Surprise, AZ Processing Site —Economic Impact Analysis

Summary: The Department of Homeland Security plans to make a major economic investment in a new detention facility in **Surprise, Arizona**. DHS estimates it will spend **$150 million** retrofitting the facility during construction and an estimated **$180 million** to operate the facility in the first three years. Including all ripple effects to the Arizonia economy, this facility will support a total of **1,372** jobs during construction and **486** jobs each year of operation.

Highlights:

- The construction for the **Surprise Processing Site** would support **1,372** jobs with an associated Labor Income of **$115 million**, contribution to GDP of **$154.1 million**, Output of **$297 million**, and taxes of **$32.9 million**.

- The annual operations of the proposed **Surprise Processing Site** would support a total of **486** jobs across the **Arizona** region.

- Annual operation of the Processing Site would support **$57.4 million** in Labor Income in **Surprise**.

- The annual spending on operations would support **$83.8 million** in contribution to GDP and **$102.5 million** in Output across **Arizona**.

- Approximately **$16.4 million** in local, state, and federal tax revenue would be generated by annual operations, including sales tax and income tax.

Modeling and Analysis

These results are based on a standard input–output (I-O) economic impact model. We modeled the retrofit as construction of a new commercial facility that does not pay state or local taxes, consistent with its status as a federal facility, and modeled ongoing operations using the institutional spending pattern of a typical federal, non-defense operation located in Arizona. The I-O model then used detailed data on Arizona's economy, including industry linkages, wages, and household spending patterns, to estimate how the project's construction and operating spending would ripple through the state in terms of jobs, income, economic output, and tax revenues.

Economic Impact of Surprise Processing Site

Retrofit (Year 2026)

Retrofit cost of the **Surprise Processing Site** in **2026** is **$150 million**. This direct spending by the developer of the **Surprise Processing Site** in the construction industry would support an additional **754** jobs, **$69.8 million** in Labor Income, **$69.8 million** in contribution to GDP, and **$150 million** in Output for the duration of the retrofit phase in the **Arizona** economy. This results in a total one-time economic impact of **1,372** jobs earning **$115 million** in Labor Income, **$154.1 million** in contribution to GDP, and **$297 million** in Output to the region.

Economic Impact of Retrofit Year 2026[1]

	Employment	Labor Income	Contribution to GDP	Output
Direct	754	$69,832,301	$69,832,301	$150,000,000
Indirect	216	$18,547,572	$30,784,867	$61,027,005
Induced[2]	402	$26,573,328	$53,487,108	$85,963,311
Total	1,372	$114,953,201	$154,104,276	$296,990,316

The retrofit of **Surprise Processing Site** would also support tax revenues during the retrofit phase. The total impact for sub county general taxes (city/township) is estimated at **$1.3 million**. Sub county special district taxes (police, fire, schools, etc.) are estimated at **$1.4 million**. County taxes are estimated at **$506,044**. State taxes are estimated at **$4.9 million**. Federal taxes are estimated at **$24.7 million**. This totals **$32.9 million** in supported tax revenues from the retrofit phase of the project.

Tax Impact of Retrofit Year 2026[3]

	Sub County General	Sub County Special District	County	State	Federal	Total
Direct	$5,773	$37,118	$10,778	$698,020	$13,649,854	$14,401,543

[1] All dollar values are presented in 2026 USD. Numbers may not sum to total due to rounding.

[2] Induced effects may vary depending on the nature of the workforce used to complete construction activities. Companies sometimes hire traveling crews that only stay in the region during the construction phase, which changes the local impact.

[3] All dollar values are presented in 2026 USD. Numbers may not sum to total due to rounding.

	Sub County General	Sub County Special District	County	State	Federal	Total
Indirect	$437,732	$483,034	$170,311	$1,476,029	$4,346,464	$6,913,570
Induced	$838,258	$920,776	$324,955	$2,764,374	$6,738,755	$11,587,118
Total	$1,281,763	$1,440,928	$506,044	$4,938,423	$24,735,073	$32,902,231

Operations (Year 2026)

Operations have a direct output value of **$57.9 million**. **$43.5 million** is paid in Labor Income to the estimated **277** employees and **$1.8 million** is spent on purchasing goods and services. This represents a total economic impact of **486** jobs earning **$57.4 million** in Labor Income, **$83.8 million** in contribution to GDP, and **$102.5 million** in Output to the **Arizona** economy.

Economic Impact of Operations Year 2026[4]

	Employment	Labor Income	Contribution to GDP	Output
Direct	277	$43,526,480	$56,123,397	$57,891,713
Indirect	9	$643,514	$1,051,774	$1,884,177
Induced	200	$13,204,509	$26,582,532	$42,723,199
Total	486	$57,374,503	$83,757,703	$102,499,089

The total impact on sub county general taxes (city/township) is estimated at **$449,103**. Sub county special district taxes (police, fire, schools, etc.) are estimated at **$512,006**. County taxes are estimated at **$179,243**. State taxes are estimated at **$2 million**. Federal taxes are estimated at **$13.2 million**. This totals **$16.4 million** in supported taxes due to operations.

[4] All dollar values are presented in 2026 USD. Numbers may not sum to total due to rounding.

Tax Impact of Operations Year 2026[5]

	Sub County General	Sub County Special District	County	State	Federal	Total
Direct	$22,737	$43,522	$13,920	$581,576	$9,718,701	$10,380,456
Indirect	$9,854	$10,971	$3,860	$36,611	$151,082	$212,378
Induced	$416,512	$457,513	$161,463	$1,373,609	$3,348,759	$5,757,855
Total	$449,103	$512,006	$179,243	$1,991,796	$13,218,542	$16,350,690

[5] All dollar values are presented in 2026 USD. Numbers may not sum to total due to rounding.