

# ECONOMIC IMPACT OF THE OTOE-MISSOURIA TRIBE OF OKLAHOMA

2024 Edition

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2024

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Otoe Leadership 1881 and 2019-2024

## Findings in Brief

The Otoe-Missouria Tribe produces public goods and services for its citizens. It invests in a diversified economy, teaches children, provides clean water, and builds housing. Its work in improving the lives of Otoe-Missouria Indians directly benefits the people of Oklahoma, too. This report updates the 2019 edition of the Economic Impact of the Otoe-Missouria Tribe of Oklahoma [1].

### JOBS

In 2023, the Tribe paid more than \$50 million in compensation to nearly 1,273 Indian and non-Indian employees across government, casino, lending, and other enterprises (p.14).

The Tribe's total employment ranks it third in Kay and Noble Counties, and more than two-thirds of its Oklahoma payroll was paid in zip codes below the median (p.14).

At the 7 Clans Casinos, tribal members are employed throughout operations. All the senior management personnel are Otoe-Missouria, with the exception of a Musko-gee (Creek) CEO (p. 11).

### GROWTH

Otoe-Missouria's biggest businesses are exporters. For example, 70 percent of casino revenue is from outside Oklahoma, yet 64 percent of the casino payroll is paid to Oklahomans (p.19).

Otoe-Missouria's economic activity is associated with \$167 million dollars of gross state product and 1,880 jobs in Oklahoma (p. 15).

Income per person reported by American Indians in the Otoe-Missouria OTSA grew 108% from 1989 through 2022, much more than in the US (21%) and Oklahoma (20%) (p.21-22).

### INVESTMENT

Tribal housing efforts include recently constructing ten single-family homes and longstanding programs to provide low-income housing, down payment assistance, and emergency financial support (p.9).

The Tribe chartered the nonprofit Otoe-Missouria Federal Credit Union to address the critical absence of in-community consumer banking services for tribal citizens and employees (p. 11).

The tribally owned and operated RedWire Telecom partnered with AtLink to construct transmission towers and deploy residential internet equipment, providing critically scarce infrastructure to the Red Rock region (p.13).

### BENEFITS

The Tribe paid Oklahoma \$1.4M in 2023 in exclusivity fees and an oversight assessment of \$50,000 annually to reimburse for the activities of the OK Gaming Compliance Unit (p.16).

In addition, Otoe-Missouria's economic activity generated \$6.5 million in sales, income, and social insurance tax revenue for Oklahoma state and local governments (p. 18).

The combined \$7.9 million Oklahoma fiscal *benefit* compares in size with the sales tax *exemptions* for rural electric coops and churches (p. 18).



## I. Sovereignty and Indian Economies

The Otoe-Missouria Tribe’s enduring nature as a government determines its economic impact on Oklahoma today. Though it pre-dates Oklahoma statehood, the essential attributes of Otoe-Missouria self-government—especially responsibility to its people and authority to make policy and regulate activity—give it the incentive and capacity to spur economic growth. For the better part of half a century, if not longer, public-spirited and farsighted Otoe-Missouria leaders have put in place the laws, institutions, companies, and people to make economic growth happen. This report shows how the resulting growth benefits Otoe-Missouria citizens *and* citizens of the State of Oklahoma.

### Brief History

Otoe and Missouria oral histories begin in the region north of the Great Lakes. By around 1680, Europeans recorded the tribes in distinct areas of the mid-continent.<sup>1</sup> Subsequent warfare, smallpox, cholera, and settler encroachment put pressure on Otoe and Missouria demography (repeatedly decimating the Missouria population) and forced geographic and economic change on the tribes. By the time Lewis and Clark met with them in 1804 at Council Bluffs (the Corps of Discovery’s first Indian council), the two tribes were living together in villages near the confluence of the Platte and Elkhorn Rivers [2].

A sequence of treaties—whose sheer number (1817, 1825, 1830, 1833, 1836, 1854) testifies to their protective futility—had the effect of moving the tribes south and west. In the 1854 treaty, the tribes ceded the remaining 3,125 square miles west of the Missouri River, reserving 250 for themselves in the Big Blue River valley. Grasshoppers, drought, Sioux raiding, settler squatting, and outright theft weakened the tribes, bringing hunger, illness, and death [2].

Life on the Big Blue Reservation was hard. The tribe was not allowed to hunt for buffalo. The [federal] government encouraged a shift from a migratory lifestyle to an agrarian one without consideration of long-established tradition or social structure. For years the tribe watched as acre by acre of their land was sold off by the [federal] government to non-Indians. [The tribe] suffered as treaties were broken and food, medicine, livestock and basic essentials were not delivered as promised. Sickness was rampant, children starved, and the mortality rate climbed higher year after year. [3]

In the hope of securing a sustainable economy in the Indian Territory, the tribes narrowly voted to sell a portion of the Big Blue Reservation in 1876 and began migrating. In 1881, Congress legislated the sale of the remainder and the creation of the 202-square-mile Red Rock Reservation in what is today Noble and Pawnee Counties, Oklahoma [2].

*“We are not children. We are men. I never thought I would be treated so when I made the Treaty.”*

*—Medicine Horse (Otoe), 1873  
responding to the federal  
commissioner trying  
to take his land [4]*



Medicine Horse

<sup>1</sup> Within the Chiwere-Winnebago subdivision of Siouan languages, Otoe, Missouria, and Iowa tribes speak mutually intelligible Chiwere dialects. In that dialect, Otoes call themselves *Jiwere* and Missourias call themselves *Nu'tachi* [2].

The two Indigenous groups became one federally recognized tribe. Heavy-handed policies continued corroding the Otoe-Missouria Tribe’s economy and society. Notwithstanding the Tribe’s collective resistance to allotment of the Reservation and despite repeated objections of individual allottees, outside decision-makers (Congress, the Secretary of the Interior, a “Competency Commission”) effectuated the ultimate loss of Otoe-Missouria lands to non-Indians [2]. Paternalistic federal agents removed Otoe & Missouria children to government boarding schools to be “civilized”—punished for speaking their language or practicing their culture.

Otoe-Missouria people adapted as they could. Soon after relocation to the Red Rock Reservation, families established about 100 farms, ranches, and subsistence gardens. By 1890, the tribes had formalized institutions of self-government:

They had their own reservation court system; a dozen mounted policemen helped patrol the reservation; and Otoe[-Missouria] judges held court [2].

They diversified their economy:

After World War II over 100 tribesmen, including many veterans, formed the Otoe Indian Credit Association with funds from the Department of Interior. They loaned this money to tribal members at low rates with little or no collateral [2].

Through the twentieth century, Otoe-Missouria people exercised their sovereignty by:

- Pursuing and winning (in 1955 & 1964) federal compensation for the US’s underpayment for Otoe & Missouria aboriginal land, albeit for “paltry” sums (\$581.40 per person in 1955 [5], \$6,611.18 in 2023 dollars [6])
- Building housing, a cultural center, and a tribal enterprise building in the 1970s and 1980s
- Adopting a constitution in 1984
- Starting a high-stakes bingo operation in 1984 and
- Opening a gas station and store [2].

