

2006 Net Economic Benefit Analysis

The Economic Benefits of the Cow Creek Tribe to Douglas County, Oregon in 2006

Prepared for the Cow Creek Band Of
Umpqua Tribe Of Indians

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March 12, 2007

Executive Summary

The Cow Creek Band of Umpqua Tribe of Indians (“Cow Creek”) engaged ECONorthwest to study the economic impacts of the Cow Creek on Douglas County, Oregon in 2004. In the last two years the Tribe’s businesses, charitable donations, and services spending have increased significantly. In addition the economy of Douglas County has grown. As a result, the Tribe asked ECONorthwest to update the analysis using the latest information. This report measures the impacts this spending has had on Douglas County in 2006.

Overview

The Cow Creek are indigenous to Douglas County. Since 1992, with resources derived from gaming, the Tribe has invested heavily in local economic development projects, spent many millions of dollars on social programs, and donated large sums to area charities and local governments. The question this report helps answer is what impact is this spending having on Douglas County?

To answer this, ECONorthwest conducted two analyses. The first determined how much better off the Douglas County economy was in 2006 because of the Cow Creek by measuring economic impacts. The second analysis counted the total property taxes paid by Cow Creek employees either through direct homeownership or indirectly through apartment rents in Douglas County.

The results of these analyses are described in four parts of this report:

- **Section One** is the executive summary, which highlights the major research findings contained in this report (page 1).
- **Section Two** provides background information on the Douglas County economy, the Cow Creek, Indian tribes, and the methodologies and data used in this analysis (page 3).
- **Section Three** discusses the results from of the economic impact analysis (page 15).
- **Section Four** delves into the results of an analysis of property tax records to report on the actual property taxes on housing occupied by employees of the Cow Creek Tribe Douglas County (page 22).

Major Findings

The analysis presented in this report found that the Cow Creek, through its government and economic development activities in Douglas County, had significant economic impacts on the local economy in 2006. Specifically:

- In 2006, the Cow Creek increased their charitable contributions to a record \$1,833,838 of which \$1,302,665 went to charitable and community causes in Douglas County (Page 7).
- About 1,271 people work for the Cow Creek Tribe and its various businesses. Of these, 95.7 percent work in Douglas County and 94.9 percent live in the county (Page 15).
- Because of the economic stimulus provided by the Cow Creek and its enterprises, Douglas County overall saw \$142 million in additional economic output and \$56 million in added wage income during 2006 than it otherwise would have experience had the Cow Creek not been a contributor to the local economy (Page 16).
- Without the economic benefits the Cow Creek provide, the county economy would lose 3.7 percent of its annual payrolls, 4.1 percent of its employed workers, and sustain a loss of nearly one thousand tax-paying households (Page 21).
- Like other governments, lands held in trust for the Cow Creek are exempt from property taxes. However, Furthermore, the Cow Creek held only 2.1 percent of all the tax-exempt property in Douglas County while the employees of the Tribe and its tribal businesses paid in excess of one million dollars in residential property taxes. Other types of property holders that account for greater shares of all the exempt property in the County include disabled veteran homeowners, farmers, owners of forests, religious organizations, and local and federal governments (page 23).

Section II **Background and Methodologies**

To provide a context for the analysis, this report begins with a description of the Douglas County economy, and an overview of the Cow Creek and federally recognized tribes. This section also includes discussions of the data and methodologies used in this research.

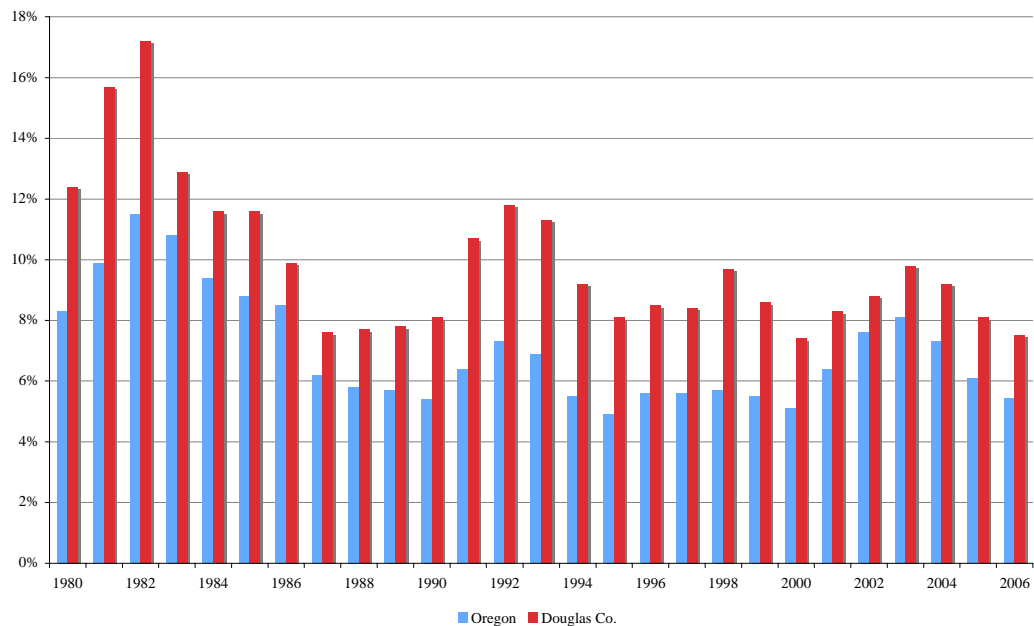
Douglas County's Economy

Over half of Douglas County's land is federally controlled forest. Thus, while it is Oregon's fourth largest county in area, Douglas County ranks only ninth in population with 103,815 people.

Historically Douglas County has been timber-dependent. In the late 1970s, the wood products industry accounted for 30 percent of the non-farm jobs. Since then reductions in logging, environmental restrictions, mill closures, and laborsaving innovations all contributed to a decline in industry employment. Currently, only about 14 percent of the county's workforce is in the forest products industry.¹

The loss of high paying timber jobs over the years has caused the county to exhibit persistently high unemployment. Figure 1 compares the unemployment rates in Douglas County and the State of Oregon since 1980.

