

# ***APPENDIX J***

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**ECONOMIC IMPACT AND GROWTH INDUCING STUDY**

# **SPOKANE TRIBE OF INDIANS WEST PLAINS MIXED-USE DEVELOPMENT ECONOMIC IMPACT AND GROWTH INDUCING STUDY**

## **1.0 INTRODUCTION**

This study quantifies potential economic impacts of the Spokane Tribe of Indians West Plains Mixed-Use Development (Proposed Project) associated with output, employment, wages, and tax revenues. For each alternative, economic effects in this analysis are quantified for Spokane County using the Impact Analysis for Planning (IMPLAN) model. The IMPLAN model employs an input-output/social accounting matrix to determine anticipated effects of development projects on the regional economy. IMPLAN analysis was first developed by the U.S. Department of Agriculture Forest Service in the mid-1970s. The current IMPLAN input-output database and model is maintained and sold by the Minnesota IMPLAN Group. The IMPLAN model is commonly used by universities, government agencies, corporations, and private consultants to estimate economic impacts to communities and regions. Because the model is so widely used, the results are considered acceptable in inter-agency analysis. Results of this study are analyzed and discussed in **Sections 4.7, 4.14, and 4.15** of the Environmental Impact Statement (EIS).

Each alternative examined would have a different economic impact on Spokane County respective to the alternative. There are two phases of impact: the construction phase and operation phase. The construction phase is a one-time stimulus to the economy, while the operation phase is a reoccurring stimulus to the economy. Construction of Alternative 1 would be completed in three phases. The first phase of construction would begin in 2012, the second in 2015, and the third in 2019. Alternative 1 would begin operation in 2013 following completion of the first phase of the project. The second and third phases would begin operation in 2016 and 2020, respectively. Construction of Alternatives 2 and 3 would occur in a single phase to begin 2012, with the first full year of operation in 2013.

## **1.1 COMPETITIVE GAMING MARKET**

The market for a casino at the Spokane site is unique because of the regional population distribution. The potential market for the Spokane site can be divided into two major sources: close-radius residents and long-distance travelers. The close-radius market consists of individuals who reside in areas where the proposed casino will either be the closest casino or one of the closer casinos. The long-distance market consists of vehicles on State Route 2 traveling to Seattle or Idaho. The primary market opportunity for the Spokane site is the large number of travelers that currently pass through Spokane on State Route 2 each year.

Existing regional gaming facilities with the greatest potential to be affected by the project include: Northern Quest Casino located approximately two miles from the project site, Couer D’Alene Casino Resort located approximately 33 miles from the project site, Two Rivers Casino located approximately 38 miles from the project site, and Chewelah Casino located approximately 40 miles from the project site (Innovation Group, 2011). The Two Rivers and Chewelah Casinos are owned and operated by the Spokane Tribe; therefore any potential impacts of the proposed project to these casinos would be offset by the anticipated revenue generated for the Spokane Tribe at the project site. Due to the proposed location along State Route 2, Alternatives 1, 2, and 3 would have potential to capture numerous visitors passing through the region.

## **2.0 SOCIOECONOMIC IMPACTS**

### **2.1 ALTERNATIVE 1 – PROPOSED CASINO AND MIXED-USE DEVELOPMENT**

Alternative 1 (Proposed Action) consists of the following components: (1) issuance of a Two-Part Determination by the Secretary of the Interior; and (2) development of the casino resort, retail, commercial building, tribal cultural center, and police/fire station and ancillary uses on the project site. Additionally, the Proposed Project may include the NIGC’s approval of a gaming management contract. Construction of the first phase of Alternative 1 is anticipated to begin in 2012, and the first full year of operation of Class III gaming is anticipated to occur in 2013. The second and third phases are anticipated to begin operation in 2016 and 2020, respectively.

#### **2.1.1 CONSTRUCTION IMPACT**

Based on the estimates of construction costs for the proposed development at the project site, the estimated impacts from construction activities, including the costs for general construction and investment in Furniture, Fixtures and Equipment (FF&E), were calculated and are presented in **Table 1**. Although construction activities would be divided between three phases, impacts are evaluated cumulatively in order to assess the total impact of Alternative 1 as a whole.

**TABLE 1**  
DEVELOPMENT COST BREAKDOWN FOR ALTERNATIVE 1

<b>Project Element</b>	<b>Total Cost</b>
Casino Construction Element	\$180,050,985
Hotel Construction Element	\$53,120,036
Retail Construction Element	\$61,551,349
Other Construction Element	\$37,629,652
Furniture, Fixtures, and Equipment (excluding gaming equipment)	\$16,000,000
Gaming Equipment	\$56,000,000
<b>Spokane Casino Total Development Budget</b>	<b>\$404,352,021</b>

*Source: The PENTA Building Group, 2011*

In the following sections, results are presented in Aggregated Industrial Sectors (NAICS 2-digit). The direct impacts to the County from Alternative 1’s construction phase are captured through Sector 23 (Construction) and Sector 42 (Wholesale Trade). Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Though the impacts from construction activities are one-time and non-recurring, they are expected to generate considerable positive effects to the County beyond the construction sector. In order to ensure a conservative analysis, investments in construction activities are anticipated to remain within the County at the same proportion as similar investments have historically remained within the County as calculated by IMPLAN.

**Total Output**

Total output generated during the construction phase is detailed in **Table 2**, and is presented in 2011 dollars. The output impact represents the entire value of production/sales generated by the project. The output impact value includes the costs of the goods and services that go into production, wages, and taxes paid.