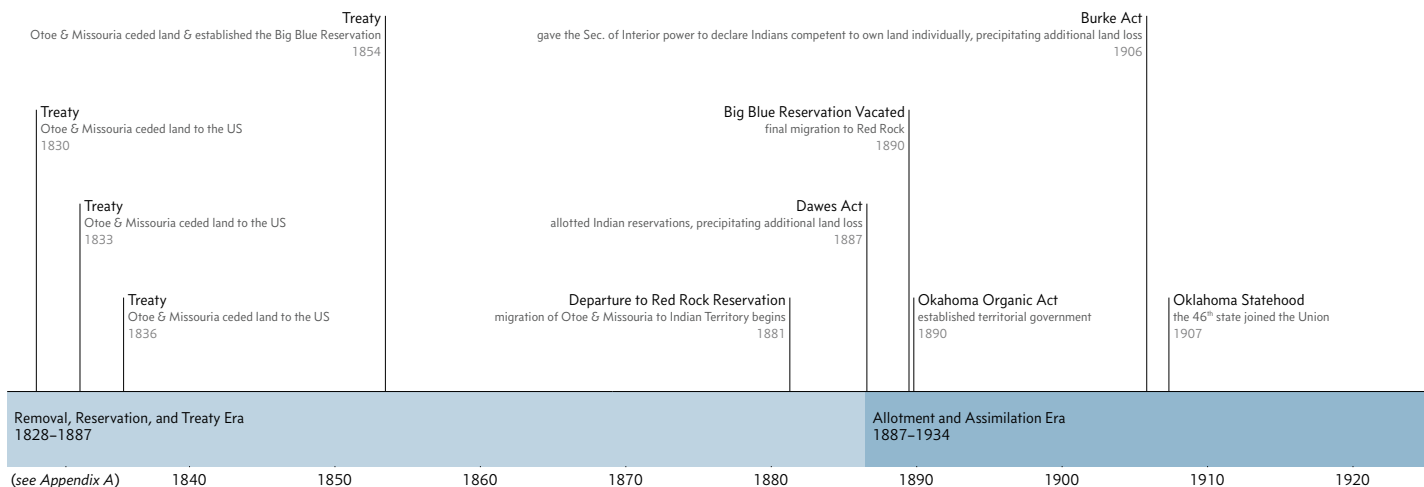
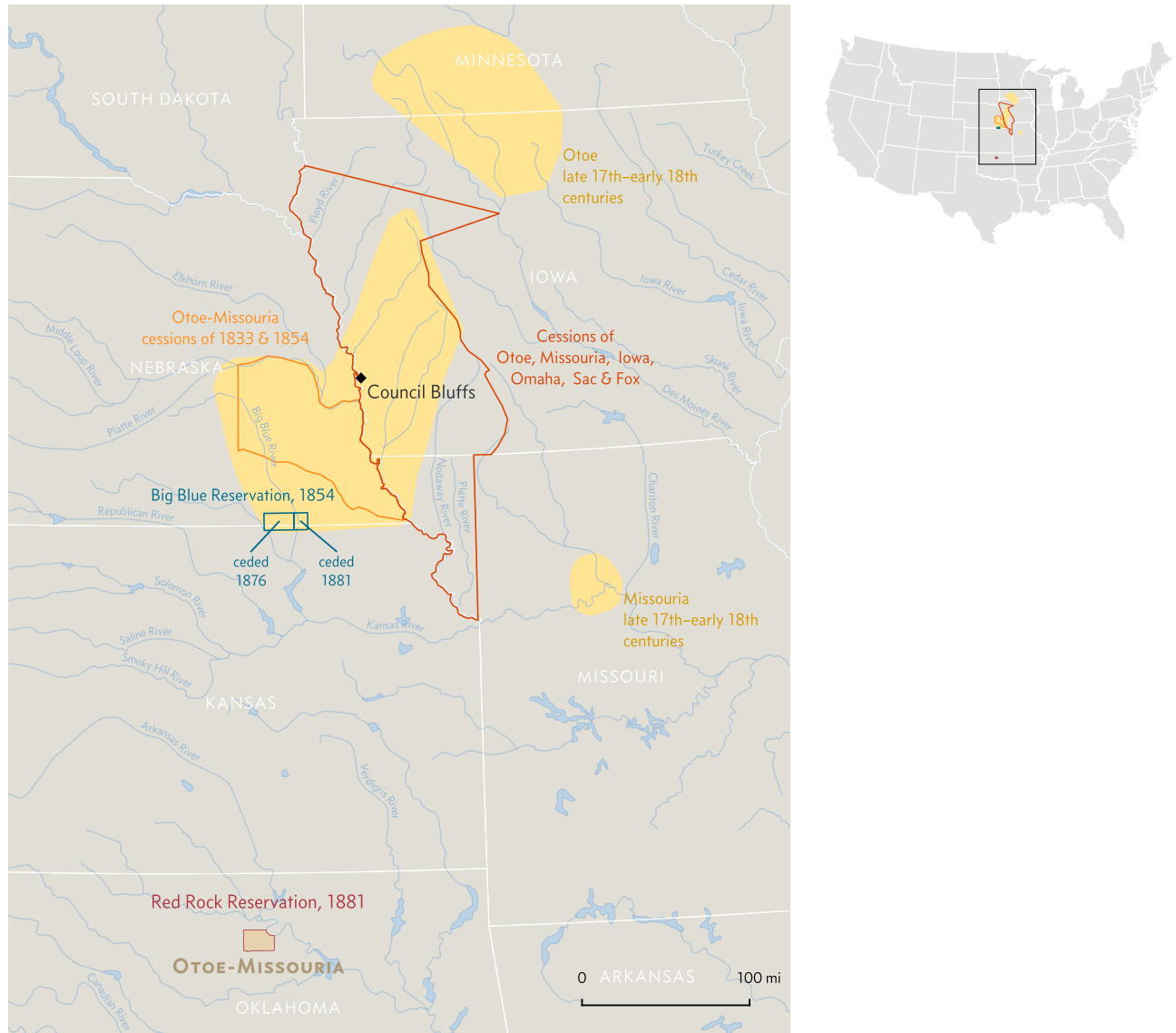
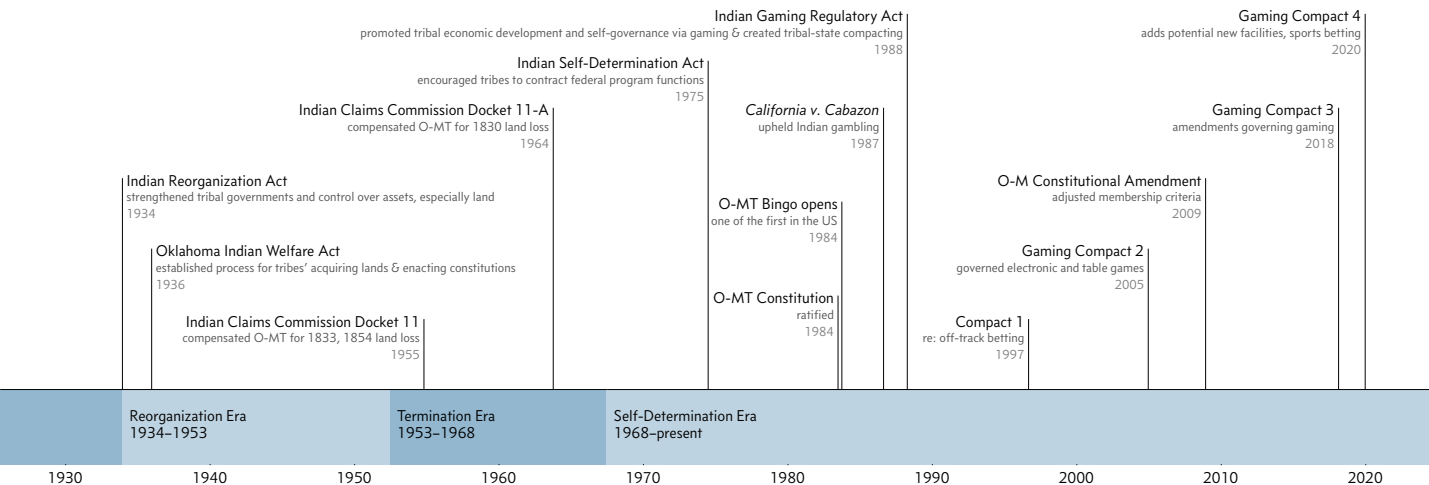


Figure 1:  
Territories of the Otoe and Missouria late-1600 to present



[2, 7, 8, 9]





Otoe Indian Police circa 1895 [10]

### **Sovereignty Matters**

Decade after decade, American Indians were among the poorest people in the US. Indians living in Indian places—reservations, rancherias, pueblos, and Oklahoma Tribal Statistical Areas (OTSAAs) among them—have been the poorest among them [11, 12]. The challenges have seemed insurmountable.

Despite the obvious economic and fiscal benefits of alleviating Indian poverty, federal and state policymakers displayed incompetence (if not outright neglect, antipathy, or corruption) in the administration of Indian economies. Policy experiments repeatedly failed. Land privatization led to the loss of 62% of Indian land nationally between 1887 and 1934 [13]. Relocation policy accelerated the departure of Indians from their communities. Paternalistic institution-building by outsiders left tribes without essentials like independent courts [14]. Federal aid programs have been routinely poorly designed and inadequately funded [15, 16].

In international contexts, development aid can raise the incomes of poor people, provided it is well conceived, adequately resourced, and competently managed. Allowing poor people to migrate to higher productivity regions is an order of magnitude (i.e., 10X) more effective at raising incomes, in no small part because more productive workers can command higher wages. However, economic growth in place can be two or even three orders of magnitude (100X to 1,000X) more effective still because it affects the whole economy, not just those who receive aid or migrate [17]. So it is with Indian Country in the United States. Growth in place is far superior to relocation, which in turn, handily beats a litany of federal aid approaches.

How do tribes produce growth in place? Over thirty years of research shows that the essential ingredients are:

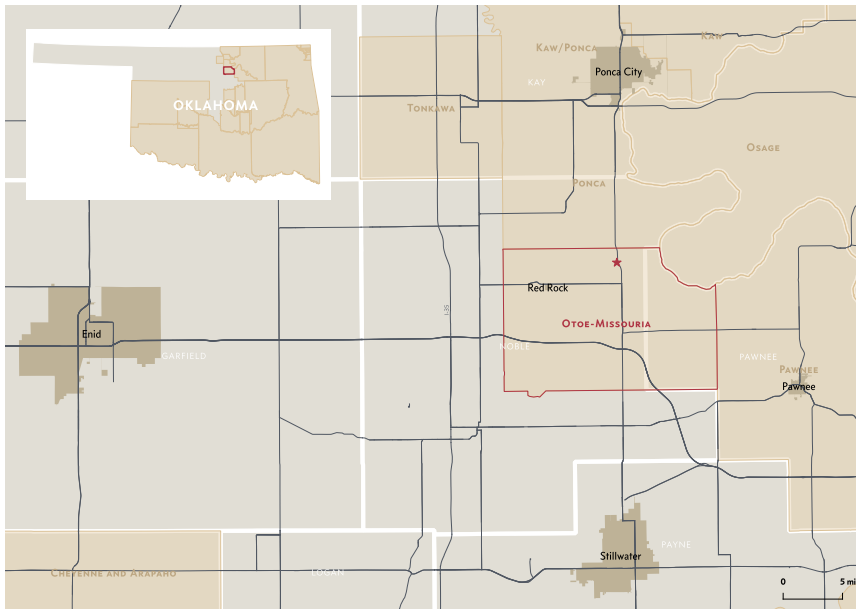
1. **SOVEREIGNTY**—the capacity of tribes to make policy and manage implementation themselves instead of yielding to the agendas and approaches of outsiders;

2. **INSTITUTIONS**—the ability of tribal constitutions, commissions, boards, and administrations to resolve disputes fairly, deploy capital effectively, and administer policy professionally;
3. **CULTURAL MATCH**—the alignment of a tribe’s formal institutions with indigenous norms and values [14].

In what is generally called the Self-Determination Era of federal Indian policymaking, tribes have asserted their powers of self-government and built or reformed governing institutions to match their way of doing things. Tribes that have taken back control obtain higher prices for commodity timber [18], shorter waiting times and more services at their clinics [19], faster response times from their ambulances [20], better satisfaction with their policing [21], lower rent delinquency in their housing programs [22], and—critically—more profitable enterprises [22, 23].

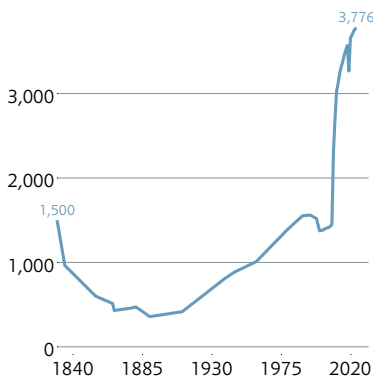
Despite low and declining relative federal spending on Indian programs [24], tribes nationwide experienced economic growth in the 1990s superior to US growth, even on reservations without casinos [11] and against the headwinds of the Great Recession in the 2000s [12]. Credit for faster economic growth at a time of declining federal Indian spending goes to tribal governments taking charge of institutions and policy—exercising sovereignty. As the rest of this report will demonstrate, the recent history of the Otoe-Missouria Tribe corresponds with the national pattern. The Tribe has been building, investing, and growing its people, infrastructure, institutions, programs, and economy to the benefit of Indian and non-Indian Oklahomans alike in a region that needs it.