Figure 1: Average Annual Unemployment Rates for Douglas County and the State of Oregon, 1990 to 2006



Source: Oregon Employment Department.

¹ Rooney, B. Douglas County continues to add population and diversify its industry mix. Oregon Employment Department. February 1, 2006.

Figure 1 shows that the gap between the state and county level unemployment rates was particularly large in the past, but has narrowed considerably since. That improvement coincides with the emergence of the Cow Creek Tribe as a major employer, and source of economic expansion and diversification in Douglas County.

In 1992, the year when the Cow Creek opened their modest bingo hall in Canyonville, the county's unemployment rate peaked at 11.8 percent. After adding a new casino, numerous expansions including a hotel and other business developments, the Cow Creek have been able to provide jobs for many more people. Meanwhile, other employers have established themselves or expanded, thus, allowing the County's economy to become more diversified and helping to lower unemployment. The unemployment rate in Douglas County has been clearly been on a downtrend since 1992 and in 2006 it was at its second lowest level in the last 27 years.

Today, the Cow Creek Tribe and their businesses employ about 1,271 people and of those, 1,216 work in Douglas County. One payroll job out of every 32 in the county is at a Cow Creek business or government establishment.

The Cow Creek

Douglas County is the home of the Cow Creek Umpqua Indians where they manage various tribal government departments and businesses. In 2006, the Cow Creek Tribe spent over \$165 million—most of it in Douglas County to pay wages and benefits, cover the costs of construction, and purchase goods and services.

While a major force in the local economy today, the Cow Creek struggled for many years although they have occupied the territories encompassing present-day Douglas County for probably thousands of years.

History

The Cow Creek occupy the inland areas of what is today Douglas County, Oregon. In 1853, soon after the discovery of gold in southwest Oregon, the Tribe entered into a treaty which ceded their land to the federal government for 2.3 cents an acre—a tiny fraction of the true market value at that time. The initial Cow Creek reservation was settled and sold by non-Indians after the Tribe was scattered in the wave of “terminations” following the Rogue Valley War.

In 1954, Congress terminated the Cow Creek Band. After a long struggle, the federal government reversed its position and disavowed termination. On December 27, 1982, President Reagan signed "PL 97-391," which restored the Cow Creek as an Indian tribe. Formal relations with the United States Government were re-established through its trust agency, the Bureau of Indian Affairs (“BIA”).²

² <http://www.cowcreek.com/story/x01history/index.html>

Following recognition by the federal government, the Cow Creek sought compensation for its 1853 land claims. In 1988, after a protracted battle, the Cow Creek received a \$1.5 million settlement from the United States Government.

The Tribe determined to place the principal amount of the settlement in a permanent endowment and use the interest to finance tribal programs and services, and early economic development efforts necessary to stimulate job growth.

A loan from the BIA in 1991 assisted in the construction of a bingo hall. It prospered and grew to become what is today the Seven Feathers Hotel & Casino Resort. Earnings from the resort have been reinvested in various tribal programs and job-creating businesses, all centered in Douglas County. By 2005, the Cow Creek had become the third largest private employer in Douglas County.³

Principal Government and Business Activities of the Cow Creek

The Cow Creek have a direct impact on the Douglas County economy through spending by their tribal government and businesses. Furthermore, the Cow Creek are a major contributor to charities as well as other non-profits and local governments in Douglas County.

Tribal Government Activities

The government activities of the Cow Creek employ about 108 people. They help provide various social services, healthcare programs, housing, education, and other basic government services. The largest funding source for these activities is the casino. However, other sources include federal and state grants, taxes levied on tribal businesses, investment earnings, and tribal business income.

An overwhelming share of the spending by Cow Creek tribal government occurs in the Douglas County economy, because that is where many of the tribe's members live. Among the Cow Creek government activities, which in addition to tribal members sometimes also serve employees, patrons, and neighbors, are:

Tribal education programs. Tribal government has several education programs including adult education, vocational training, higher education, a library grant program, tutoring programs, children's programs, and others.

Tribal burial benefits. The burial fund helps tribal members pay funeral and interment costs of deceased family members.

Housing. This program offers financial assistance to tribal families for needed home repairs and helps with down payments.

³ Paul Craig, News Review, "Experts: County Employment Continues to Change," February 27, 2005.

Nesika Health Group. Health and dental insurance are provided to tribal members and employees of tribal businesses through the Nesika Health Group, which is wholly owned by the Cow Creek.

Childcare assistance. The Cow Creek provide safe and quality childcare for low-income families that could not otherwise afford care while working, training for jobs, or attending school.

Healthcare programs. The Cow Creek Tribe operates a Health and Wellness Center as well as healthcare programs including tobacco prevention and cessation, providing over-the-counter medical supplies, mental health and family counseling, and prevention services.

Gaming Commission. The Cow Creek have a gaming commission that is independent of the casino. The Cow Creek Gaming Commission licenses and runs background checks on casino employees and suppliers, monitors gaming to ensure legal compliance and fairness, establishes control standards, and conducts audits. In addition to the Cow Creek Gaming Commission, the Oregon State Police and the National Indian Gaming Commission also regulate and audit the Tribe's casino operations to ensure the safety and integrity of gaming operations.

Other government activities. Tribal government engages in a variety of other functions including planning, research, legal, cultural, financial administration, tribal enrollment, natural resource work, transportation and road maintenance, family and child services, property management, and economic development.

Tribal Business Activities

Following federal recognition, the Cow Creek made a concerted and successful effort at stimulating job growth in Douglas County to elevate the economic wellbeing—for both tribal and non-tribal members—in the community. The goal is to build a sufficient and diverse base of enterprises so that the Tribe would be secure in economic self-sufficiency for generations to come.