**TABLE 2**  
ALTERNATIVE 1 – CONSTRUCTION PHASE IMPACT ON TOTAL OUTPUT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 277,943	\$ 129,717	\$ 407,660
21 Mining (AGG)	\$ -	\$ 10,236	\$ 5,239	\$ 15,475
22 Utilities (AGG)	\$ -	\$ 516,448	\$ 1,030,527	\$ 1,546,975
23 Construction (AGG)	\$ 185,963,838	\$ 292,261	\$ 684,228	\$ 186,940,326
31-33 Manufacturing (AGG)	\$ 1,204,584	\$ 4,848,124	\$ 2,495,929	\$ 8,548,637
42 Wholesale Trade	\$ 2,932,440	\$ 5,188,808	\$ 3,435,129	\$ 11,556,377
44-45 Retail Trade (AGG)	\$ -	\$ 2,470,016	\$ 6,921,385	\$ 9,391,401
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 2,818,887	\$ 1,237,806	\$ 4,056,693
51 Information (AGG)	\$ -	\$ 1,554,690	\$ 1,362,956	\$ 2,917,647
52 Finance and Insurance (AGG)	\$ -	\$ 2,580,663	\$ 6,926,552	\$ 9,507,215
53 Real Estate and Rental (AGG)	\$ -	\$ 3,439,986	\$ 13,217,560	\$ 16,657,546
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 15,027,845	\$ 2,235,479	\$ 17,263,324
55 Management of Companies (AGG)	\$ -	\$ 640,509	\$ 383,867	\$ 1,024,375
56 Administrative and Waste Services (AGG)	\$ -	\$ 1,559,914	\$ 963,335	\$ 2,523,249
61 Educational Services (AGG)	\$ -	\$ 18,310	\$ 995,883	\$ 1,014,192
62 Health and Social Services (AGG)	\$ -	\$ 189	\$ 12,434,654	\$ 12,434,843
71 Arts – Entertainment & Recreation (AGG)	\$ -	\$ 90,426	\$ 912,945	\$ 1,003,371
72 Accommodation & Food Services (AGG)	\$ -	\$ 896,320	\$ 4,333,442	\$ 5,229,762
81 Other Services (AGG)	\$ -	\$ 2,682,840	\$ 3,056,925	\$ 5,739,765
92 Government and non NAICS	\$ -	\$ 1,269,944	\$ 2,823,118	\$ 4,093,062
<b>Total</b>	<b>\$ 190,100,862</b>	<b>\$ 46,184,357</b>	<b>\$ 65,586,676</b>	<b>\$ 301,871,895</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

Direct impact from investment in construction and related activities, as well as FF&E is estimated at \$190.1 million. This would generate indirect outputs from other regional sectors estimated at \$46.2 million. The generation of direct and indirect output would result in the creation of jobs and wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption, or induced output, is estimated at \$65.6 million. Overall, approximately \$301.9 million of economic output would be generated within the County during the construction phase of Alternative 1.

**Employment**

Employment opportunities generated during the construction phase are detailed in **Table 3**. Direct impact in the County from investment in construction and related activities, as well as FF&E, is estimated at 1,225 positions. This alternative would generate 368 indirect employment positions and 561 induced employment positions from other regional sectors.

**TABLE 3**  
ALTERNATIVE 1 – CONSTRUCTION PHASE IMPACT ON EMPLOYMENT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	-	1	1	3
21 Mining (AGG)	-	0	0	0
22 Utilities (AGG)	-	0	1	2
23 Construction (AGG)	1,200 <sup>1</sup>	2	6	1,208
31-33 Manufacturing (AGG)	6	22	8	36
42 Wholesale Trade	19	34	23	77
44-45 Retail Trade (AGG)	-	41	114	155
48-49 Transportation and Warehousing (AGG)	-	20	10	29
51 Information (AGG)	-	5	5	10
52 Finance and Insurance (AGG)	-	11	31	41
53 Real Estate and Rental (AGG)	-	20	34	54
54 Professional – Scientific & Tech Services (AGG)	-	133	22	154
55 Management of Companies (AGG)	-	3	2	5
56 Administrative and Waste Services (AGG)	-	23	14	37
61 Educational Services (AGG)	-	0	15	15
62 Health and Social Services (AGG)	-	0	126	126
71 Arts – Entertainment & Recreation (AGG)	-	2	17	19
72 Accommodation & Food Services (AGG)	-	13	68	81
81 Other Services (AGG)	-	32	53	85
92 Government and non NAICS	-	5	12	17
<b>Total</b>	<b>1,225</b>	<b>368</b>	<b>561</b>	<b>2,154</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

<sup>1</sup>Penta Building Group, 2011.

Note: Though numbers appear to be estimated to the nearest whole number, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

**Wages**

Wages generated during the construction phase are detailed in **Table 4**. As a result of the jobs generated by Alternative 1, direct wages generated to be captured by the County are estimated at \$66.6 million. Indirect employment wages from other regional sectors would also be generated, and are estimated at \$15.8 million. The generation of direct and indirect wages would cause an increase in consumption for the region. The increase in consumption would result in an additional increase in jobs and therefore an increase in wages, induced impact, estimated at \$20.0 million. Overall, approximately \$102.4 million in wages would be generated within the County during the three-phase construction of Alternative 1.