Figure 2:  
**The Otoe-Missouria Tribe, Kay and Noble Counties**



[8, 25, 26]

Figure 3:  
Otoe-Missouria Enrollment Over Time



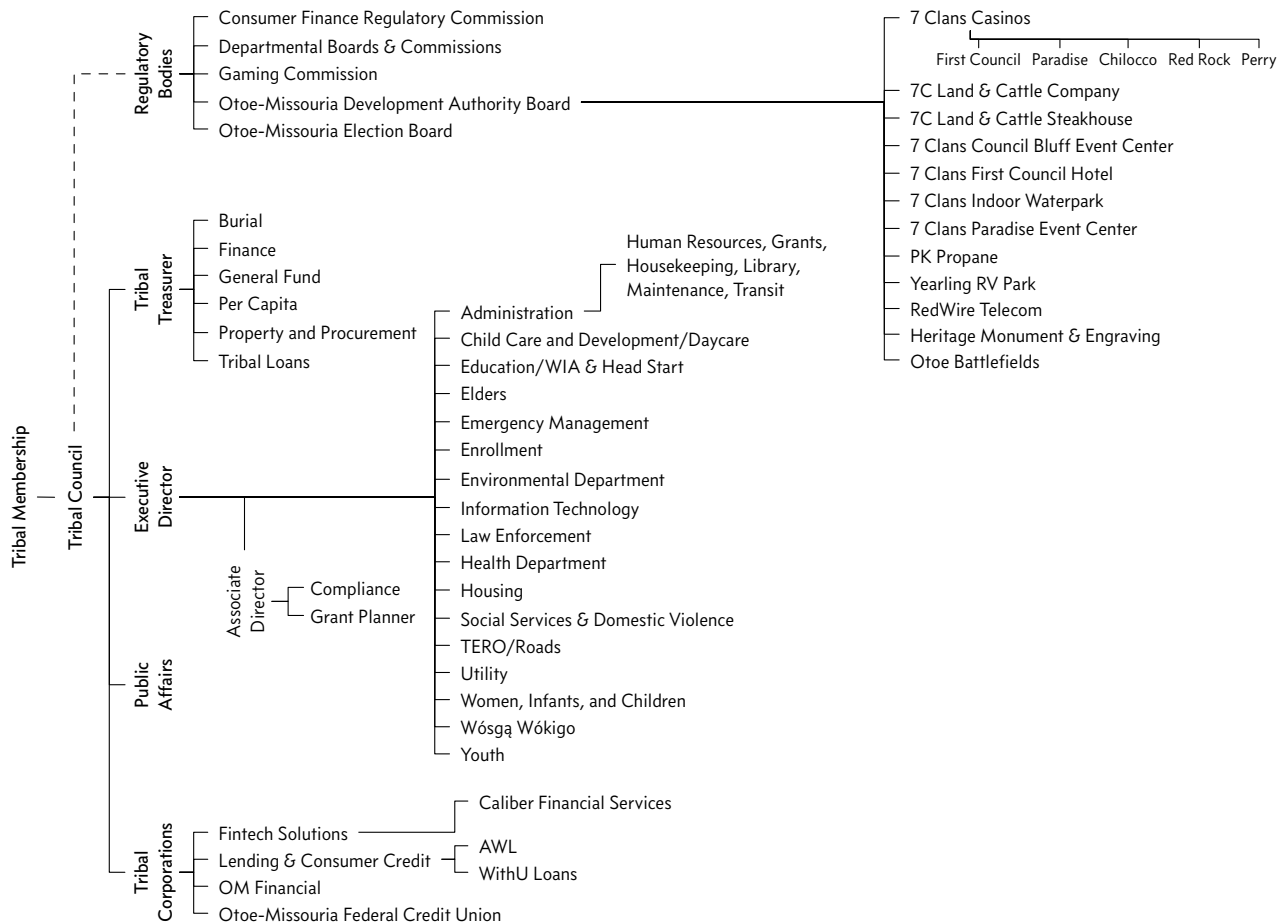
[2]

## II. Government

The Otoe-Missouria Tribe is governed by a modern constitution that its citizens ratified in 1984. The document vests a 7-member Tribal Council with powers to oversee the Tribe’s assets, pass ordinances, and delegate authority to committees, departments, and other bodies to do the work of the Tribe. Secret ballot elections select the Chairman, Vice-Chairman, Secretary, Treasurer, and three other members of the Council to staggered, 3-year terms. With limited exceptions, the Chairman is a non-voting member of the Council, unless a vote is needed to break a tie.

A General Council consisting of all citizens eighteen years old and older who are registered to vote meets annually. Defined constitutional procedures allow voters to bring initiatives or referenda to vote. Individuals on a 1966 Otoe-Missouria roll and those with at least a one-eighth descendency from it are eligible for citizenship, provided they do not hold membership and/or receive land or money from another tribe [27]. After centuries of assault, tribal membership has rebounded, and the Tribe now counts more than 3,700 citizens, notwithstanding a calamitous number of COVID-19-related deaths and a baby boomlet thereafter (Figure 3).

Figure 4:  
Conceptual Organization Chart of the Otoe-Missouria Tribe\*



\* Not officially approved by the Tribal Council.

## Emergency Management

The Otoe-Missouria Tribe's Emergency Management Office (OMTEMO) plays a crucial role in the Tribe, promoting public safety and mitigating the impact of natural disasters.

Otoe-Missouria's Emergency Manager, James LeClair, has worked with the Federal Emergency Management Agency (FEMA) for over a decade to prepare the Tribe and surrounding communities for disasters. His work helped establish the Tribe's adult and teen Community Emergency Response Teams (CERT) with support from the Oklahoma Office of Homeland Security. CERT, a national program, trains volunteers in disaster preparedness and emergency response. Participants learn how to put out small fires, conduct light search and rescue, assist emergency responders, identify and anticipate hazards, reduce fire hazards in the home and workplace, and reduce survivor

stress. Otoe-Missouria's teen curriculum also integrates tribal culture, history, and foods. In 2019, thirteen Otoe-Missouria teens were trained as Teen CERTs, four of whom became the first Tribal Teen CERT Instructors in the US. In 2023, the Tribe graduated ten new teen CERTs.

During the COVID-19 Pandemic, OMTEMO supported the Tribe's testing sites and vaccination clinics and distributed masks, hand sanitizer, and cleaning supplies. Natural events complicated the pandemic response, but the Office ensured resources like tornado storm shelters were available. Today, the Tribe remains attentive to public health risks. The Tribe's Emergency Management Office continues to distribute essential supplies such as soap, hand sanitizer, paper towels, cleaning supplies, and seasonal aids like insect repellent.

Tribal members and the general public can obtain items at convenient locations, such as the Tribe's Public Safety building in Red Rock or the Women, Infants, and Children (WIC) Office in Enid.

In late February 2024, the Emergency Management Office demonstrated its readiness when a wildfire broke out near the 7 Clans First Council Casino and the old Chilocco Indian School in Newkirk. OMTEMO coordinated fire-fighting efforts with the Kaw Nation and Kay County Emergency Management offices and successfully protected tribal and residential buildings from damage [28].

OMTEMO provides the framework to coordinate the activities to prepare, respond, and recover from any disaster. The director's and assistant director's salaries are funded entirely by tribal enterprise revenue.



The Tribal Council sets the policy for the Tribal Administration and oversees an Executive Director and several departments that provide public goods and services for tribal members and others in the Red Rock community. These range widely from college scholarships and adult vocational education to housing support, Otoe language education, water treatment, and diabetes care. Several tribal efforts are worth describing in more detail.

As comprehensive research demonstrates, centuries of asset loss, economic hardship, and cultural assault (such as boarding school experiences and bans on cultural practices) leave American Indians with thorny and intertwined challenges like substance abuse, domestic violence, diabetes, and child poverty [29]. Otoe-Missouria leaders have long recognized that these and related challenges corrode their people's capacities to live productive, happy lives. Accordingly, the Tribe intercedes with various support services, including a child abuse hotline, general assistance, family violence prevention, daycare, low-cost housing, nutritional assistance for women, infants, and children, and other programs.

The Otoe-Missouria Tribe also prioritizes investing in their people. The Tribe's efforts begin early in a Head Start program that includes Otoe language, dance, and cultural practices. The Johnson O'Malley program continues that support through



Head Start classroom

the primary and secondary years with funds for school supplies, eyewear, and athletic shoes. Through a partnership with a local public school, the Tribe offers and funds an after-school program that focuses on academic achievement and cultural teachings. Historically, the Tribe also supported career-focused training through, for example, contributions to heavy equipment purchases, embedded on-the-job trainers, and computer training programs at the Pioneer Technology Center in Ponca City [30].

A supplemental financial assistance program supports college and graduate school candidates in good standing. The Bureau of Indian Affairs can offer around \$1,500 per semester to college students, so the Otoe-Missouria Tribe adds between \$2,500 and \$3,000 per semester, extending the program into graduate and doctoral programs as well. All the Otoe-Missouria contribution is funded by Tribe's lending and casino entities. While these and other investments are directed toward Otoe-Missouria citizens, non-Indians often benefit too. Non-Indians regularly enroll in the Head Start program. Several housing programs support community life, tribal workers, and families (see, p. 9).

Red Rock, Oklahoma, and other towns in the area have found it difficult to secure adequate quantity and quality of water. The Otoe-Missouria Tribe built a \$4.4 million water treatment plant that tripled the previous capacity. The upgrade also included a redundant system that supplies the region with good water during planned or unplanned maintenance. The Tribe's water infrastructure now serves the entirety of the Town of Red Rock, providing a resource that has been in critically short supply in many parts of rural Oklahoma [31].

The Tribe has made other investments in the quality of life in and around Red Rock in recent years including:

- The **JÍWERE-NÚT'ACHI WÓSGA WÓKIGO PROGRAM** ("all things Otoe-Missouria, all the time") – a program that teaches Otoe-Missouria language and traditions and represents the Tribe in cultural and historic preservation matters,
- **TWO WIC CLINIC BUILDINGS** – entailing the Tribe's purchasing and rehabbing historic buildings in Enid and Stillwater to serve as WIC clinics, both of which serve the general public,<sup>2</sup>
- **THE OTOE BATTLEFIELDS** – a multi-diamond softball park,
- **HERITAGE MONUMENT & ENGRAVING** – a local, tribally-owned company that produces sorely needed headstones for tribal and non-tribal burials,
- The **MARKING THE HEART PROJECT** – a fund to help pay for tribal members' headstones if the grave has gone unmarked for more than five years, and
- **A RECREATIONAL VEHICLE PARK** – to make it more feasible for oil workers to work on temporary assignments in the area.

The self-determined, self-government of Otoe-Missouria Indians operates to integrate the tribal community in Oklahoma's economic prosperity. As the next section makes clear, tribal economic ventures make this fiscally possible and economically substantial.



WIC Building in Downtown Enid



Official opening of the Otoe Battlefields with the 1980 All-Indian Softball Championship team. Curtis Burgess, Sr., the team's pitcher and now tribal elder, threw the first pitch.



Heritage Monument & Engraving headstone

<sup>2</sup>As Figure 2 makes clear, Enid is far from the Tribe's seat of government—three-quarters of an hour by car.

### Otoe-Missouria Housing: Smoothing a Path Out of Poverty

Housing is critical to community vitality and to reducing the inter-generational transmission of poverty. A recent report from the National Academies confirmed the intuition that, "...homes and neighborhoods affect access to a number of factors that facilitate mobility out of poverty..." It goes on to note that housing *quality, crowding, stability, and affordability* are all critical for "children's long-term economic, educational, and health outcomes" [32].

