and the cycle of spending and re-spending within the regional economy.

- *Direct effects*, or impacts, measure business activity at an individual site or the initial economic change attributed to the development under consideration.
- For instance, direct impacts would include the property taxes levied on the Axon-owned real and personal property and the sales taxes levied on Axon employee spending.
- *Indirect impacts* capture additional output, earnings, and employment changes generated by increased demand in the industries that supply services or products to the direct business or development under consideration.
- For example, indirect impacts would include the sales taxes collected as indirect supplier-jobs shop at local gas stations, stores, etc.
- *Induced impacts* capture additional impacts generated by increased spending in the local economy by the households of both the direct and indirect employees.
- For instance, induced impacts include the sales taxes collected as induced employees (e.g., the gas station and grocery store jobs) spend their income locally.

The Rounds Consulting Group proprietary economic impact model employs this input-output methodology and uses Arizona-specific IMPLAN multipliers and adjustments, a standard practice in economic impact modeling.

The IMPLAN (Impact Analysis for PLAnning) model is an economic analysis software that is commercially available through the Minnesota IMPLAN Group.

The IMPLAN model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services.

The results of the IMPLAN model identifies how spending filters through the supply chain. This allows users to identify how a change in demand for one industry will affect other industry sectors in a given geographic region.[6]

[6] “How IMPLAN Works.” IMPLAN, <https://support.implan.com/hc/en-us/articles/360038285254-How-IMPLAN-Works>

ASSUMPTIONS AND METHODOLOGY

FISCAL IMPACT ON SCOTTSDALE

The following section provides additional detail and outlines the assumptions used to calculate the fiscal impact.

To calculate the impact on the City's expenditures, we first identified the specific expenditures likely to be affected by the increase in jobs and population due to Axon's expansion.

Utilizing the City's Adopted Budget for Fiscal Year ("FY") 2025,[7] the identified Scottsdale General Fund expenditures included:

- *Administrative Expenditures:* Mayor and City Council, City Attorney, City Auditor, City Clerk, City Court, City Manager, City Treasurer, and Administrative Services.
- *Community Service Expenditures:* Economic Development, Human Services, Library Systems, Parks & Recreation, Planning and Business Operations, Preserve Management and WestWorld.
- *Public Safety - Fire/Police:* Police, Fire, and Emergency Response.
- *Public Works:* Capital Project Management and Facilities Management.

Using the latest data from the U.S. Census Bureau, we estimated the proportion of the City's workforce that resides within the Scottsdale (i.e., 15.7%), creating a resident equivalent.[8]

The total identified expenditures were then divided by the Arizona Office of Economic Opportunity 2023 population estimate for the City (i.e., 248,542) to generate a per capita figure.[9]

This per capita estimate, \$1,535, can be subsequently multiplied by the resident equivalent to determine the overall impact on the City's expenditures.

[7] "Adopted FY 2024/25 Budget," City of Scottsdale, June 4, 2024, https://www.scottsdaleaz.gov/docs/default-source/scottsdaleaz/finance/budget-reports/fy-2024-25-adopted-budget-ordinance-and-state-forms.pdf?sfvrsn=538bd3b_1

[8] "Longitudinal Employer-Household Dynamics," U.S. Census Bureau, https://lehd.ces.census.gov/applications/help/onthemap.html#mapping_terms

[9] "Population Estimates," Arizona Office of Economic Opportunity, <https://oeo.az.gov/population/estimates>

Figure 7: City of Scottsdale FY 2025 Adopted Budget

Total General Fund Expenditures	\$621,671,400
Administrative Services	\$62,751,500
Community Services	\$78,888,700
Public Safety - Fire/Police	\$72,897,600
Public Works	\$136,918,700
Total Identified Expenditures	\$351,456,500

Note: May not sum to total due to rounding.

Source: City of Scottsdale Adopted FY 2024/25 Budget

ASSUMPTIONS AND METHODOLOGY

LIMITING CONDITIONS

The analysis is based, in part, on data provided by Axon and secondary sources such as federal, state, and local governments and organizations. While RCG believes that these sources are reliable, we cannot guarantee their accuracy.

The assumptions and data used in this analysis are subject to marginal uncertainty and variation. Therefore, actual impacts may vary, and some impacts may not materialize due to unanticipated events and changing circumstances.

To accurately interpret the findings, it is essential to utilize the entire report. Partial use may lead to misinterpretations of the data and conclusions drawn from it.

While every effort has been made to ensure the accuracy and reliability of the information presented in this report, unforeseen changes in economic conditions may impact the validity of the estimates over time.

Users are advised to consider this report as a snapshot based on current data and to exercise caution when applying it to future scenarios or policy decisions without updated analysis.

Figure 8: Analysis Assumptions

Axon Current Employment - Arizona (2023) [a]	1,500
Axon Current Employment - Scottsdale (2023) [a]	800
Axon Projected Employment (Capacity) [a]	5,500
Axon Average Annual Wage [a]	\$100,500
Portion of Workforce that Lives in Scottsdale (2021) [b]	15.7%
Scottsdale Population (2023) [c]	248,542
Total Capital Expenditures - Axon HQ [d]	\$1.3B
Annual Business-Travelers [a]	18,150
Average Spending per Day [e]	\$771
Lodging	\$272
Food and Beverage	\$158
Transportation (excluding airfare)	\$123
Recreation and Health and Wellness	\$111
Retail	\$108
Multi-Family Units [a]	1,975
Hotel Rooms [a]	425
Average Daily Room Rate [f]	\$220
Average Occupancy Rate [f]	65%
Retail Square Feet [a]	47,180
Retail Sales per Square Feet [f,g]	\$300
Office, Conference, and R&D Square Feet [a]	401,850

Sources:

- [a] Axon Enterprise, Inc.
- [b] U.S. Census Bureau
- [c] Arizona Office of Economic Opportunity
- [d] Oakland Construction Company, Inc.
- [e] Arizona Office of Tourism
- [f] CoStar Group, Inc.
- [g] Esri, Inc.

ABOUT THE AUTHORS

Rounds Consulting Group is a leading economic and policy advisory firm founded by economists, Jim Rounds and Luis Cordova.

Our firm excels in translating complex economic data into actionable insights for policymakers, government agencies, private companies, and non-profit organizations.

We specialize in creating detailed impact models that forecast the economic and government tax revenue effects of proposed policies, business expansions/relocations, real estate developments, and industry-wide activity, to name a few.

Our expertise extends to robust data collection, advanced research, strategic planning, and sophisticated revenue forecasting for state, county, and city governments.

For more details about our services and expertise, please visit us at: www.roundsconsulting.com

This report was prepared by Jim Rounds, Luis Cordova, and Alexis Frazier



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Jim regularly provides advice to policymakers at the Arizona State Capitol, mayors throughout the state, city council members, county board members, and other public and private leaders.



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