**TABLE 4**  
ALTERNATIVE 1 – CONSTRUCTION PHASE IMPACT ON WAGES

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 21,109	\$ 8,503	\$ 29,612
21 Mining (AGG)	\$ -	\$ 1,630	\$ 549	\$ 2,179
22 Utilities (AGG)	\$ -	\$ 57,902	\$ 120,305	\$ 178,207
23 Construction (AGG)	\$ 65,063,526	\$ 115,401	\$ 240,357	\$ 65,419,283
31-33 Manufacturing (AGG)	\$ 363,749	\$ 1,099,566	\$ 463,491	\$ 1,926,806
42 Wholesale Trade	\$ 1,141,115	\$ 2,019,146	\$ 1,336,728	\$ 4,496,988
44-45 Retail Trade (AGG)	\$ -	\$ 1,231,872	\$ 3,293,081	\$ 4,524,953
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 943,007	\$ 408,146	\$ 1,351,153
51 Information (AGG)	\$ -	\$ 347,008	\$ 322,255	\$ 669,263
52 Finance and Insurance (AGG)	\$ -	\$ 588,237	\$ 1,603,746	\$ 2,191,983
53 Real Estate and Rental (AGG)	\$ -	\$ 465,954	\$ 355,778	\$ 821,733
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 6,215,872	\$ 870,761	\$ 7,086,632
55 Management of Companies (AGG)	\$ -	\$ 310,947	\$ 186,355	\$ 497,303
56 Administrative and Waste Services (AGG)	\$ -	\$ 706,228	\$ 415,838	\$ 1,122,066
61 Educational Services (AGG)	\$ -	\$ 8,491	\$ 482,081	\$ 490,571
62 Health and Social Services (AGG)	\$ -	\$ 76	\$ 6,121,064	\$ 6,121,140
71 Arts – Entertainment & Recreation (AGG)	\$ -	\$ 32,578	\$ 292,636	\$ 325,214
72 Accommodation & Food Services (AGG)	\$ -	\$ 278,271	\$ 1,414,230	\$ 1,692,500
81 Other Services (AGG)	\$ -	\$ 948,296	\$ 1,253,124	\$ 2,201,420
92 Government and non NAICS	\$ -	\$ 387,022	\$ 844,758	\$ 1,231,780
<b>Total</b>	<b>\$ 66,568,389</b>	<b>\$ 15,778,612</b>	<b>\$20,033,785</b>	<b>\$102,380,785</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Tax Revenue Impact

The construction of Alternative 1 would generate substantial tax revenues to federal, state, and local governments (**Table 5**). Total tax revenue during the construction phase is estimated at \$14.8 million. Local government is estimated to receive total tax revenue of \$6.4 million. The majority of local government taxes is derived from indirect business taxes, which includes increased sales tax revenue.

**TABLE 5**  
ALTERNATIVE 1 – CONSTRUCTION PHASE IMPACT ON OVERALL TAX REVENUES

	Employee Compensation	Proprietary Income	Indirect Business Taxes	Household Expenditures	Corporations	Total
<b>Federal Government NonDefense</b>	Social Ins Tax- Employee Contribution	\$ 2,379,887	\$ 356,521			\$ 2,736,408
	Social Ins Tax- Employer Contribution	\$ 2,339,426				\$ 2,339,426
	Indirect Bus Tax: Excise Taxes			\$313,684		\$ 313,684
	Indirect Bus Tax: Custom Duty			\$101,486		\$ 101,486
	Indirect Bus Tax: Fed NonTaxes			\$269,311		\$ 269,311
	Corporate Profits Tax				\$ 778,571	\$ 778,571
	Personal Tax: Income Tax				\$1,822,687	\$ 1,822,687
<b>Subtotal</b>	\$ 4,719,313	\$ 356,521	\$ 684,481	\$1,822,687	\$ 778,571	\$ 8,361,573
<b>State/Local Government NonEducation</b>	Dividends				\$ 345,092	\$ 345,092
	Social Ins Tax- Employee Contribution	\$ 10,535	\$ -			\$ 10,535
	Social Ins Tax- Employer Contribution	\$ 26,167				\$ 26,167
	Indirect Bus Tax: Sales Tax			\$3,456,572		\$ 3,456,572
	Indirect Bus Tax: Property Tax			\$1,660,126		\$ 1,660,126
	Indirect Bus Tax: Motor Vehicle Lic			\$ 44,826		\$ 44,826
	Indirect Bus Tax: Severance Tax			\$ 7,253		\$ 7,253
	Indirect Bus Tax: Other Taxes			\$ 445,984		\$ 445,984
	Indirect Bus Tax: S/L NonTaxes			\$ 235,517		\$ 235,517
	Corporate Profits Tax				\$ -	\$ -
	Personal Tax: Income Tax				\$ -	\$ -
	Personal Tax: NonTaxes (Fines-Fees)				\$ 145,354	\$ 145,354
	Personal Tax: Motor Vehicle License				\$ 38,548	\$ 38,548
	Personal Tax: Property Taxes				\$ 15,884	\$ 15,884
	Personal Tax: Other Tax (Fish/Hunt)				\$ 11,990	\$ 11,990
<b>Subtotal</b>	\$ 36,702	\$ -	\$5,850,276	\$ 211,775	\$ 345,092	\$ 6,443,845
<b>Grand Total</b>	\$ 4,756,015	\$ 356,521	\$6,534,757	\$2,034,462	\$1,123,663	\$ 14,805,418

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown may not add up to equal the number given in the Total. The tax revenues indicated in the table include indirect and induced taxes only. Due to the project's unique circumstances, including the proposed location on trust land, direct tax revenues generated during the project's construction phase were not quantifiable. As such, actual tax revenues generated by the project may be greater than those indicated above as direct personal income tax has not been included in the totals.

## 2.1.2 OPERATION IMPACT

The estimated economic impact from operation of Alternative 1 was calculated based on revenue projections provided by Warner Gaming (2011), as well as a retail market study prepared by Civic Economics (2009).

### *Projected Revenue*

Under Alternative 1, the Tribe would sign a compact with the state allowing the Tribe to construct a gaming facility and operate up to 2,500 gaming devices, 50 table games, and 10 poker room tables within a 98,442-square-foot gaming floor area. Other facilities within the casino would include a cafe, a steakhouse, three restaurants, a food court, bars, a convention/banquet area, a 96,634-square-foot lifestyle retail component located on the southwest side of the casino-resort complex, a 107,490-square-foot specialty retail box store with direct access to the casino floor, and 155,145 square feet of other site retail. Revenue projections under Alternative 1 are provided in **Table 6**.