Essential though it may be, housing is by no means a solved problem. Nationally, "there is no state or county where a renter working full-time at minimum wage can afford a two-bedroom apartment"[33]. In rural locations, low prices reduce equity such that loan-to-value ratios make new construction prohibitive for conventional lenders. In American Indian

communities, high development costs and limited infrastructure make matters worse [34]. These and other market shortcomings mean that economic growth in Indian Country has to overcome workforce housing challenges before much else can get going.

The Otoe-Missouria Tribe confronts these realities with a multifaceted approach. Its Low Rent Housing Program makes 48 units in the Red Rock area available to low-income tenants for as little as \$300 a month, less than 30% of a full-time minimum wage salary in Oklahoma. The Tribe's lease-to-purchase program enables tribal members to eventually own the homes they rent from the Tribe with deposits as low as \$700. The Homebuyer Assistance Program provides up to \$6,000 in down payment and closing cost assistance to help families start with equity in new construction. The

Homeowner Assistance Fund helps low- and moderate-income owners with emergency financial support.

The Tribe recently built ten single-family homes in Red Rock under a lease-to-own arrangement for tribal members. Those join an additional 20 homes the Tribe built in the Blue River Meadows development near the Tribal Complex (about six miles northeast of Red Rock). The tribe has built water treatment and broadband infrastructure (see p. 13) to support residential living in the community. Tribal housing units routinely rely on green technologies that lower the costs of operation.

There is still much to be done to house tribal members, especially young tribal workers and their families, but gradually the Otoe-Missouria Tribe is strengthening this ladder into the middle class.

**“Rural Oklahoma has a chronic housing shortage, and Red Rock is no different. Our tribal members need safe, energy-efficient, affordable housing. That’s why we have built dozens of homes and duplexes over the last decade and will continue to do so.”**

— Chairman John R. Shotton



### III. Enterprise

Separate from the Tribal Council, several Otoe-Missouria boards, committees, and commissions govern, regulate, and advise their respective departments and businesses. Essential among these for economic development are the Otoe-Missouria Gaming Commission, the Otoe-Missouria Consumer Finance Services Regulatory Commission, and the Otoe-Missouria Development Authority (OMDA) Board. The Gaming Commission ensures that casino operations are conducted fairly by licensed managers in compliance with tribal and federal gaming laws and with the Tribe’s Class III gaming compact with Oklahoma. The Consumer Finance Services Regulatory Commission licenses and monitors the Otoe-Missouria Tribe’s Tribal Lending Entities (TLEs) and enforces the Tribe’s lending laws and consumer protection policies while ensuring compliance with federal law. OMDA is the official enterprise and economic development arm of the Tribe. Since its creation in 2006, the five-member OMDA Board has provided specialized corporate governance for the Tribe’s growing portfolio of companies.

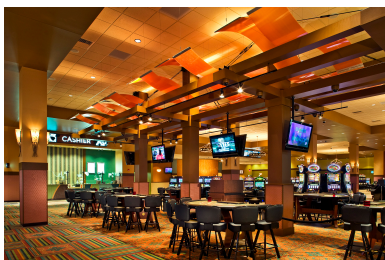
*The mission of the OMDA is: To serve all Otoe-Missouria Tribal members while assisting the Tribe to become **self-sufficient** in the operation and development of revenue sources needed to provide for the Otoe-Missouria Tribe’s present and future needs.*

These three independent bodies are critical to the development of the Otoe-Missouria Tribe because the tribally owned enterprises they oversee are the fiscal mainstay of the government. Without them, the Tribe would depend largely (if not solely) on federal funding. While other governments rely on tax revenues, tribal powers of taxation are too fractured, weak, or impractical to support the production of necessary public goods and services [35].

#### Gaming

The Otoe-Missouria Tribe was in the vanguard of Indian gaming. With the help of outside partners, it opened a bingo operation in Red Rock in April 1984. As *The New York Times* noted, by offering high-stakes bingo it became, for a time, the largest operation in the US, drawing customers from Michigan to Texas [36]. The Tribe’s gaming operations have evolved substantially since then. Today, the Tribe owns and operates five facilities itself, three of which are casinos and two of which are C-store and gas-station casinos or “gasinos.”

Named for Otoe-Missouria clans (see the official seal on p. iv), the 7 Clans Casinos are all in Noble and Kay Counties. The flagship facility, 7 Clans First Council Casino and Hotel in Newkirk, Oklahoma, is also named for Lewis and Clark’s meeting with the Otoe-Missouria. It encompasses a 146-room hotel, an events center, an indoor waterpark (the first waterpark-casino-hotel combination in Oklahoma), and a Travel Plaza C-store gasino. The Tribe operates two other casinos (one in Perry and one in Red Rock) and one more gasino in Red Rock.



7 Clans First Council Casino & Resort

Table 1:  
**7 Clans Casino Facilities**  
2024

facility	city	positions*
First Council Casino & Resort	Newkirk	1,237
Gasino Chilocco	Newkirk	303
Perry Casino	Perry	240
Paradise Casino	Red Rock	474
Gasino Red Rock	Red Rock	95

\*Positions = slot machines + 7 × gaming tables [37].

### Otoe-Missouria Federal Credit Union



Rodney E. Hood, National Credit Union Administration Board Chairman, with Leilani Harpole, Otoe-Missouria Federal Credit Union President & CEO, and John R. Shotton, Otoe-Missouria Chairman

As Native economies grow, they increasingly feature Native-serving financial entities. Native credit unions, banks, and loan funds provide customized offerings that cater to Indian Country’s unique legal context and household circumstances. Critically, they provide essential financial services to historically under-banked communities.

In 2019, the Federal Deposit Insurance Corporation reported that American Indians and Alaska Natives are unbanked at a rate nearly three times that of all households in the United States: 16.3 versus 5.4 percent, respectively [38]. Physical distance is a major impediment. In 2013, the average straight-line distance from a reservation center to a bank branch was 12.2 miles, with driving distances possibly much longer [39]. That said, Native-owned and Native-serving financial institutions have more than doubled in number in the last two decades, rising from less than 40 in 2001 to nearly 90 in 2023 [40, 41].

The Otoe-Missouria Federal Credit Union (OMFCU) is one such entity, and it marks a re-instantiation of the post-war Otoe Indian Credit Association (see p. 2). Sponsored by the Development Authority (OMDA), the new entity received a charter from the National Credit Union Association in 2019. It is a not-for-profit cooperative owned and operated by its members, and it provides tailored financial products to Otoe-Missouria Tribal citizens and to employees of the Tribe and its businesses. NCUA categorizes OMFCU as a Low-Income, Minority Depository Institution on the basis of its member-owners [42]. OMFCU deposits are covered by the National Credit Union Share Insurance Fund.

At the time the new Credit Union was chartered, the closest financial institution to the tribal headquarters was about 14 miles away in Ponca City. The Credit Union branch is three miles away.

**“ Like most Native American communities, the Red Rock area has always been underbanked. Access to banking services and credit has been limited. This credit union will open those services to our people.”**

— Chairman John R. Shotton

In addition to being fully owned and operated by the Tribe, the 7 Clans Casinos employ tribal members from the gaming floor, food and beverage, and security up through general management. In fact, all senior management are Otoe-Missouria, with the exception of a Muskogee (Creek) CEO.

### Online Lending

The Otoe-Missouria Tribe has also been in the vanguard of another industry new to Indian Country: online financial services (also known as fintech). The Tribe lends money over the Internet under the e-commerce brands American Web Loan (AWL) and WithU Loans. Eight years ago, the Tribe purchased a company that provided portfolio management, software development, marketing, and call center support services for fintech. By vertically integrating into online lending, the Tribe follows a pattern similar to its gaming efforts: entering a specialized business with non-Indian partners and organically taking ownership and control of more and more of the value chain as tribal expertise in operations and regulation grows. As in gaming too, the Tribe’s evolutionary approach helps it compete effectively with other online lenders and with other sectors providing small and short-term loans.<sup>3</sup>



<sup>3</sup>There are many sources of short-term funds for consumers who have limited access to mainstream sources of credit. These range from pawn brokers, payday lenders, precious-metal dealers, and second-mortgage lenders to the strategies of overdrawing checking accounts and paying bills late [43, 44, 45, 46]. AWS’s and WithU Loans’s installment loans are distinct from payday loans in that they (like other tribal lenders’ products) are “amortized, have a definite loan term, and require payments that go toward not just interest but to pay down loan principal. Unlike traditional payday prod-

In the absence of this learning-by-doing strategy and taking ownership over time, even tribes *with* sound regulatory policy and corporate governance have found the odds of profitability long [23, 48]. In other words, all three strategies explain the Otoe-Missouria Tribe's success in fintech: sound governance, thoughtful regulation, and strategic integration. Success in fintech is critical to the tribal economy since gaming is under increasing competitive pressure in and around Oklahoma (see Section VI., below). Indeed, fintech jobs have made up for some of the decline in casino employment (see Figure 5, below). Fintech brings additional jobs and revenue to a remote reservation that needs both.

### 7C Land & Cattle

The 7C Land & Cattle LLC builds on a tradition that extends from the demise of the buffalo forward through the development of ranching on the Red Rock Reservation in the 1880s through a tribally owned cattle enterprise in the 1970s. The effort and related leasing reform helped to recapitalize ranching on tribal lands, adding long-term economic value. Weak Bureau of Indian Affairs (BIA) supervision of tribal lands through the twentieth century yielded below-market lease payments and poor care of land and improvements; generally speaking, BIA oversight meant decrepit fencing and overgrown cedars surrounded overgrazed pastures. By its initiative, the Tribe upgraded lease terms, purchased land (from tribal members and non-Indians alike), and canceled below-market leases. Today 7C Land & Cattle's ranch encompasses more than 900 acres of grass and cultivated land and supports 600-900 head of Black Angus cattle. A steakhouse trading under the same brand, 7C Land & Cattle Steakhouse, is adjacent to the 7 Clans Paradise Casino in Red Rock.



7C Land & Cattle ranch

ucts, installment loans do not 'roll over' (where fees are assessed to maintain, but not pay down the loan)" [47].

**Other Businesses**

The Tribe operates four companies that might not otherwise serve rural and remote Red Rock. PK Propane delivers gas to residential, farm, and commercial customers. PK Services provides maintenance and servicing of private wastewater systems. Courier Services transports packages. The Otoe-Missouria Federal Credit Union provides consumer financial and banking products to tribal citizens and employees right in the community (see, p. 11).