This led to the formation and investments in numerous businesses in Douglas County. Among the Tribe's business activities are:

Seven Feathers Hotel & Casino Resort. Located in Canyonville, the centerpiece of the resort is a 50,000 square foot casino with an adjoining 147-room luxury hotel, a 22,000 square foot convention center, several restaurants, a gallery, and other amenities.

Seven Feathers RV Resort. In the summer of 2006 the Cow Creek opened an upscale RV Resort. It has 191 full hook-up sites along with a fitness center, indoor heated pool, play structure, full-service gathering facility, landscaped common areas, and a concierge.

Umpqua Indian Foods. This company manufactures, wholesales, and retails jerky, other meat products, gift baskets, and other gift items in downtown Canyonville.

Seven Feathers Truck & Travel Center. Designed as a full-service truckstop for the Canyonville exit on I-5, the travel center caters to truckers as well as passenger and recreational vehicles. The travel center sells motor fuels and tires. It also has a convenience store and a private lounge and shower rooms for professional truck drivers.

Creekside Restaurant. Associated with the travel center in Canyonville is the 250-seat Creekside Restaurant, which is open 24 hours a day.

Creative Images. The CiMediaGroup is a Roseburg based company engaged in custom printing, advertising & marketing, graphic design, media projects, video production, photography, and web development.

Rio Communications. Rio is a telephone and Internet service company based in Roseburg, but with branch offices in Portland, Medford, Bend, and Eugene.

Canyonville Cubbyholes. This is a self-storage provider located in Canyonville.

Valley View Motel. The Valley View Motel is a small 12-unit lodging establishment in Canyonville.

Riverside Lodge. Located in a forested setting west of Canyonville, the Riverside Lodge offers 12 lodging units for guests.

Umpqua Indian Utility Cooperative (“UIUC”). This Tribal utility operates the Tribe’s Canyonville area utilities. UIUC purchases electricity from the Bonneville Power Administration and distributes it to the Tribe’s resort, the Creekside Restaurant, and travel center in Canyonville. It also operates the Tribe’s new water and sewer system.

K-Bar Ranch. The ranch is a cattle operation, which also produces hay and other feed crops.

Donations in 2006

The Cow Creek donate large amounts of money to schools, nonprofits, charities, local governments, and other community needs. In 2006 alone, the Cow Creek donated a cumulative total of \$1,302,665 to charitable, non-profit and local government causes in Douglas County, and \$531,173 to charities and community charitable non-profits in neighboring counties.

In total, there were 409 recipients of tribal charitable donations. Below is a sample of 30, which reflect the range of organizations that benefited from the Cow Creek:

Days Creek High School
St. Francis Xavier Kitchen & Hospitality Center
Cobb Street Children's Learning Center
City of Roseburg
Douglas County YMCA
Eastwood Elementary School
American Red Cross
Greater Douglas County United Way
Myrtle Creek Fire Department
Glide School District
Special Olympics
Umpqua Valley Arts Association
The Salvation Army
City of Roseburg
FISH of Roseburg – food and healthcare for low-income families
Roseburg Area Chamber of Commerce
Rogue Community College
Southern Oregon Goodwill
Youth Symphony of Southern Oregon
Canyonville Lion's Club
Community Health Center
ARC of Douglas County
Oakland High School
Prevention & Recovery Northwest
Reedsport Volunteer Fire Department
Roseburg Rescue Mission
Sutherlin High School FFA
Riddle School District
Umpqua Valley Habitat for Humanity
Toys for Tots

Tribal Governments

Although tribes lost or transferred most of their lands to the United States, they retained certain sovereignty. Tribes, as other governments, actively guard against encroachments on their sovereignty.⁴

There are currently 562 federally recognized tribal governments in the United States. Each has a formal governmental structure, tribal members, and nearly all have trust lands. These governments have the authority to create laws and be governed by them subject to the limitations of Congress and federal case law.

The Meaning of Federal Recognition

Federal recognition means that tribes have a constitutionally guaranteed status as a sovereign entity similar to a state government.

Like state governments, tribal governments have many responsibilities to their constituents. Thus, tribal governments often provide members services such as healthcare, housing, education, job training, public safety and courts, social services, public infrastructure, and economic development. Two federal agencies, the Bureau of Indian Affairs (“BIA”) and the Indian Health Service (“IHS”), provide some benefits and services to recognized Indian tribes, as well.

The ability of tribes to provide services, even with federal help, is often grossly insufficient to properly address the needs of their members. Therefore, tribes pursue economic development opportunities as a means of generating income for tribal members and to help secure stability for future generations.

As with other governmental entities, such as cities, counties, and states, federally recognized tribal governments, like the Cow Creek, are not subject to taxes. Businesses owned by tribal governments, just as businesses owned by states, counties, and cities, are also exempt from taxation. Individual members of federally recognized tribes, as well as businesses owned by individual tribal members, are generally subject to federal, state, and local taxes.⁵

Tribal sovereignty gives federally recognized tribes the right to govern themselves resulting in a government-to-government relationship with the United States. Tribes have the right to form their own government, hold elections, regulate domestic relations of their members, administer justice and enforce laws, levy taxes, and determine its membership. Tribes also may establish their own regulations in a number of areas including gaming.⁶ These rights apply within the borders of a tribe’s trust lands.

⁴ <http://www.goia.wa.gov/FAQ/FAQ.htm>

⁵ See the United States Internal Revenue Service at <http://www.irs.gov/govt/tribes/article/0,,id=102543,00.html>

⁶ <http://www.nativevillage.org/>

Trust Land

Nationally, about 55.7 million acres of land are held in trust by the United States for American Indians, Indian tribes, and Alaska Natives. Most of it is reservation land, however, some trust land is not on reservations. There is no practical legal distinction between tribal trust and tribal reservation lands.

Indian trust lands are lands associated with a specific tribe that are held in trust by the United States government on behalf of the tribe or an individual tribal member.⁷ When land is put into trust for a tribe, title of the property goes to the federal government. The Secretary of the Interior serves as trustee for such lands with many routine trustee responsibilities delegated to BIA officials. As with other property controlled by the federal government, reservation and trust lands are exempt from property taxes.