**TABLE 6**  
ANNUAL REVENUE BREAKDOWN FOR ALTERNATIVE 1

Project Element	2013 Revenue (Phase 1)	2016 Revenue (Phase 2) <sup>1</sup>	2020 Revenue (Phase 3) <sup>1</sup>
<b>Casino Gaming Revenue</b>			
Slots	\$82,125,000	\$98,550,000	\$123,187,500
Table Games	\$10,512,000	\$13,797,000	\$16,245,000
Bingo	\$262,800	\$262,800	\$262,800
Poker	\$1,277,500	\$1,277,500	\$1,277,500
<b>Non-Gaming Operations Revenue</b>			
Food & Beverage	\$9,893,690	\$13,974,390	\$23,464,390
Hotel	-	-	\$8,842,125
Casino Retail <sup>2</sup>	-	\$25,414,742	\$53,684,612
Site Retail <sup>2</sup>	\$40,803,135	\$40,803,135	\$40,803,135
<b>Total Revenue</b>	<b>\$144,874,125</b>	<b>\$194,029,567</b>	<b>\$267,767,062</b>

*Source: Warner Gaming, 2011; Civic Economics, 2009; AES, 2011*

<sup>1</sup>Revenues presented for Phases 2 and 3 are cumulative and include estimated revenues anticipated for the earlier phase(s).

<sup>2</sup>Revenues generated from the retail component of the project are included in the analysis, but are not anticipated to be collected by the Tribe

Note: Actual revenues collected by the Tribe would be less than the amount shown.

The projected revenue for the Spokane Mixed-Use Development is \$144.9 million in 2013 following the first phase of construction, \$194.0 million in 2016 following the second phase of construction, and \$267.8 million in 2020 following the third phase of construction. In the following sections, the direct impact from the project is captured in NAICS Sectors 44-45 (Retail Trade), Sector 71 (Arts – Entertainment and Recreation), Sector 72 (Accommodation and Food Services). Operation impacts are anticipated to recur annually beginning with the first full year of operation, which is anticipated to be 2013 under Alternative 1.



### ***Substitution Effects***

Existing regional gaming facilities with the greatest potential to be affected by the project include: Northern Quest Casino located approximately two miles from the project site, Couer D’Alene Casino Resort located approximately 33 miles from the project site, Two Rivers Casino located approximately 38 miles from the project site, and Chewelah Casino located approximately 40 miles from the project site (Innovation Group, 2011). Whenever a new casino opens in a market area, a certain amount of market cannibalization is to be expected. The anticipated gaming revenue substitution effect under Alternative 1 would be approximately 32.7 percent of total projected gaming revenue for the project, (\$81.2 million) (Innovation Group, 2011). Anticipated substitution effects are likely to diminish after the first year of the project’s operation once local residents experience the casino and return to more typical spending patterns. It is anticipated that all competing casinos would continue to generate significantly positive cash flows (Innovation Group, 2011).

According to a 2000 Harvard University study, worst-case non-gaming substitution effects occurring in rural environments as a result of Native American casinos have shown on average a nine percent decrease in earnings at local restaurants and bars and an increase in earnings in other commercial sectors.<sup>1</sup> According to official U.S. Census Bureau definitions, rural areas comprise open country and settlements with fewer than 2,500 residents.<sup>2</sup> In 2009, the City of Airway Heights had a population of approximately 5,523 people,<sup>3</sup> which is higher than the U.S. Census Bureau’s definition of a rural community. Thus, worst case effects as described in the Harvard study would not apply to the Spokane site. Therefore, it may be inferred that if substitution occurs it would be at some percentage lower than nine percent. Additionally, potential non-gaming substitution effects would be counteracted by the local economic activity generated by casino patrons other than local residents. Specifically, as the casino would draw non-residents to the area, the associated increase in new visitor demand for off-site entertainment venues, restaurants, and bars would make up for some area residents choosing to visit Alternative 1 rather than other local establishments. Thus, it is not anticipated that significant quantifiable non-gaming substitution effects would occur.

### **Total Output**

Total annual output generated during the operation phase is detailed in **Table 7**, and is presented in 2011 dollars. The output impact represents the entire value of production/sales generated by the project. The output impact value includes the costs of the goods and services that go into production, wages, and taxes

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<sup>1</sup> Taylor, Jonathan B., Matthew B. Krepps, and Patrick Wang, 2000. *The National Evidence on the Socioeconomic Impacts of American Indian Gaming on Non-Indian Communities*. April 2000. Available online at: <http://www.hks.harvard.edu/hpaied/docs/PRS00-1.pdf>

<sup>2</sup> Measuring Rurality: What is Rural? United States Department of Agriculture. Economic Research Service. Available online at: <http://www.ers.usda.gov/Briefing/Rurality/WhatIsRural/>. March 22, 2007.

<sup>3</sup> U.S. Census Bureau. Spokane city, Washington. 2009 American Community Survey 1-Year Estimates. Available online at: [http://factfinder.census.gov/servlet/ACSSAFFacts?\\_event=&geo\\_id=16000US5367000&\\_geoContext=01000US|04000US53|16000US5367000&\\_street=&\\_county=spokane&\\_cityTown=spokane&\\_state=04000US53&\\_zip=&\\_lang=en&\\_sse=on&ActiveGeoDiv=&\\_useEV=&pctxt=fph&pgsl=160&\\_submenuId=factsheet\\_1&ds\\_name=null&\\_ci\\_nbr=null&qtr\\_name=null&reg=null%3Anull&\\_keyword=&\\_industry=](http://factfinder.census.gov/servlet/ACSSAFFacts?_event=&geo_id=16000US5367000&_geoContext=01000US|04000US53|16000US5367000&_street=&_county=spokane&_cityTown=spokane&_state=04000US53&_zip=&_lang=en&_sse=on&ActiveGeoDiv=&_useEV=&pctxt=fph&pgsl=160&_submenuId=factsheet_1&ds_name=null&_ci_nbr=null&qtr_name=null&reg=null%3Anull&_keyword=&_industry=)

paid. New direct investment in the gaming industry, casino hotels, and food and beverage consumption at the site as a result of buildout of Alternative 1 in the year 2020 is estimated to be \$161.6 million annually. This would generate indirect outputs from other regional sectors in the County estimated at \$37.5 million annually. The generation of direct and indirect output would result in the creation of jobs and wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption, or induced output, is estimated at \$50.1 million. Overall, approximately \$249.3 million of economic output would be generated within the County annually during the buildout operational phase of Alternative 1.