Taken as a whole, the Otoe-Missouria Tribe—government and enterprises—is an engine of capital growth: it builds long-lived assets that produce value year after year. Most obviously, the Tribe has invested in physical infrastructure like the recent \$4.4 million water treatment plant and multiple housing projects (see, p. 9), not to mention investments over the decades in the five casinos, the hotel, the waterpark, 7C Land & Cattle, and office space. These physical investments demand construction materials and workers from the Oklahoma economy, and they provide benefits year after year to Otoe-Missouria members and non-Indians who live, work, and play in these buildings.

The dividends produced by the Tribe’s investments in its citizens are less visible but perhaps more important. The Tribe’s programs to strengthen individual health, family integrity, and members’ skills and education lower dependency (on families, the tribe, or taxpayers), freeing resources for other uses. Such investments also increase individuals’ lifetime productivity, helping them earn more.

Finally, the Tribe is investing in culture—the shared identity, norms, practices, and relationships that were destroyed by dispossession, boarding schools, relocation, and other policies. While some attributes of Indian culture may have touristic appeal to outsiders, the Otoe-Missouria Tribe’s investments in language, dances, ceremonies, and other practices strengthen internal cooperation and consensus, shared support for institutions, and the benefits of rooting children in community [49].



PK Propane

**The Digital Divide and Otoe-Missouria Broadband Deployment**



From education and health to business and leisure, internet access is instrumental to modern life. As the pandemic revealed, work-from-home and study-from-home are virtually impossible with unreliable or low bandwidth. Or consider health. A Federal Communications Commission (FCC) Task Force recently linked "...broadband access, Internet adoption, and health outcomes" and found that "...broadband plays a ...direct and consequential role—as a social determinant of health, if not as a ‘super’ determinant of health" [50].

Notwithstanding its critical importance, a digital divide persists between urban and rural areas—a divide that is yet more pronounced in Indian Country. Nationally, 21% of tribal housing units are covered by two or more providers of Mbps (Megabits per second) service, half the rate in non-Tribal areas [51]. Although the gap between urban and rural or Tribal areas is narrowing, the FCC notes "...the gap in rural and Tribal America remains notable: 22.3% of Americans in rural areas and 27.7% of Americans in Tribal lands lack coverage from fixed terrestrial 25/3 Mbps broadband, as compared to only 1.5% of Americans in urban areas" [52].

The Otoe-Missouria Tribe leveraged multiple resources and partnerships to close the digital divide in its low-income housing units and in the Blue Meadows housing development. Cal-

iber Financial Services, the Tribe’s fintech entity, partnered with GTT Communications, Inc. to install 22 miles of fiber optic line from Ponca City to Red Rock [53]. Tribally owned RedWire Telecom partnered with AtLink, a rural Oklahoma wireless internet company, to construct transmission towers in each neighborhood and install internet equipment in the homes. These changes make accessing important broadband capabilities a reality for tribal members, providing access to cover almost 70 houses and elder apartments at no cost to the households.

**“ Internet service was spotty, at best, in our community. It became very apparent during the pandemic that to keep our people competitive professionally and academically we had to overcome this issue.”**  
— Chairman John R. Shotton

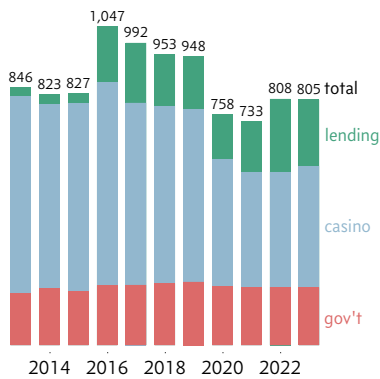
## IV. Economic Impact

To varying degrees, American Indian economies attract customers from beyond their borders, but almost universally, tribes turn to outside economies for the lion's share of the labor, goods, and services they need. Notwithstanding robust tribal efforts aimed toward greater economic self-sufficiency, all modern economies must trade with other regions. Tribes do not produce (nor would it be efficient for them to produce) all the slot machines, french fries, police cruisers, roofing shingles, electricity, or auditing services that they require. They have to turn to the non-Indian economy.

The Otoe-Missouria Tribe's payroll registers immediately in the non-Indian economy. In 2023, the Tribe paid more than \$50 million in compensation to 1,273 workers across government, casino, lending, and other enterprises, of which at least \$20 million went to 704 workers in Oklahoma.<sup>4</sup> Total employment in the government has been steady in recent years, but the Tribe's casinos have been under competitive pressure steadily since 2012 (see discussion of Figure 8, below). Lending has only partially made up the losses (Figure 5).

Even so, the Otoe-Missouria Tribe remains one of the largest employers in the region. To put Otoe-Missouria jobs in perspective, the Tribe's 2023 workforce residing in Kay and Noble Counties (at least 614) ranked it third in the Oklahoma Department of Commerce's employment estimates for those counties (Table 2).<sup>5</sup>

Figure 5:  
**Total Otoe-Missouria Employment\***  
2013-2023



\*Year-end headcounts.

Table 2:  
**Top Employers in Kay & Noble Counties**

rank	entity	employees
#1	The Charles Machine Works Inc	1500-1600
2	Ponca City Public Schools	700-800
3	<b>Otoe-Missouria Tribe and Enterprises*</b>	<b>614</b>
4	Dorada Poultry LLC (d/b/a Dorada Foods)	500-600
5	Phillips 66 Co	500-600
6	Wal-Mart Associates Inc	300-400
7	A Quality Staffing LLC	200-300
8	City of Ponca City	200-300
9	Kay County Oklahoma Hospital (d/b/a Alliance Health Ponca City)	200-300
10	Mertz Manufacturing Inc	200-300

\*Tribal workers residing in Kay and Noble Counties in 2023.

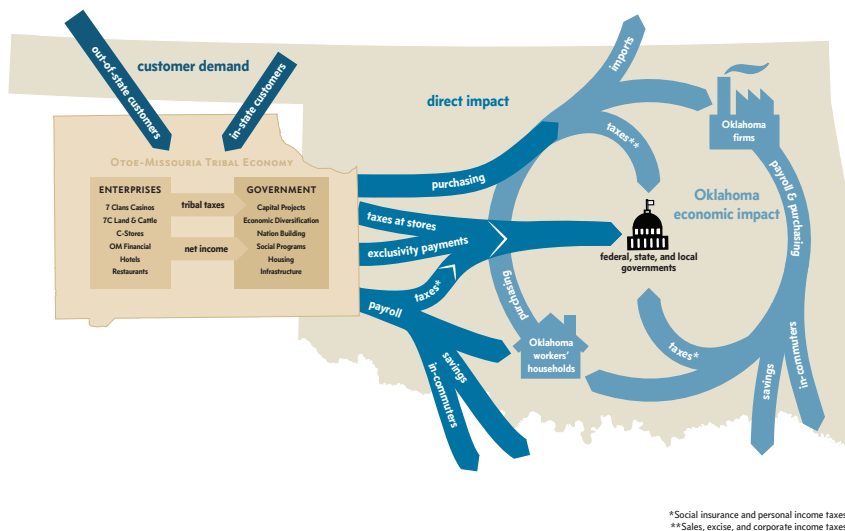
[54]

Together, the Otoe-Missouria Tribe's payroll and vendor outlays affect Oklahoma's economy. The salary of an accountant becomes household expenditures as she and her family buy groceries, jeans, propane, and washing machines. The casino's outlays to a uniform and linen service generate further outlays to the vendors of soap, water, electricity, trucks, and gasoline and payroll to the service company's drivers, laborers, and managers. The cycle is not endless, of course. Funds depart the cycle directly as household savings and as payments to governments (taxes). Funds also

<sup>4</sup>Note that not all of these workers worked all year. Some started, and some ended their employment in 2023. Generally, total employment over a year is greater than employee headcount at a given time (such as in Figure 5).

<sup>5</sup>The OK Department of Commerce (DoC) did not report complete data about the Otoe-Missouria Tribe, so the Tribe's own data has been used here. While publicly available data on company headcounts (such as the Department's) is not as reliable or comprehensive as confidential administrative data (e.g., social insurance records) or proprietary HR data, errors in the other entities data might alter the Tribe's ranking somewhat but not the general conclusion: the Otoe-Missouria Tribe is a consequential economic actor in the two-county area, especially when one considers that some firms' employees counted by the Department do not reside in either county.

Figure 6:  
The Otoe-Missouria Tribe's Economic & Fiscal Flows



register elsewhere—outside the regional economy—as outlays for imports and as payroll to in-commuters (Figure 6).

Economic input-output models divide these impacts into direct, indirect, and induced effects.

- The **DIRECT EFFECTS** are the activities themselves as they are experienced in the region under examination—for example, 7 Clans Casino’s payments to blackjack dealers and facilities maintenance companies, the Steakhouse’s payments to beverage distributors, and the Tribe’s payments to construction and accounting firms.
- The **INDIRECT EFFECTS** encompass the economic activity of the suppliers, such as the diesel purchases of the beverage wholesaler’s trucking division.
- The **INDUCED EFFECTS** are the economic impacts generated by the household spending of the workers of both the direct and indirect impacts—the beverage delivery truck drivers’ and the casino dealer’s purchases of blue jeans, dishwashers, and baby food.

IMPLAN, a privately maintained and widely used input-output model, estimates these effects using federal economic data. With tribal revenue and payroll information as a foundation, IMPLAN estimates that the Otoe-Missouria Tribe’s contribution to Oklahoma is \$167 million dollars (measured in value added) and 1,880 jobs annually (Table 3).<sup>6</sup>

Table 3:  
**Estimated Economic Impact of  
Otoe Missouri’s Economic Activity in  
Oklahoma**  
2023 dollars in millions

	jobs	labor income	total value added
direct	1,162	\$68	\$102
indirect	312	\$17	\$26
induced	405	\$20	\$39
<b>total</b>	<b>1,880</b>	<b>\$105</b>	<b>\$167</b>

[55]

<sup>6</sup>While the Tribe has some financial services operations in Kansas, the vast majority of tribal economic activity takes place in Oklahoma (see Appendix B for modeling details and sources of conservatism in estimation).

## V. Fiscal Impacts

Under the intergovernmental agreement it signed to govern the regulation and scope of Las Vegas-style gaming under the Indian Gaming Regulatory Act, the Otoe-Missouria Tribe pays Oklahoma an oversight assessment to reimburse Oklahoma for the activities of the Gaming Compliance Unit of the Office of Management and Enterprise Services. That unit monitors tribal compliance with, among other things,

state regulatory requirements on games, accounting and auditing standards, the licensing of employees, liability insurance, [and] property claim procedures [56].