Net Economic Impact Methodology

Businesses, governments, consumers, and nonprofits all contribute to the local economy through their hiring of workers to their spending on goods and services. Each makes individual decisions regarding how much to save, invest, and spend. Collectively these decisions affect the growth of Douglas County's economy. The Cow Creek Tribe, by virtue of its size and economic success, plays a major role.

While it is relatively easy to see how many jobs and how much spending the Cow Creek do, what is not as visible are downstream effects—the additional impacts caused as money from the Cow Creek is repeatedly spent and re-spent as it changes hands through the local economy. Likewise, the boost in local spending due to wages paid to Cow Creek Tribe employees also stimulates economic growth—the effects of which are always clearly discernable. This is where economic impact analysis comes into play. It allows one to measure those downstream impacts.

Economists estimate total economic impacts with a tool called input-output modeling. This technique uses Census and industry data to map out how dollars and jobs from one part (or sector) of the economy affect the next. By doing so a model can count all the ripple effects that an entity, such as the Cow Creek, has on the entire economy and accurately account for the total impacts.

For this report ECONorthwest used a widely recognized input-output modeling system, called IMPLAN, to build a model that measures the impacts that the Cow Creek Tribe had on the Douglas County economy in 2006.⁸

⁷ <http://www.usgs.gov/usgs-manual/500/500-6.html>

⁸ IMPLAN (for Impact Analysis for PLANning) was developed by the U.S. Department of Agriculture in cooperation with the Federal Emergency Management Agency and the Bureau of Land Management of the U.S. Department of the Interior to assist federal agencies in their land and resource management planning. Applications of IMPLAN by the U.S. Government, public agencies, and private firms span a wide range of projects.

Gross Versus Net Impacts

The economic impacts of an entity, like the Cow Creek Tribe, can be measured in one two ways—either as gross impacts or net impacts.

Gross Impacts

Gross impacts are the most commonly reported and broadest of the two measures. It is the sum of all the economic impacts that could be traced back to expenditures by the given entity (like the Cow Creek) and its affected employees. Thus, gross impacts count the effects of every dollar that would get spent at a Cow Creek business or government, whether or not that dollar is coming into the county from other places.

While gross impacts describe the overall importance of an entity to the economy, they do not describe how much better off the economy is because of it. To do that, net impacts must be calculated instead.

Net Impacts

Net impacts are those that are additive to the local economy. It is the net benefit to the Douglas County economy because of the ability of the Cow Creek to attract new dollars into the county and keep more spending inside of it.

In this report ECONorthwest measures only the net economic impacts of the Cow Creek Tribe. Using a net impact approach enables the analysis to answer the following question: How much better off is the Douglas County economy because of the Cow Creek Tribe?

Types of Impacts

The economic impacts of interest to most are output, jobs, wages, and incomes. All can be split further according to whether they are direct, indirect, or induced impacts.

Direct impacts

A direct impact is something that happens at the place of what is being studied. For example, the numbers of people working at the Seven Feathers RV Resort in Canyonville are counted as part of the direct job impacts of the Cow Creek.

Indirect impacts

The second stage covers all the business and government sectors of the economy that in any way help in supplying the Cow Creek with goods and services. For example, if the Seven Feathers Casino brings in a local carpenter to make some repairs, the cost of those repairs would count as indirect output. Furthermore, if the carpenter were to go to the Roseburg Home Depot and buy supplies needed to perform the work at the casino, those purchases would also be an indirect output.

Indirect outputs only count the effects of supplying goods and services. Another important cause of downstream effects comes from wages, but these are called induced impacts.

Induced impacts

The third stage covers all the induced impacts from higher incomes of workers and businesses that result from the Cow Creek. In the previous example of the casino buying repair services, the extra wages of the carpenter and the additional profits of the repair company's owner both result in higher incomes in Douglas County. The portion of that income that would be spent in the county induces downstream impacts on the economy. So, too, would be spending of the wages of the workers at Home Depot—but only to the extent that they work more hours because of the casino.

These induced impacts are large because wages are a big expense of tribal governments, casinos, and resorts. Also, the recipients of wages and small business income tend to spend it locally. That ensures strong induced impacts on the county economy.

Economic Impact Data

Before the IMPLAN model can be run, data the jobs, payrolls, expenditures, and revenues of the Cow Creek Tribe must be assembled and then analyzed to take out instances of potential double counting and be reduced to just the net impacts. The process began with taking data from the financial statements of the Cow Creek and sorting them by whether they were government or business activities.

Government Versus Business Activities

Dividing the activities of the Cow Creek into these two categories improves the analysis in large part because they are handled differently in INPLAN.⁹ Also, it helps in the removal of inter-segment transfers, which simply are dollars spent by one tribal unit that become revenues for another tribal unit. This analysis eliminates any such double counting.

Tribal Government

There is no generic tribal government sector in IMPLAN. Indeed there are wide differences between tribes on what they spend money on. The Cow Creek tribal government offers a variety of services ranging from educational and housing programs to childcare and medical assistance. Each has unique spending and local content profiles.

⁹ Impact analysis can be performed at two levels. There is a "Simple Analysis" which looks at changes in demand for some particular industry that is contained in the IMPLAN model of the region. This level of analysis is used for the tribe's business spending. There is also a "Complex Analysis" which looks at a new activity or industry not contained in the IMPLAN model of the region. The Complex Analysis requires that the user know the output, employment, income, and first round of indirect purchases. This level of analysis is used for the tribe's government activities.

Because the spending categories of the Cow Creek cut across many different economic sectors, a method called “complex analysis” was used. It uses the actual spending patterns of the major tribal government units and applies them to the IMPLAN model.