**TABLE 7**  
ALTERNATIVE 1 – OPERATION PHASE IMPACT ON TOTAL OUTPUT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 129,293	\$ 99,148	\$ 228,441
21 Mining (AGG)	\$ -	\$ 3,783	\$ 4,005	\$ 7,788
22 Utilities (AGG)	\$ -	\$ 1,226,833	\$ 787,635	\$ 2,014,467
23 Construction (AGG)	\$ -	\$ 618,142	\$ 523,083	\$ 1,141,226
31-33 Manufacturing (AGG)	\$ -	\$ 1,981,382	\$ 1,907,812	\$ 3,889,194
42 Wholesale Trade	\$ -	\$ 1,847,819	\$ 2,625,494	\$ 4,473,313
44-45 Retail Trade (AGG)	\$ 37,178,508	\$ 238,750	\$ 5,291,680	\$ 42,708,937
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 1,534,458	\$ 946,281	\$ 2,480,739
51 Information (AGG)	\$ -	\$ 3,287,090	\$ 1,041,812	\$ 4,328,902
52 Finance and Insurance (AGG)	\$ -	\$ 4,153,656	\$ 5,295,161	\$ 9,448,817
53 Real Estate and Rental (AGG)	\$ -	\$ 3,943,889	\$ 10,104,596	\$ 14,048,485
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 6,793,456	\$ 1,708,796	\$ 8,502,252
55 Management of Companies (AGG)	\$ -	\$ 2,050,045	\$ 293,422	\$ 2,343,468
56 Administrative and Waste Services (AGG)	\$ -	\$ 2,084,642	\$ 736,411	\$ 2,821,052
61 Educational Services (AGG)	\$ -	\$ 47,057	\$ 761,444	\$ 808,500
62 Health and Social Services (AGG)	\$ -	\$ 4,193	\$ 9,504,771	\$ 9,508,964
71 Arts – Entertainment & Recreation (AGG)	\$ 100,586,738	\$ 570,082	\$ 697,964	\$ 101,854,784
72 Accommodation & Food Services (AGG)	\$ 23,875,718	\$ 1,471,558	\$ 3,312,705	\$ 28,659,981
81 Other Services (AGG)	\$ -	\$ 1,534,997	\$ 2,336,968	\$ 3,871,965
92 Government and non NAICS	\$ -	\$ 3,975,819	\$ 2,157,817	\$ 6,133,636
<b>Total</b>	<b>\$ 161,640,963</b>	<b>\$ 37,496,946</b>	<b>\$ 50,137,003</b>	<b>\$ 249,274,912</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Employment

Employment opportunities generated during the operation phase are detailed in **Table 8**. The potential for Alternative 1 to result in growth-inducing impacts, including the potential for out-of-area employees to relocate to Spokane County, is analyzed in **Section 5.0** of this study.

Alternative 1 is anticipated to result in approximately 1,027 direct jobs within the Entertainment and Recreation, and Accommodation and Food Services sectors (Warner Gaming, 2011). An additional 1,060 employment positions would be generated within the Retail Trade sector at the project site as estimated by IMPLAN. Therefore, a total of approximately 2,087 direct employment opportunities would be anticipated to be generated at the project site. Alternative 1 would generate indirect employment positions from other regional sectors within the County estimated at 289 positions. The generation of direct and indirect output would result in the creation of wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption would result in an additional increase in employment opportunities, induced impact, estimated at 429 positions. Overall, approximately 2,805 new job opportunities would be captured within the County during the buildout operational phase of Alternative 1.

**TABLE 8**  
ALTERNATIVE 1 – OPERATION PHASE IMPACT ON EMPLOYMENT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	-	1	1	2
21 Mining (AGG)	-	0	0	0
22 Utilities (AGG)	-	1	1	2
23 Construction (AGG)	-	5	4	10
31-33 Manufacturing (AGG)	-	8	6	14
42 Wholesale Trade	-	12	17	30
44-45 Retail Trade (AGG)	1,060	5	87	1,152
48-49 Transportation and Warehousing (AGG)	-	13	7	20
51 Information (AGG)	-	18	4	22
52 Finance and Insurance (AGG)	-	16	23	40
53 Real Estate and Rental (AGG)	-	27	26	53
54 Professional – Scientific & Tech Services (AGG)	-	65	16	81
55 Management of Companies (AGG)	-	11	2	12
56 Administrative and Waste Services (AGG)	-	30	11	41
61 Educational Services (AGG)	-	1	11	12
62 Health and Social Services (AGG)	-	0	96	96
71 Arts – Entertainment & Recreation (AGG)	777 <sup>1</sup>	18	13	808
72 Accommodation & Food Services (AGG)	250 <sup>1</sup>	22	52	324
81 Other Services (AGG)	-	20	40	60
92 Government and non NAICS	-	17	9	26
<b>Total</b>	<b>2,087</b>	<b>289</b>	<b>429</b>	<b>2,805</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

<sup>1</sup>Warner Gaming, 2011

Note: Though numbers appear to be estimated to the nearest whole number, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

**Wages**

Wages generated during the operation phase are detailed in **Table 9**. As a result of the jobs generated by Alternative 1, direct wages generated are estimated at \$39.9 million. Indirect employment wages from other regional sectors would also be generated, and are estimated at \$11.6 million. The generation of direct and indirect wages would cause an increase in consumption for the region. The increase in consumption would result in an additional increase in jobs and therefore an increase in wages, induced impact, estimated at \$15.3 million. Overall, approximately \$66.8 million in wages would be generated annually within the County during the operation phase of Alternative 1.