The Otoe-Missouria Tribe's assessment, like all other Oklahoma gaming tribes', ensures that Indian gaming does not impose costs on Oklahoma taxpayers. Indian gaming is regulated on a pay-as-you-go basis. The Tribe expends its own funds for tribal regulation. It pays the mutually agreed Oklahoma oversight assessment, which was \$50,000 in 2023. And the Tribe pays regular assessments to the National Indian Gaming Commission, which were almost \$50,000 in 2023.

Beyond recovering tribal regulatory costs, Oklahoma's Treasury benefits from the Otoe-Missouria Tribe paying an "exclusivity fee," consisting of a sliding scale on electronic gaming device revenue (4% of the first \$10 million, 5% of the next, and 6% of any over \$20 million), plus 10% of table game revenue. The Tribe paid \$1.4 million in 2023. Because Oklahoma exerts virtually no effort to keep its end of the bargain—the state must merely refrain from changing state law to allow non-Indian casinos—this money flows undiminished to the Oklahoma Treasury.



7 Clans First Council Casino

In 2010 and 2011, the Otoe-Missouria Tribe paid Indian gaming exclusivity fees sufficient to rank it the seventh largest in the state, but the opening of the Kansas Star Casino south of Wichita in late 2011 introduced substantial competition to the Tribe’s casinos (see, Figure 7), and by Oklahoma’s 2017 fiscal year the Tribe’s rank fell to tenth. It fell gradually thereafter to 14<sup>th</sup> in 2023 (right side of Figure 8).

“I cannot do anything on the problems without resources. In gaming, we did everything we could, but we’re isolated and competing.”  
 — John R. Shotton  
 Otoe-Missouria Chairman

Figure 7:  
**The Otoe-Missouria Tribe’s  
 Exclusivity Payments**  
 2023 dollars in millions

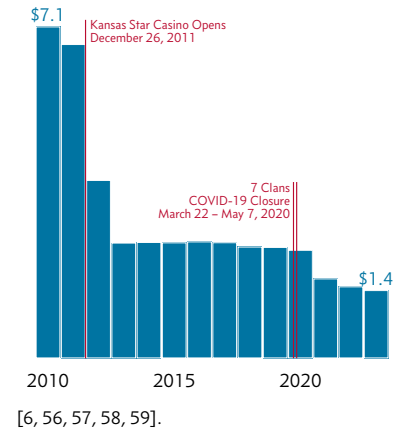
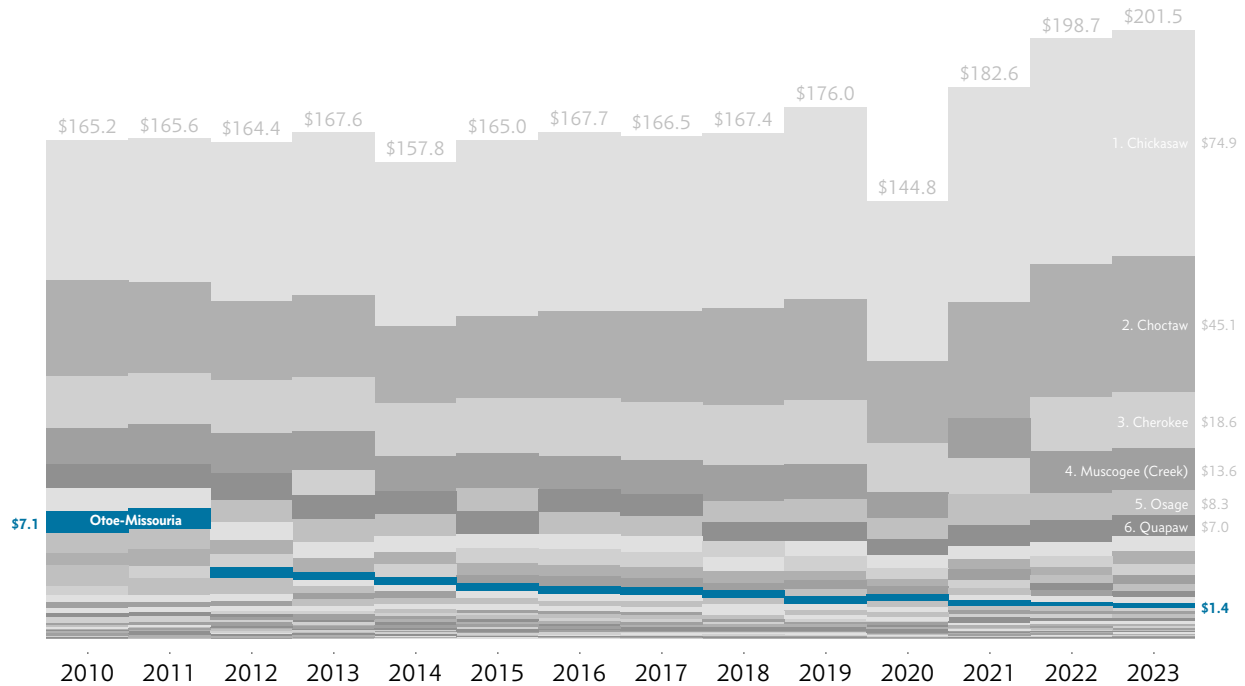


Figure 8:  
**All Tribes’ Exclusivity Payments to Oklahoma, 2010–2023**  
 2023 dollars in millions



[6, 56, 57, 58, 59].

The Otoe-Missouria Tribe’s economic activity also generates tax revenue organically (i.e., via the normal operation of federal and state tax law upon the Tribe’s purchasing and payroll in the broader economy). Through its economic impacts, the Otoe-Missouria government and businesses generated an additional \$6.5 million in revenue for Oklahoma state and local governments (Table 4). When combined with the Tribe’s exclusivity payment of \$1.4 million, the total for Oklahoma state and local governments was \$7.9 million. Taking into account gaming regulation and federal taxes, the total is \$30.8 million.

The tax benefits accruing to the Oklahoma Treasury come at no fiscal cost to the state. Unlike a professional sports team or car manufacturer, the Otoe-Missouria Tribe received no abatements, exemptions, or other tax expenditures before producing these fiscal benefits. The Tribe’s total fiscal *contribution* to Oklahoma of \$7.9 million contrasts with the *cost* in foregone revenue of Oklahoma’s estimated income tax credits for clean-burning motor vehicles (\$13.1 million) and aerospace employees (\$9 million); sales tax exemptions for rural electric coops (\$9 million) and churches (\$7.7 million); and the August sales tax holiday for clothing and shoes (\$8.2 million) [60].

Table 4:  
**Fiscal Flows from Otoe-Missouria Economic Activity**  
 2023 dollars in thousands

		state & local	federal	total
<b>GAMING-RELATED</b>				
	regulation	\$50	\$50	\$100
	exclusivity payment	\$1,448		\$1,448
<b>ECONOMIC IMPACT [55]</b>				
	corporate profit taxes	\$584	\$2,389	\$2,973
	income taxes	\$2,114	\$7,427	\$9,541
	sales & excise taxes	\$3,768	\$190	\$3,958
	social insurance taxes		\$12,822	\$12,822
	<b>total</b>	<b>\$7,963</b>	<b>\$22,878</b>	<b>\$30,841</b>



Otoe-Missouria

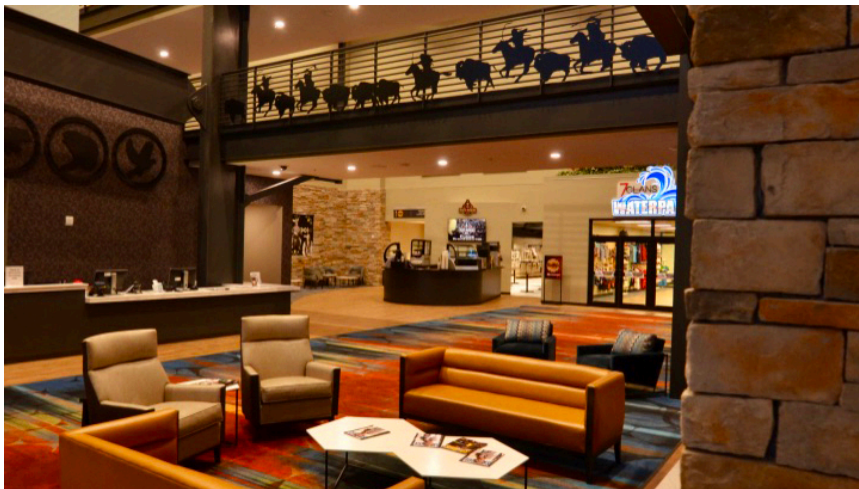
## VI. Net Benefits

Otoe-Missouria economic activity produces net benefits for Oklahoma.

First, unlike shareholder corporations whose shareholders might expend or invest their profits well outside Oklahoma, Otoe-Missouria's lending, gaming, retail, and other businesses are wholly-owned by the Tribe, and its government invests those revenues to ensure it can provide governmental services critical to its members and communities. As a tribal government, Otoe-Missouria builds infrastructure and produces public goods and services like water treatment and vocational training. Otoe-Missouria has not and will not threaten to depart northern Oklahoma to obtain tax abatements or to lower its wage bill.

Second, the Otoe-Missouria Tribe's biggest businesses engage in interstate commerce to Oklahoma's benefit. The loans originated on Otoe-Missouria tribal lands go almost exclusively to customers outside of Oklahoma. The 7 Clans Casinos, along with other regional casinos owned by the Kaw, Osage, and Tonkawa Nations, helped attract Kansas customers' dollars before Kansas Star Casino opened in December 2011 in Mulvane, Kansas. Today, these northern Oklahoma casinos have helped to retain Oklahoman leisure spending dollars in-state. In their absence, customers from Ponca City and elsewhere in northern Oklahoma would be attracted to Mulvane.