Business and Economic Development Activities

The business activities conducted by the Cow Creek are all recognized industry sectors in the IMPLAN model of Douglas County. Therefore, many of the standard features of the input-output model could be used although some modifications, such as on the generally higher wage rates of the tribal businesses, had to be made.¹⁰

Special Data Considerations

As noted, the goal of this analysis is to measure the net economic impacts of the Tribe. To do so, special considerations must be given to the tribal data so to eliminate any possible double counting and to isolate the net direct impacts.

Inter-Segment Transfers

Because of the complexity of the Cow Creek operations, there are significant inter-segment transfers. These are not unusual. Typical of many governments and large businesses, the financials of the Cow Creek contain transactions between divisions—expenditures of one entity, such as the casino, may appear as revenue in another, such as Umpqua Indian Foods. These inter-segment transactions were identified and the double counting they would cause eliminated.

Isolating Net Effects

Net impact analysis only counts impacts that are new or additive to the local economy. That is, only the output (and the jobs, spending, and wages it supports) that would not have occurred in the county “but for” the existence of the Cow Creek Tribe are counted. To accomplish this, the impact model is driven using data that only represents new dollars to the Douglas County economy. This is estimated using the following three factors:

1. Expenditures by non-local sources that would have spent their money at places outside of Douglas County had it not been for the Cow Creek. The Tribe, in essence acts as an “exporter” of goods and services that are produced in Douglas County by selling to people and businesses located in other states or counties. Trucks off I-5 refueling at the Seven Feathers Truck & Travel Center that would otherwise have refueled in Jackson County would be an example of an export. So would Federal grant money awarded to the Cow Creek to fund a new clinic program, as that would be new dollars to the Douglas County economy.

¹⁰ Cow Creek businesses differ slightly from industry averages in employment, payroll and benefits. As a result, the actual data from audited financials and W-2 payroll statistics were used to adjust the production functions of certain sectors in the IMPLAN model so that the direct changes in output, employment, and income estimated by the IMPLAN model matched those supplied by the Tribe.

2. Expenditures by local sources (Douglas County residents and businesses) that would have happened outside of Douglas County *but for* the Cow Creek Tribe. This is called “import substitution.” An example of import substitution would be a person from Roseburg that formerly traveled to Reno to gamble, but now stays in Douglas County and gambles at the Seven Feathers Casino. Recent data show that the average tourist visiting the Reno area spent \$212 a day gaming and \$126 a day on other needs.¹¹ By staying in Douglas County, a person could spend the same \$212 in gaming at Seven Feathers and spend the remaining \$126 plus their savings on travel costs elsewhere in Douglas County.
3. The third factor is a deduction for non-local substitutions. This is spending by non-locals at Cow Creek facilities that would have gone to other establishments in the county *but for* the Cow Creek Tribe. An example would be the purchase of gasoline made at the Tribe’s travel center by a Jackson County resident who would have bought fuel at another local station had the Cow Creek travel center not been there.

Property Tax Analysis Data

In 2006, 94.9 percent of Cow Creek employees lived in Douglas County and either directly or through rents paid property taxes to local government. To measure the amount of property tax attributable to Cow Creek employees, two sets of data were used. The first was a list of addresses of Cow Creek employees (with names deleted). The second database set was the 2006 property roll master file from the Douglas County Assessor’s Office.

¹¹ Calculated from data reported by the Reno-Sparks Convention & Visitors Authority “2004 Marketing Report.”

Net Economic Impacts

Overview of the Net Economic Impacts

The Cow Creek Tribe's government and various businesses have a significant net economic impact on the Douglas County economy. The Cow Creek attract new spending within the borders of Douglas County, thus supporting new jobs and investment spending that would not otherwise occur.

Interpreting Net Impacts

It is important to understand that the number reported in this analysis only represent the net impacts of the Cow Creek and not the entire effects of the Tribe's governmental and economic development activities felt in Douglas County.

The difference between gross and net impacts is the amount of economic activity that would have occurred anyway in Douglas County even if the Cow Creek were not there. This is illustrated in Table 1.

Table 1: Total, Gross, and Net Employment Impacts, 2006

Type of Direct Employment Impact	Jobs	Payroll
Total Cow Creek Tribe employment in 2006	1,271	\$42,004,712
Less those working outside Douglas County	(55)	(2,233,214)
Gross Impact - all those working in Douglas County	1,216	\$39,771,498
Less those who would have worked elsewhere*	(450)	(11,998,473)
Net direct impact - employment benefit to the county	766	\$27,773,025

* These jobs would exist elsewhere in Douglas County even if the Cow Creek tribal government and businesses were not in the county.

In 2006 there were 1,271 Cow Creek employees and 1,216 worked at establishments inside Douglas County. Therefore, one gross impact of the Cow Creek in 2006 on the Douglas County economy was 1,216 jobs. However, this analysis estimates that had the Cow Creek not had any businesses or government offices in Douglas County in 2006, about 450 of those workers would have found jobs elsewhere in the county. Thus, the net impact of the Cow Creek was the difference of the two or 766 jobs.

The gross versus net calculations were done on each specific establishment of the Tribe. Differences in wage rates and the proportion of spending by non-locals at each establishment contributed to variations in the results. Calculations were also made for other impacts including economic output and income.

For the purpose of this analysis, which is to report the net benefit of the Tribe on Douglas County's economy, the remainder of this section will address only the net impacts.

Impact Results

Table 2 displays the net direct, indirect, and induced effects of the Cow Creek's activities on output, wages, proprietors' income, and jobs for Douglas County. These represent the net benefits of the Tribe on the local economy.

Table 2: Net Economic Impacts of the Cow Creek Tribe on Douglas County's Economy in 2006, by Type

Impact Type	Output	Wages	Proprietors' Income	Jobs
Direct	\$66,640,000	\$27,770,000	\$0	766
Indirect	49,280,000	17,600,000	3,990,000	629
Induced	26,030,000	10,990,000	1,080,000	396
Total Net Impacts	\$141,950,000	\$56,360,000	\$5,070,000	1,791
Multiplier effect	\$2.13	\$2.03	-	2.34

Because of the Cow Creek Tribe and its investments in Douglas County over the years, the economy of the county generated nearly \$142 million dollars in economic output over and above what would have happened without the Tribe's contribution. About \$66.6 million was the net direct output of the Tribe itself. Another \$49.3 million came as a result of the increased spending on goods and services stimulated by the Tribe and enjoyed throughout the county at non-tribal businesses and the like. Furthermore, because incomes were higher as a result of the Tribe, another \$26 million of induced economic output, which again was felt in the form of higher spending, benefited the county's economy.