**TABLE 9**  
ALTERNATIVE 1 – OPERATION PHASE IMPACT ON WAGES

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 10,497	\$ 6,499	\$ 16,996
21 Mining (AGG)	\$ -	\$ 388	\$ 420	\$ 808
22 Utilities (AGG)	\$ -	\$ 140,894	\$ 91,949	\$ 232,844
23 Construction (AGG)	\$ -	\$ 244,301	\$ 183,747	\$ 428,048
31-33 Manufacturing (AGG)	\$ -	\$ 355,756	\$ 354,290	\$ 710,046
42 Wholesale Trade	\$ -	\$ 719,051	\$ 1,021,671	\$ 1,740,722
44-45 Retail Trade (AGG)	\$ 14,868,896	\$ 113,270	\$ 2,517,694	\$ 17,499,860
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 549,906	\$ 312,016	\$ 861,923
51 Information (AGG)	\$ -	\$ 1,009,870	\$ 246,330	\$ 1,256,199
52 Finance and Insurance (AGG)	\$ -	\$ 915,561	\$ 1,225,985	\$ 2,141,546
53 Real Estate and Rental (AGG)	\$ -	\$ 278,673	\$ 271,922	\$ 550,595
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 2,619,956	\$ 665,608	\$ 3,285,564
55 Management of Companies (AGG)	\$ -	\$ 995,234	\$ 142,448	\$ 1,137,681
56 Administrative and Waste Services (AGG)	\$ -	\$ 873,125	\$ 317,881	\$ 1,191,006
61 Educational Services (AGG)	\$ -	\$ 21,889	\$ 368,604	\$ 390,493
62 Health and Social Services (AGG)	\$ -	\$ 1,683	\$ 4,678,813	\$ 4,680,497
71 Arts – Entertainment & Recreation (AGG)	\$ 19,810,063	\$ 176,737	\$ 223,723	\$ 20,210,523
72 Accommodation & Food Services (AGG)	\$ 5,255,762	\$ 470,661	\$ 1,081,105	\$ 6,807,528
81 Other Services (AGG)	\$ -	\$ 587,360	\$ 958,014	\$ 1,545,374
92 Government and non NAICS	\$ -	\$ 1,491,004	\$ 645,702	\$ 2,136,706
<b>Total</b>	<b>\$ 39,934,721</b>	<b>\$ 11,575,816</b>	<b>\$ 15,314,422</b>	<b>\$ 66,824,959</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## **Tax Revenue Impact**

There is a common misconception that Native American gaming facilities do not generate fiscal benefits beyond tribal governments. Tribes, as sovereign governments, do not pay corporate income taxes on revenue or property taxes on tribal land; tribal members that both live and work on a Reservation do not pay state income taxes; and state and/or local sales/excise taxes are levied on purchases by tribal members on reservations. However, taxes are paid in all other circumstances, including purchases made by non-tribal members, income taxes paid by non-tribal members or members that live off of the Reservation, and all indirect and induced activity generated during operation. As such, federal, state, and local governments typically experience substantial fiscal benefits from tribal business operations, including casinos.

The operation of Alternative 1 would generate substantial tax revenues to federal, state, and local governments (**Table 10**). Total annual tax revenue during the operation phase is estimated at \$10.9 million. Local government is estimated to receive total tax revenue of \$4.7 million. The majority of local government taxes are derived from indirect business taxes, including increased sales tax revenue. Since the Spokane Reservation is currently held in trust for the Tribe by the federal government, no property tax loss would occur as a result of Alternative 1.

**TABLE 10**  
ALTERNATIVE 1 – OPERATION PHASE IMPACT ON OVERALL TAX REVENUES

	Employee Compensation	Proprietary Income	Indirect Business Taxes	Household Expenditures	Corporations	Total
Federal Government Non-Defense	Social Ins Tax- Employee Contribution	\$ 1,786,972	\$ 233,145			\$ 2,020,117
	Social Ins Tax- Employer Contribution	\$ 1,756,591				\$ 1,756,591
	Indirect Bus Tax: Excise Taxes			\$ 225,107		\$ 225,107
	Indirect Bus Tax: Custom Duty			\$ 72,829		\$ 72,829
	Indirect Bus Tax: Fed NonTaxes			\$ 193,263		\$ 193,263
	Corporate Profits Tax				\$ 675,759	\$ 675,759
	Personal Tax: Income Tax				\$ 1,343,112	\$ 1,343,112
	<b>Subtotal</b>	<b>\$ 3,543,563</b>	<b>\$ 233,145</b>	<b>\$ 491,199</b>	<b>\$ 1,343,112</b>	<b>\$ 675,759</b>
State/Local Government Non-Education	Dividends				\$ 299,522	\$ 299,522
	Social Ins Tax- Employee Contribution	\$ 7,910	\$ -			\$ 7,910
	Social Ins Tax- Employer Contribution	\$ 19,648				\$ 19,648
	Indirect Bus Tax: Sales Tax			\$ 2,480,510		\$ 2,480,510
	Indirect Bus Tax: Property Tax			\$ 1,191,342		\$ 1,191,342
	Indirect Bus Tax: Motor Vehicle Lic			\$ 32,168		\$ 32,168
	Indirect Bus Tax: Severance Tax			\$ 5,205		\$ 5,205
	Indirect Bus Tax: Other Taxes			\$ 320,047		\$ 320,047
	Indirect Bus Tax: S/L NonTaxes			\$ 169,011		\$ 169,011
	Corporate Profits Tax				\$ -	\$ -
	Personal Tax: Income Tax				\$ -	\$ -
	Personal Tax: NonTaxes (Fines- Fees)				\$ 107,109	\$ 107,109
	Personal Tax: Motor Vehicle License				\$ 28,405	\$ 28,405
	Personal Tax: Property Taxes				\$ 11,704	\$ 11,704
	Personal Tax: Other Tax (Fish/Hunt)				\$ 8,836	\$ 8,836
<b>Subtotal</b>	<b>\$ 27,558</b>	<b>\$ -</b>	<b>\$ 4,198,283</b>	<b>\$ 156,054</b>	<b>\$ 299,522</b>	<b>\$ 4,681,417</b>
<b>Grand Total</b>	<b>\$ 3,571,121</b>	<b>\$ 233,145</b>	<b>\$ 4,689,482</b>	<b>\$ 1,499,166</b>	<b>\$ 975,281</b>	<b>\$ 10,968,195</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown may not add up to equal the number given in the Total. The tax revenues indicated in the table include indirect and induced taxes only. Due to the project's unique circumstances, including the proposed location on trust land, direct tax revenues generated during the project's operation phase were not quantifiable. As such, actual tax revenues generated by the project may be greater than those indicated above as direct personal income tax has not been included in the totals.