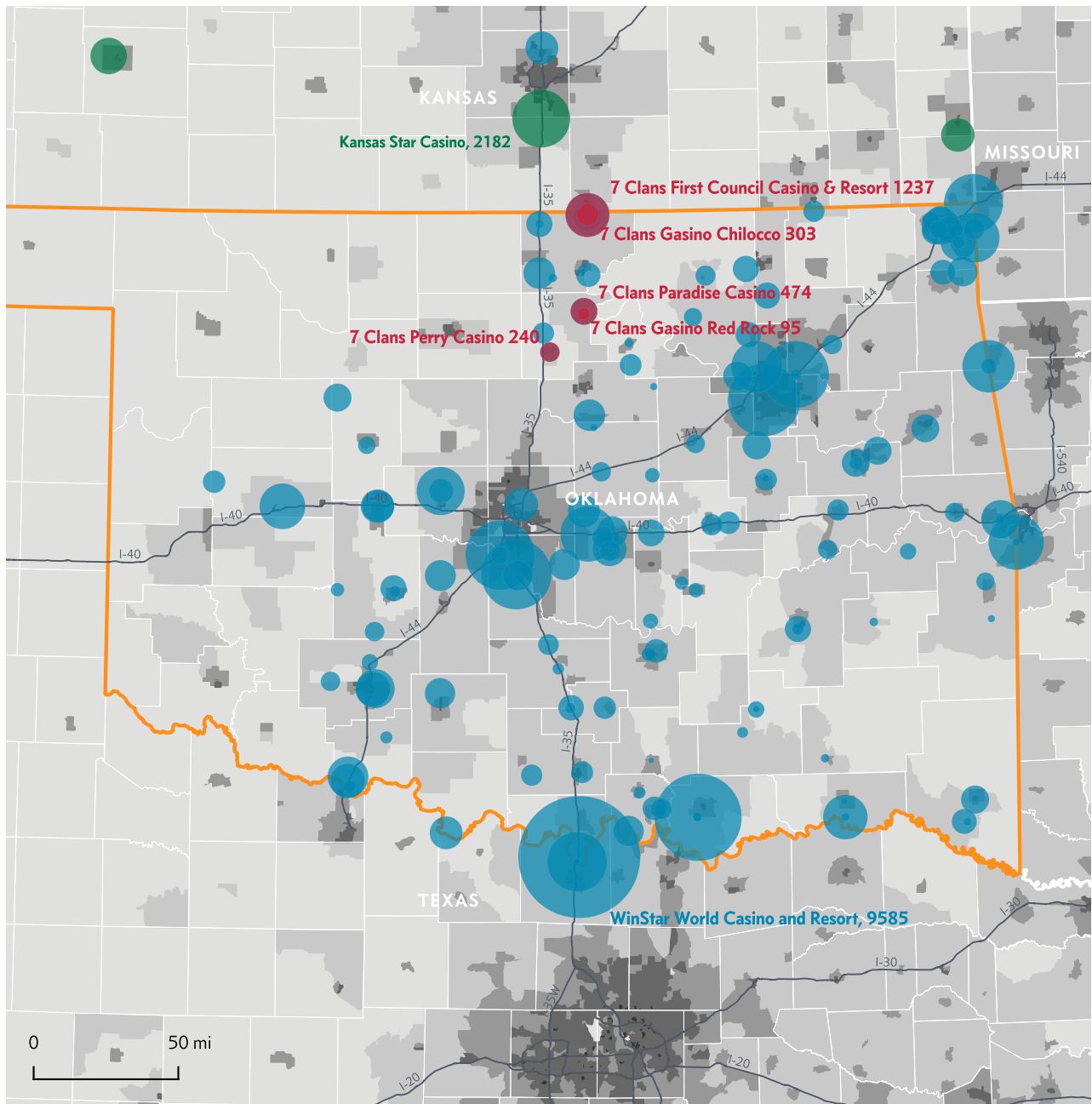
While not as large as the Chickasaw Nation's WinStar Casino and Resort—the world's largest casino is a short drive from the casino-free Dallas-Ft. Worth metroplex—the 7 Clans First Council Casino Hotel and its waterpark attract Kansans to Oklahoma. At the same time, they intercept Oklahomans who might otherwise drive 75 additional miles north to Mulvane, KS. In 2023, well after the Kansas Star opening, 70 percent of the 7 Clans Casinos' player loyalty club revenue came from out-of-state residents, whereas 64 percent of the casino payroll was paid to Oklahoma residents. Thus, while Otoe-Missouria's revenues were adversely affected as Kansans' spending was diverted to Kansas Star, the Tribe's benefit to Oklahoma remains substantial and net beneficial.<sup>7</sup>



7 Clans First Council Hotel Lobby

<sup>7</sup>In the counterintuitive economic jargon of trade in services, a casino like Chickasaw's WinStar is primarily an exporter: though the customers come into Oklahoma, the leisure services are *exported* to Texan residents. Casinos like 7 Clans First Council both export (to Kansans) and *substitute for imports* (i.e., substitute for Oklahoman's importing gambling leisure by going to Kansas Star).

Figure 9:  
**Otoe-Missouria Casinos in Context**

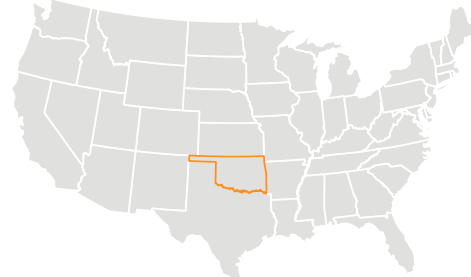


Population per sq. mi.

- 0 - 10
- 10 - 100
- 100 - 1,000
- 1,000 - 10,000
- 10,000 - 100,000
- Over 100,000

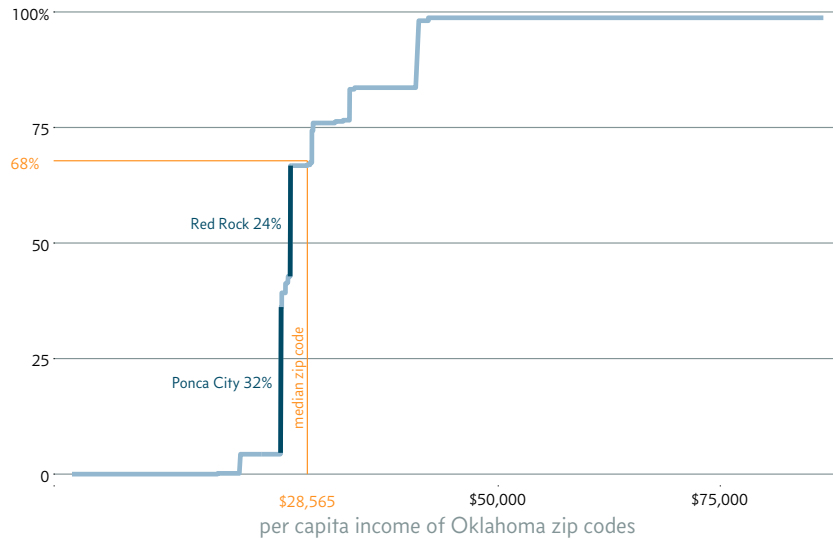
Casinos

- Otoe-Missouria 7 Clans Casinos
- other Indian casinos
- non-Indian casinos



Circles are scaled by the number of gaming positions, where positions = slot machines plus seven times the sum of poker tables and table games (indicated for selected facilities). Does not include bingo-only halls, race-only tracks, off-track betting facilities, or jai-alai frontons [8, 26, 37, 61].

Figure 10:  
**Two-Thirds of Otoe-Missouria Payroll Goes to Low-Income Zip Codes**  
 cumulative percentage of 2023 in-state payroll



[61]

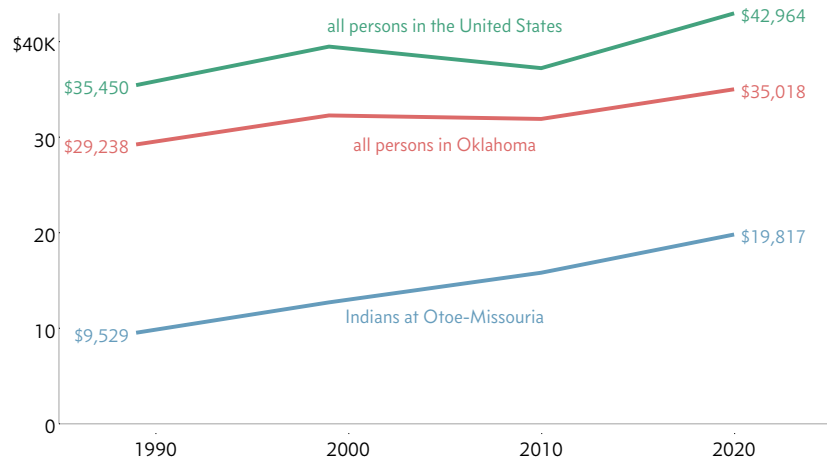
Third, the Tribe’s economic activity brings underutilized resources, especially human resources, into greater participation in the economy, developing poor places—not just Otoe-Missouria but also rural Oklahoma—and helping even out the geographic distribution of income in Oklahoma. More than two-thirds of Otoe-Missouria’s Oklahoma payroll was paid in zip codes with per capita income lower than the median Oklahoma zip code (Figure 10). Of course, not all of the poorest zip codes in those states are within practical commuting distance of the Tribe’s operations, but the top payroll-receiving zip codes have per capita incomes lower than the median zip code. And when the Tribe spends its lending and gaming revenue, topping up public service budgets for WIC, HeadStart, and water treatment in rural Oklahoma, it produces dividends at no cost to other taxpayers.

Fourth, the decades of effort that the Otoe-Missouria Tribe exerted to achieve economic growth in their community have begun to pay off. The income reported by American Indians<sup>8</sup> in the Otoe-Missouria OTSA<sup>9</sup> more than doubled from 1989 through 2020 (+108%), far outpacing income growth for all people in the US (+21%) and Oklahoma (+20%), and helping to raise the income average for all people in the OTSA (+36%) (Figure 11). This excellent growth, however, takes place in a poor region (rural Oklahoma) among poor people (American Indians), both of which have a long way to go to catch up. Indian incomes there would need to double to reach parity with the US.

<sup>8</sup>Self-reported American Indians and Alaska Natives Alone.

<sup>9</sup>The Otoe-Missouria Oklahoma Tribal Statistical Area (OTSA) is co-extensive with the boundaries of the Red Rock Reservation established in 1881.

Figure 11:  
**Per Capita Income**  
 2023 dollars



Consistent with the Census questionnaire, “1990” and “2000” are plotted at the prior year. ACS 5-year averages are plotted at their middle years: 2010 and 2020.  
 [6, 11, 61]

Finally, despite claims to the contrary [62, 63, 64], American Indian economic growth does not come at the expense of growth elsewhere. Empirical evidence from national samples shows employment gains in counties near Indian casino openings [65, 66, 67, 68], sales and employment increases in nearby firms [69], and income gains in California census tracts near Indian casinos [70, 71]. Two regular features of export-oriented Indian economies make this so: they import the vast majority of inputs and employ more than just their own members. Growth in place not only helps tribes but also benefits tribes’ trading partners—the Oklahoman laborers, vendors, and service providers that Otoe-Missouria relies on.

## VII. Conclusion

All too often, the general public misunderstands tribal sovereignty, seeing it as a quaint relic from long ago or as a special “gift” to an ethnic group. It is neither. Tribal powers of self-government are the unextinguished powers of a particular society’s self-rule. The contemporary Otoe-Missouria government treats the in-firm, keeps the peace, teaches children, cares for the land, builds infrastructure, and grows businesses. It deploys modern computer networks, independent commissions, water treatment plants, police cruisers, consumer protection law, cement trucks, surveillance cameras, and accounting principles in an increasingly sophisticated fashion to bring prosperity to its citizens and its neighbors in Northern Oklahoma.