The direct wage, proprietors' income, and job impacts are also significant. In 2006, the Tribe directly supported, in net, \$27.8 million in wages and 766 jobs in the County that would otherwise not exist if not for the employment opportunities offered by the Cow Creek.

Besides paid employees, self employed persons and small business owners (proprietors) also were net beneficiaries of the Tribe. Those that provided goods and services to the Tribe and its businesses earned nearly \$4.0 million. Over one million dollars more were earned by small business owners in the county that benefited from the additional spending by workers and others in the county that received earnings directly and non-directly from the Tribe.

Overall, the importance of the Cow Creek on the economy of Douglas County was impressive. Because of the Tribe, the county saw an additional \$142 million in economic output, \$56.4 million in wages, and 1,791 more jobs than there otherwise would have been without the Tribe.

Multiplier Effects

A multiplier effect is simply the amount of total impact an economy gets for every unit of direct impact. As Table 2 suggests, spending by the Cow Creek has a “multiplier effect” on the Douglas County economy.¹² It is the result of downstream economic impacts. For example, the Tribe directly supported 766 net jobs in the county but through non-direct impacts, the presence of the Tribe in Douglas County led to there being a total of 1,791 more jobs than there otherwise would have been. Thus, for every net job at the Tribe there was a multiple of 2.34 jobs in total in the county. This is the jobs multiplier effect.

Multiplier effects calculated for output and wages are also shown on Table 2. For every dollar of output the Tribe added, in net, to the county’s economy in 2006, total output went up by \$2.13. This was the output multiplier effect. Similarly, for every dollar net increase dollar in wages paid by the Tribe in 2006, total wages in the county were \$2.03 higher than they otherwise would have been.

These multiplier effects are relatively high and reflect the large proportion of Cow Creek employees and suppliers that are based within Douglas County. Because of that, spending and payroll dollars from the Tribe tend to remain in the county longer causing higher total impacts and greater multiplier effects than one would see with other entities.

Impact on Economic Diversification

The Cow Creek Tribe has reinvested heavily in a range of sectors in an effort to diversity their sources of support, lessen risk, and fulfill their commitment to improve the economic wellbeing of their community and Douglas County as a whole. The Tribe has also continued to expand its spending on charitable needs and tribal services. These expenditures broaden the reach of tribal dollars throughout all sectors of the local economy.

¹² The Cow Creek purchase labor, and goods and services. In the next round of spending, tribal employees spend some of their income. In addition, businesses that supply the Cow Creek must themselves purchase labor, and goods and services. In each round of spending, some spending “leaks” out of the local economy as workers and businesses pay their taxes, save some of their income or profits, or purchase goods and services from non-local sources (“imports”). Spending will continue to filter throughout the economy until all of it is gone in the form of leakages. The multiplier, therefore, represents the extent to which an economy is able to meet the needs of local businesses and households. A larger, more diverse economy will be able to accommodate their spending, thus leakages will be smaller and multiplier effects larger.

As a consequence of diversification efforts of the Cow Creek and the ability of the Douglas County economy to provide much of the labor, goods, services, and resources necessary for growth, the net impact of the Tribe spread widely to many sectors, as is shown in Table 3.

Table 3: Net Economic Impacts of the Cow Creek Tribe in 2006, by Major Industry Sector

Industry Sector	Output	Wages	Proprietors' Income	Other Income	Jobs
Natural Resources	\$1,680,000	\$230,000	\$70,000	\$310,000	26
Construction	26,860,000	9,840,000	2,740,000	2,130,000	329
Manufacturing	4,480,000	1,150,000	0	310,000	24
Transportation & Utilities	7,210,000	1,650,000	140,000	1,160,000	41
Trade	12,370,000	3,870,000	620,000	1,880,000	155
Finance, Insurance, Real Estate	10,730,000	1,270,000	330,000	2,050,000	54
Services	61,010,000	27,360,000	2,230,000	9,350,000	982
Government	17,620,000	11,010,000	0	570,000	181
Total All Industries	\$141,950,000	\$56,360,000	\$5,070,000	\$17,770,000	1,791

Note: State and Local Government includes Cow Creek tribal government.

Table 3 clearly shows that spending by the Cow Creek Tribe on tribal government and business activities has ramifications for many other areas of the Douglas County economy. For instance, there were 329 more jobs and \$26.9 million in additional output by the local construction industry because of the Cow Creek Tribe.