## **2.2 ALTERNATIVE 2 – REDUCED CASINO AND MIXED-USE DEVELOPMENT**

Alternative 2 is similar to Alternative 1 in most aspects, including the issuance of a Two-Part Determination by the Secretary of the Interior and potential approval of a gaming management contract. Alternative 2 also consists of a mixed-use development similar to Alternative 1, but on a reduced scale. Operation of the casino-resort, project construction, water supply, wastewater treatment and disposal, and site drainage would be identical to Phase I of Alternative 1. Construction of Alternative 2 is anticipated to begin in 2012, and operation of Class III gaming is anticipated to occur in 2013.

### **2.2.1 CONSTRUCTION IMPACT**

Based on the estimates of construction costs for the proposed development at the Spokane Project site, the estimated impacts from construction activities, including the costs for general construction and investment in Furniture, Fixtures and Equipment (FF&E), were calculated and are presented in **Table 11**.

**TABLE 11**  
DEVELOPMENT COST BREAKDOWN FOR ALTERNATIVE 2

Project Element	Total Cost
Casino Construction Element	\$75,005,615
Retail Construction Element	\$22,132,944
Other Construction Element	\$15,906,618
Furniture, Fixtures, and Equipment (excluding gaming equipment)	\$10,000,000
Gaming Equipment	\$37,000,000
<b>Spokane Casino Total Development Budget</b>	<b>\$160,045,177</b>

*Source: The PENTA Building Group, 2011*

In the following sections, results are presented in Aggregated Industrial Sectors (NAICS 2-digit). The direct impacts to the County from Alternative 2’s construction phase are captured through Sector 23 (Construction) and Sector 42 (Wholesale Trade). Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Though the impacts from construction activities are one-time, non-recurring, they are expected to generate considerable positive effects to the County beyond the construction sector. In order to ensure a conservative analysis, investments in construction activities are anticipated to remain within the County at the same proportion as similar investments have historically remained within the County as calculated by IMPLAN.

#### **Total Output**

Total output generated during the construction phase is detailed in **Table 12**, and is presented in 2011 dollars. The output impact represents the entire value of production/sales generated by the project. The output impact value includes the costs of the goods and services that go into production, wages, and taxes paid. Direct impact from investment in construction and related activities, as well as FF&E, is estimated

at \$76.7 million. This would generate indirect outputs from other regional sectors estimated at \$18.6 million. The generation of direct and indirect output would result in the creation of jobs and wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption, or induced output, is estimated at \$26.4 million. Overall, approximately \$121.6 million of economic output would be generated within the County during the construction phase of Alternative 2.

**TABLE 12**  
ALTERNATIVE 2 – CONSTRUCTION PHASE IMPACT ON TOTAL OUTPUT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 111,042	\$ 52,119	\$ 163,161
21 Mining (AGG)	\$ -	\$ 4,143	\$ 2,105	\$ 6,248
22 Utilities (AGG)	\$ -	\$ 209,581	\$ 414,068	\$ 623,648
23 Construction (AGG)	\$73,879,316	\$ 118,608	\$ 274,886	\$ 74,272,810
31-33 Manufacturing (AGG)	\$ 809,758	\$ 1,946,271	\$ 1,002,820	\$ 3,758,849
42 Wholesale Trade	\$ 1,974,887	\$ 2,106,742	\$ 1,380,237	\$ 5,461,866
44-45 Retail Trade (AGG)	\$ -	\$ 982,587	\$ 2,780,536	\$ 3,763,123
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 1,147,896	\$ 497,286	\$ 1,645,182
51 Information (AGG)	\$ -	\$ 636,505	\$ 547,609	\$ 1,184,114
52 Finance and Insurance (AGG)	\$ -	\$ 1,050,611	\$ 2,782,752	\$ 3,833,363
53 Real Estate and Rental (AGG)	\$ -	\$ 1,396,502	\$ 5,310,133	\$ 6,706,635
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 6,000,480	\$ 898,157	\$ 6,898,636
55 Management of Companies (AGG)	\$ -	\$ 271,357	\$ 154,229	\$ 425,586
56 Administrative and Waste Services (AGG)	\$ -	\$ 636,499	\$ 387,031	\$ 1,023,530
61 Educational Services (AGG)	\$ -	\$ 7,652	\$ 400,062	\$ 407,714
62 Health and Social Services (AGG)	\$ -	\$ 77	\$ 4,995,992	\$ 4,996,069
71 Arts – Entertainment & Recreation (AGG)	\$ -	\$ 36,952	\$ 366,764	\$ 403,716
72 Accommodation & Food Services (AGG)	\$ -	\$ 361,936	\$ 1,740,994	\$ 2,102,930
81 Other Services (AGG)	\$ -	\$ 1,072,753	\$ 1,228,114	\$ 2,300,868
92 Government and non NAICS	\$ -	\$ 520,748	\$ 1,134,305	\$ 1,655,053
<b>Total</b>	<b>\$76,663,961</b>	<b>\$18,618,942</b>	<b>\$26,350,198</b>	<b>\$ 121,633,102</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Employment

Employment opportunities generated during the construction phase are detailed in **Table 13**. The direct employment impact during construction of Alternative 2 is estimated at 459 positions. This alternative would generate 148 indirect employment positions and 225 induced employment positions from other



regional sectors. The generation of direct and indirect output would result in the creation of wages. Overall, approximately 832 job opportunities would be generated within the County during the construction phase of Alternative 2.