In so doing, the Otoe-Missouria Tribe dispels a related misconception, namely that tribal sovereignty is a zero-sum proposition: that Oklahomans must lose if Otoe-Missouria exercises its authority to set bet limits or loan terms. The numbers above prove the opposite: the economy of Oklahoma has much to gain from Otoe-Missouria’s export-oriented businesses and the government programs and investments they make possible. Because the Tribe is more effective at producing growth in place than federal or state aid and attempted processes of forced migration and acculturation, Otoe-Missouria’s modern and sophisticated exercise of its long-held powers of self-government brings economic vitality to its people and neighbors.



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## Appendices

### Appendix A Notes to the Timeline

Authors differ on the dates demarcating federal Indian policy shifts. The National Congress of American Indians (NCAI) [72] marks the beginning of the Termination Era as 1945, for example. In contrast, David Wilkins [73] describes Termination as spanning the “1950s-1960s.” The timeline on pages 2 and 3 relies on NCAI’s points of demarcation except for this boundary between Reorganization and Termination. The timeline gives weight to the passage in 1953 of Congressional Resolution 108 (articulating the goal of tribal termination) and Public Law 280 (transferring some tribes’ reservation criminal jurisdiction to states). Cornell [74] and O’Brien [75] also offer tables characterizing federal policy evolution.

Event dates come from the Otoe-Missouria Tribe and other sources [2, 3, 5, 36, 76, 77, 78, 79, 80, 81].

## Appendix B Economic Modeling

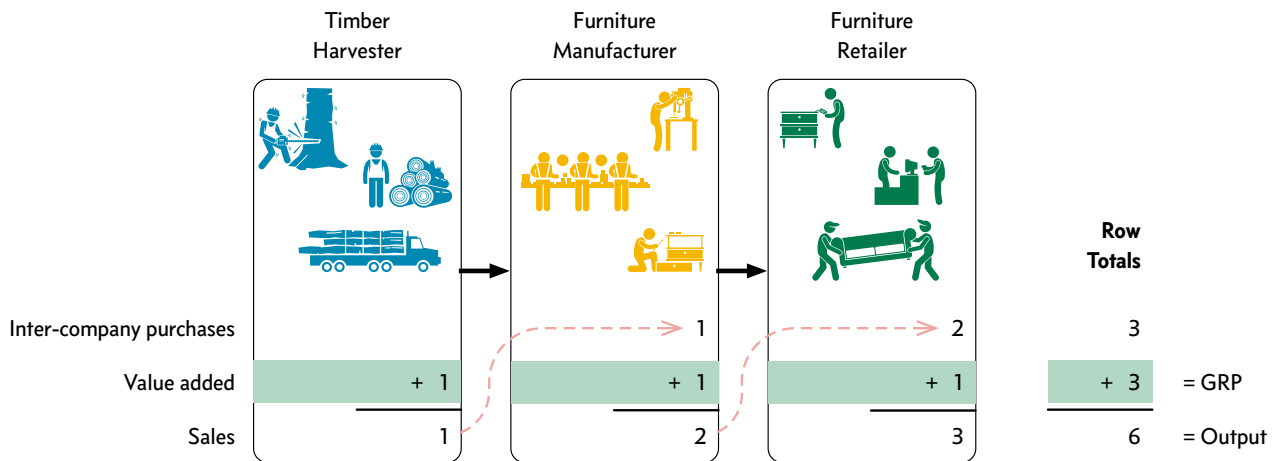
### Common Sense in Reporting

This subsection is reproduced without alteration from Taylor, J. B., © Medford, A. B. (2024). *The Economic Impact of the Snoqualmie Indian Tribe sduk<sup>™</sup> albix<sup>™</sup>*, 2024 Edition. The Taylor Policy Group, Inc.

Many impact studies report output numbers. This one opts for value added. Output is the sum of all firms' sales, whereas value added nets out the costs of intermediate production inputs. While the larger output numbers may please the impact consultant's clients, output is inflated and unreliable. An example makes both flaws apparent.

Suppose a tribe has a timber harvest operation that, in turn, supports a furniture manufacturer and a furniture retailer (Figure 12). Further, suppose that each stage in the value chain (harvesting, furniture-making, retailing) adds one unit of value at a given level of final production (green rows). By definition, the total value added in this sector of the economy is three units—its contribution to gross regional product (GRP).

Figure 12:  
A Three-Company Timber Products Value Chain

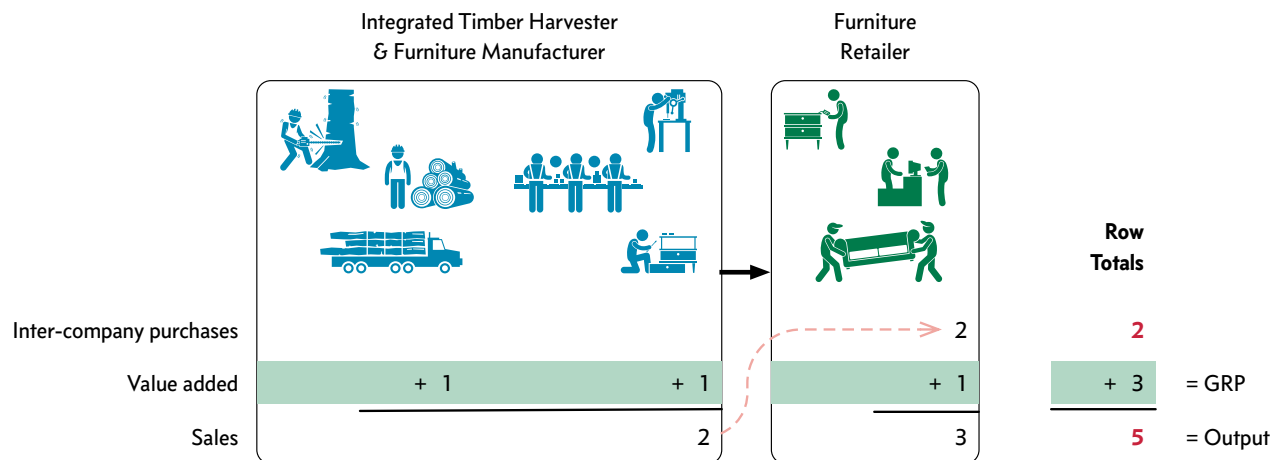


If all three processes occur in separate companies, inter-company sales (dashed arrows) accumulate along the value chain. The manufacturer's sales (2) cover the costs of its inputs—the harvester's lumber (1). Likewise, the retailer's sales (3) cover the costs of the furniture (2). The horizontal sum of all sales (1 + 2 + 3 = 6) or output is the same as the vertical sum of all inter-company purchases (3) and value added (3).

Note the multiple counting in output: the value added at the harvesting stage is counted once in its own sales, a second time in the manufacturer's sales, and a third time in the retailer's. Likewise, the value added at the manufacturing stage is counted once in its own sales and again in the retailer's. While the indicated sales figures would appropriately appear in the financial statements of the three companies, it is no way to measure impact in an *economy*. Output double-, triple-, quadruple-counts, or worse, the more intricate the supply chain is, and modern supply chains are the most complicated ever.

Output is also unreliable for measuring and comparing sectors and economies. Suppose the tribal timber harvest company acquired the furniture manufacturer (Figure 13), but everything else stayed the same. In other words, the given level of final production and the value added by each process remained constant. Inter-company sales between the harvest and manufacturing processes would disappear, reducing inter-company purchases (from 3 to 2) and total sales (or output, from 6 to 5). Yet, total value added (this value-chain’s contribution to gross product) would remain constant (3). Using the output numbers to compare the pre- and post-merger worlds (Figures 12 and 13, respectively) would give the mistaken impression that the merger shrank the “economy,” when it merely reduced inter-company transactions. The contribution to gross product (the sum of value added) and the economic activity it represents would remain constant.

Figure 13:  
**A Two-Company Timber Products Value Chain**



The unreliability of total sales (output) to accurately characterize pre- and post-merger economic activity also implicates inter-sector comparisons. Suppose Sectors A and B produce the same value added in their production chains, but Sector A is more vertically integrated (like Figure 13) than Sector B for technical, logistic, or historical reasons. Comparing the output of Sector A and B would give the mistaken impression that Sector B (the less integrated sector, like Figure 12) is more economically significant.

Thus, when tracking growth and recession or comparing sectors and economies, economists measure gross regional, state, or national product—the sum of all value added—not the measure of all firms’ revenues (output). As one Dictionary of Economics notes:

**gross domestic product (GDP)** A measure of the total flow of goods and services produced by the economy...obtained by valuing outputs of goods and services at market prices, and then aggregating. *Note that all intermediate goods are excluded, and only goods used for final consumption or investment goods or changes in stocks are included. This is because the values of intermediate goods are implicitly included in the prices of the final goods* [82, emphases added].

Output figures may be used by the uninformed or the unscrupulous *because they inflate impacts*. Either way, don’t buy them.

### **Conservatism in Modeling**

Several modeling approaches improve the precision of the impact estimates and introduce conservatism. Tribal enterprise impacts were modeled to reflect their government-owned nature; top-line enterprise revenue (demand) enters the model with proprietor income zeroed out. In contrast to run-of-the-mill impact studies (and default assumptions), this approach eliminates the risk of overstating proprietor income (a segment of value added) when modeling a government-owned enterprise with its government, a routine necessity in Indian Country.

Per IMPLAN procedure, top-line revenues in retail businesses were margined to eliminate the pass-through of the cost of goods sold (COGS). Taxes on production and imports (TOPI) were set to zero in recognition that tribal governments and the commercial enterprises of tribal governments are not themselves subject to taxation. TOPI *does* arise from the indirect and the induced impacts.

In 2023, the Tribe engaged in a moderate amount of capital expenditure, which is incorporated with the enterprise and government impact. When modeling capital expenditures that entailed real estate transactions, the purchase price was not the basis of demand change (since most of its value represents a wealth transfer that does not affect the demand for goods and services in the economy). Instead, an estimate of transaction costs (6 percent of value) was imputed to the legal, real estate, and banking sectors. Tribal government was modeled using a local government institutional spending pattern.

### **Model Vintage**

The IMPLAN data tables covering 2022 (the latest available at the time of modeling) produce the impact estimates. It should be noted that in 2022, the economy was still in a state of flux due to the pandemic and the economy's response to it. Thus, the underlying make-and-use matrices at the core of IMPLAN may reflect more than the usual amount of uncertainty as firms contended with supply chain and labor force disequilibrium. The dollars of impact reported in Tables 3 and 4 are reported in 2023 dollars as deflated within the IMPLAN model.

## Appendix C About the Authors

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