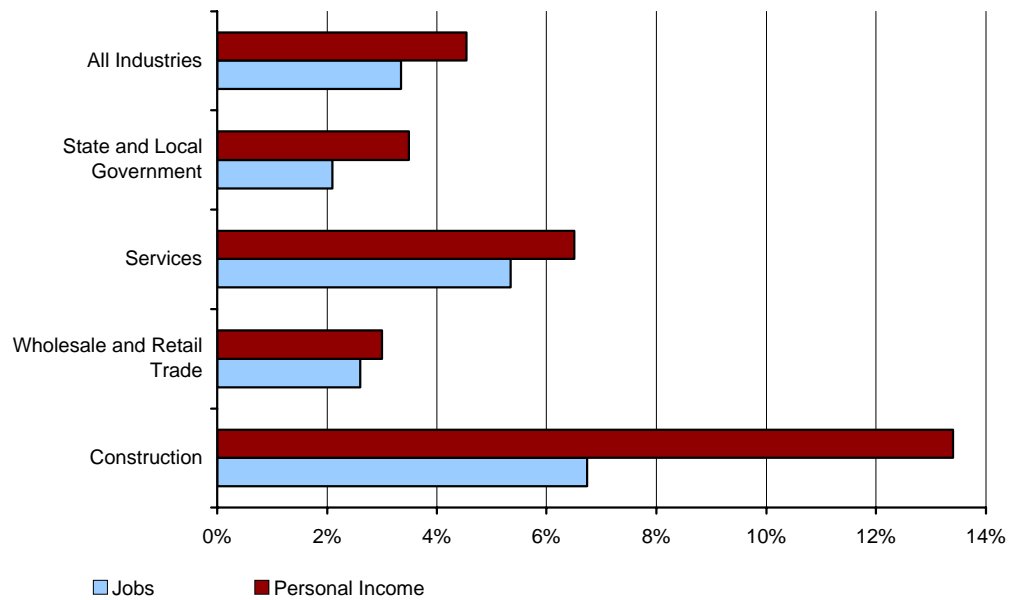
Table 4 shows the local industries that benefit the most from the ripple effects—*i.e.*, the indirect and induced impacts—associated with Cow Creek activities. These top 15 represent 39.6 percent of the total indirect and induced employment that the Tribe’s government and business entities contribute, in net, to the Douglas County economy. Ranked by job impacts in descending order, construction, government, restaurants, social organizations (largely nonprofits), medical service, and real estate are at the top of the list.

Table 4: Douglas County Employment in Sectors Benefiting the Most from the Net Indirect and Induced Impacts of the Cow Creek, Top 15 in Descending Order

Rank	Economic Sector	Jobs
1.	Construction	320
2.	State & local government	99
3.	Food services & drinking places	49
4.	Civic, social & professional organizations	41
5.	Offices of physicians, dentists, & other health care	33
6.	Employment services	24
7.	Real estate	23
8.	Architectural & engineering services	19
9.	Hospitals	18
10.	Food & beverage stores	16
11.	Other health care services	15
12.	General merchandise stores	14
13.	Nursing & residential care facilities	13
14.	Arts, entertainment & recreation	13
15.	Motor vehicle & parts dealers	12

Figure 2 illustrates the importance of Cow Creek Tribal activities on Douglas County. On a net basis, the Tribe accounted for nearly seven percent of the jobs and 13 percent of the personal income made in the local construction industry. Overall, personal incomes in Douglas County were 4.5 percent higher in 2006 than they would have otherwise been without the Cow Creek.

Figure 2: Net Job and Income Impacts Attributed to the Cow Creek Tribe As a Percent of Douglas County in 2006



Notes: 1. State and Local Government includes Cow Creek tribal government.
2. Personal income is the sum of wages and business income.

Possible Economic Outcomes Without the Cow Creek Tribe

Using a net impact analysis it possible to examine what Douglas County would have looked like, in 2006, without the Cow Creek’s government and business activities. The most apparent difference would have been 1,791 fewer jobs, which was shown on Table 2. However, the loss in jobs would also cause demographic changes that may cause problems.

Initially, job losses would affect Douglas County by putting more people on the unemployment rolls. Some of those who are unable to find gainful employment either would drop out of the labor force (these are called “discouraged workers”). More common in Oregon, those with the resources to do so and unable to find work in Douglas County would move to other counties and take their families with them. What remains tend to be hard struggling households that lack health insurance and are particularly vulnerable to social problems.

Demographic changes would result from the job losses. For example, in Oregon households of workers have nearly twice as many children as do the households of non-workers. Adults with children will move to where they can secure stable employment, especially work with health insurance. Thus, while the net loss of 1,791 jobs in the county would cause the population to go down about 1.7 percent, the impact on the number of school age children would be much greater—about a 3.6 percent loss—as families are forced to leave.

Table 5: The Douglas County Economy With and Without the Net Economic Impacts of the Cow Creek Tribe in 2004

Economic Indicator	Estimated 2006 Actual	2006 Without the Cow Creek	Percent Difference
Total Population	103,928	102,142	-1.7%
School Age Population (5-17)	17,055	16,440	-3.6%
Households	42,024	41,040	-2.3%
Labor Force	47,712	46,275	-3.0%
Employed	44,103	42,312	-4.1%
Unemployed	3,609	3,963	9.8%
Unemployment Rate	7.6%	8.6%	1.0%
Total Payroll (MN \$)	\$1,234	\$1,189	-3.7%

Sources: Bureau of Labor Statistics, Oregon Employment Department, Portland State University Population Research Center, and the US Census.

Another demographic change, that of fewer households, would hurt real estate. The number of households living in the county would fall by about one thousand. This would adversely affect the demand for homes and, as suggested by the 3.7 percent drop in payrolls, would also hurt home and property prices. About 72 percent of the households in Douglas County own their homes.

Property Taxes

As most Oregon homeowners know, county assessors send out property tax bills in October each year. The assessor collects property taxes for numerous local jurisdictions and not just the county government itself. Taxes due are calculated by multiplying the tax rates with the net assessed value of the property. Land, buildings, and private business property are taxed.

Some properties are assessed for less than full value (“specially assessed”) or are fully “exempt.” Properties held in trust by the federal government on behalf of the Cow Creek are an example of an exempt class. However, with few exceptions, the homes of Cow Creek employees are fully taxed. This section summarizes an analysis of these various properties and their tax status.

Property Tax

The Douglas County Assessor’s Office has determined that the real market value of all properties in Douglas County is about \$13.8 billion. Of that, approximately \$6.5 billion is subject to property taxes totaling some \$74.7 million in the current 2006-07 fiscal year. The taxable assessed value is less than the total market value of properties in Douglas County because of the effects of past voter-passed property tax limitation measures and exemptions.

Table 6: Real Market Value, Net Assessed Value, and Property Taxes Imposed in Douglas County, FY 2006-07

Douglas County Property	In Fiscal Year 2006-2007
Real market value	\$13,817,853,998
Total taxable assessed value	6,522,272,806
Property taxes imposed	74,671,937

Source: Douglas County Assessor’s Office.

Exemptions

Some types of property are assessed for less than full value. Farms and forestlands are often specially assessed at values below that of comparable lands of similar qualities. As such, the owners of these lands receive tax relief. Some types of property are partially exempt from taxes. They include homes of veterans, historic buildings, commercial buildings under construction, and businesses in enterprise zones.

Many properties are fully exempt and incur no property taxes. Land and buildings owned by governments, including most properties held by tribal governments, are 100 percent exempt. Charities, schools, churches, cemeteries, fraternal organizations, and housing authorities all receive property tax exemptions in Douglas County.

Table 7 lists the market, exempted, and taxable assessed values of properties in Douglas County for fiscal year 2006-07.

Table 7: Real Market, Assessed, & Taxable Assessed Values of Properties in Douglas County, FY 2006-07

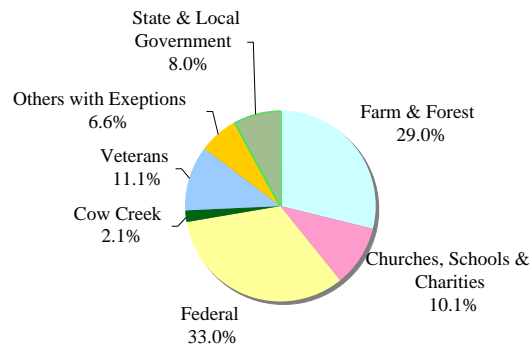
Property Description	Real Market Value	Assessed Value Exempted	Taxable Assessed Value
Specially Assessed Property:			
Farm use land	\$708,919,408	#N/A	\$39,741,430
Farm use home sites	121,680,836	#N/A	8,452,428
Forestland	428,707,317	#N/A	252,820,316
Small tract forestland	55,178,668	#N/A	4,273,935
Forest home sites	98,073,405	#N/A	6,678,880
Wildlife habitat conservation land	1,782,191	#N/A	114,548
Open space	11,257,472	369,153	8,690,041
Riparian habitat land	698,779	#N/A	-
Specially assessed low income rental housing	14,533,188	4,792,608	8,366,844
All other specially assessed property	12,857,404	5,331,009	7,238,395
Public Tax Exempt Property:			
Federal	\$1,608,199,573	\$1,608,199,573	\$0
State	74,376,776	72,571,811	-
County	157,359,893	156,319,766	-
Cities & towns	160,448,603	159,855,309	-
School districts	224,014,256	224,014,256	-
American Indian (Cow Creek)	100,393,887	100,393,887	-
Housing authorities	13,244,091	13,244,091	-
Other municipal corporations	101,366,976	101,366,976	-
Social Welfare Exempt Properties:			
Fraternal organizations	\$8,460,458	\$8,460,458	\$0
Literary, charitable & scientific organizations	116,625,401	115,516,506	-
Churches & religious organizations	148,610,830	147,238,635	-
Academies & daycare facilities	3,396,696	1,922,454	-
Cemeteries, tombs, crematories, etc.	1,427,534	1,427,534	-
Senior centers, privately owned	46,283	46,283	-
Business, Housing & Other Exempt Properties:			
Commercial facilities under construction	\$6,508,290	\$1,535,000	\$3,615,456
Enterprise zone exemptions	87,935,689	71,111,960	15,441,855
Environmentally sensitive logging equipment	39,233,058	15,530,615	23,702,443
Historic property exemptions	7,293,922	5,152,991	1,966,897
Housing for low income rental	3,624,504	3,624,504	-
Nonprofit homes for elderly (personal property)	391,864	391,864	-
War veterans & spouses tax exemptions	543,083,542	31,503,229	279,293,174
Business personal property tax cancellation	9,621,954	9,621,954	-
Utility intertie companies	2,611,400	2,611,400	-
Properties Not Exempt or Specially Assessed	\$8,945,889,850	\$0	\$5,861,876,164
Total Exempt and Partially Exempt	\$13,817,853,998	#N/A	\$6,522,272,806

Source: The Douglas County Assessor's Office website accessed on February 22, 2007.

Property held in trust for the Cow Creek was worth about \$100 million or 0.7 percent of all the property in the county. Compared to other exempt and specially assessed classes, Cow Creek property was a small portion of the county total.

With over half the county land area held by the federal government, it is perhaps no surprise that the federal government accounts 33.0 percent of the value all the exempt and specially assessed properties in Douglas County. Farm and private forest properties are the next largest category—with 29.0 percent. Properties held by veterans and by schools, churches, and charities each account for about a tenth of the exempt property value in the county. Cow Creek trust properties occupy 1,602 out of the 3,226,939 acres of Douglas County and about 2.1 percent of the value of all exempt and specially assessed properties.

Figure 3: Shares of the Real Market Value of Exempt and Specially Assessed Properties in Douglas County, Fiscal Year 2006-07



Source: Douglas County Assessor's Office

Property Taxes on the Homes of Cow Creek Employees

At the end of 2006, the Cow Creek had 1,206 employees that lived in Douglas County. About 210 lived with another worker for the Tribe. An analysis of address data shows that Cow Creek employees occupied a total of 1,100 housing units in Douglas County at year-end. Most were single-family homes, but there were many living in apartments and manufactured homes as well.

By matching the addresses of employees to the database of the Douglas County Assessor's Office, the amount of property taxes incurred by Cow Creek employees for their primary residences was determined. For single family and other uniquely identifiable housings units, the tax amounts could be taken directly from the Assessor's database. For rental properties with multiple units, such as a typical apartment building, the amount of property tax for a Cow Creek employee's housing unit was *pro-rated* as its fair share of the entire building.

The analysis uncovered 1,100 unique Douglas County home addresses of employees. The total property tax on those residences was \$1,006,454 or 1.4 percent of the total property taxes imposed by Douglas County. The average property tax on the homes of Cow Creek employees rose from \$874 in 2004 to \$915 for the 2006-07 tax year.