**TABLE 13**  
ALTERNATIVE 2 – CONSTRUCTION PHASE IMPACT ON EMPLOYMENT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	-	1	0	1
21 Mining (AGG)	-	0	0	0
22 Utilities (AGG)	-	0	0	1
23 Construction (AGG)	443 <sup>1</sup>	1	2	446
31-33 Manufacturing (AGG)	4	9	3	16
42 Wholesale Trade	12	14	9	35
44-45 Retail Trade (AGG)	-	16	46	62
48-49 Transportation and Warehousing (AGG)	-	8	4	12
51 Information (AGG)	-	2	2	4
52 Finance and Insurance (AGG)	-	4	12	17
53 Real Estate and Rental (AGG)	-	8	14	22
54 Professional – Scientific & Tech Services (AGG)	-	53	9	62
55 Management of Companies (AGG)	-	1	1	2
56 Administrative and Waste Services (AGG)	-	9	6	15
61 Educational Services (AGG)	-	0	6	6
62 Health and Social Services (AGG)	-	0	51	51
71 Arts – Entertainment & Recreation (AGG)	-	1	7	8
72 Accommodation & Food Services (AGG)	-	5	28	33
81 Other Services (AGG)	-	13	21	34
92 Government and non NAICS	-	2	5	7
<b>Total</b>	<b>459</b>	<b>148</b>	<b>225</b>	<b>832</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

<sup>1</sup> Penta Building Group, 2011.

Note: Though numbers appear to be estimated to the nearest whole number, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Wages

Wages generated during the construction phase are detailed in **Table 14**. As a result of the jobs generated by Alternative 2, direct wages generated are estimated at \$26.8 million. Indirect employment wages from other regional sectors would also be generated, and are estimated at \$6.4 million. The generation of direct and indirect wages would an increase in consumption for the region. The increase in consumption would result in an additional increase in jobs and therefore an increase in wages, induced impact, estimated at \$8.0 million. Overall, approximately \$41.2 million in wages would be generated within the County during the construction phase of Alternative 2.

**TABLE 14**  
ALTERNATIVE 2 – CONSTRUCTION PHASE IMPACT ON WAGES

Aggregated Industrial Sectors (NAICS 2-digit)	Direct	Indirect	Induced	Total
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 8,508	\$ 3,416	\$ 11,924
21 Mining (AGG)	\$ -	\$ 655	\$ 221	\$ 875
22 Utilities (AGG)	\$ -	\$ 23,476	\$ 48,339	\$ 71,815
23 Construction (AGG)	\$25,848,298	\$ 46,830	\$ 96,563	\$25,991,691
31-33 Manufacturing (AGG)	\$ 244,523	\$ 441,869	\$ 186,219	\$ 872,611
42 Wholesale Trade	\$ 687,155	\$ 819,806	\$ 537,098	\$ 2,044,060
44-45 Retail Trade (AGG)	\$ -	\$ 490,046	\$1,322,933	\$ 1,812,979
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 384,946	\$ 163,973	\$ 548,919
51 Information (AGG)	\$ -	\$ 143,231	\$ 129,474	\$ 272,706
52 Finance and Insurance (AGG)	\$ -	\$ 239,438	\$ 644,318	\$ 883,756
53 Real Estate and Rental (AGG)	\$ -	\$ 187,490	\$ 142,953	\$ 330,443
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$2,481,211	\$ 349,849	\$ 2,831,059
55 Management of Companies (AGG)	\$ -	\$ 131,735	\$ 74,873	\$ 206,609
56 Administrative and Waste Services (AGG)	\$ -	\$ 288,195	\$ 167,068	\$ 455,263
61 Educational Services (AGG)	\$ -	\$ 3,548	\$ 193,657	\$ 197,205
62 Health and Social Services (AGG)	\$ -	\$ 31	\$2,459,317	\$ 2,459,348
71 Arts – Entertainment & Recreation (AGG)	\$ -	\$ 13,295	\$ 117,563	\$ 130,858
72 Accommodation & Food Services (AGG)	\$ -	\$ 112,396	\$ 568,179	\$ 680,575
81 Other Services (AGG)	\$ -	\$ 379,096	\$ 503,434	\$ 882,529
92 Government and non NAICS	\$ -	\$ 161,038	\$ 339,410	\$ 500,448
<b>Total</b>	<b>\$26,779,976</b>	<b>\$6,356,842</b>	<b>\$8,048,857</b>	<b>\$41,185,675</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Tax Revenue Impact

The construction of Alternative 2 would generate substantial tax revenues to federal, state, and local governments (**Table 15**). Total tax revenue during the construction phase is estimated at \$6.0 million. Local government is estimated to receive total tax revenue of \$2.6 million. The majority of local government taxes are derived from indirect business taxes, including increased sales tax.

**TABLE 15**  
ALTERNATIVE 2 – CONSTRUCTION PHASE IMPACT ON OVERALL TAX REVENUES

	Employee Compensation	Proprietary Income	Indirect Business Taxes	Household Expenditures	Corporations	Total
Federal Government Non-Defense	Social Ins Tax- Employee Contribution	\$ 957,320	\$142,976			\$ 1,100,296
	Social Ins Tax- Employer Contribution	\$ 941,044				\$ 941,044
	Indirect Bus Tax: Excise Taxes			\$126,225		\$ 126,225
	Indirect Bus Tax: Custom Duty			\$ 40,838		\$ 40,838
	Indirect Bus Tax: Fed NonTaxes			\$108,370		\$ 108,370
	Corporate Profits Tax				\$313,734	\$ 313,734
	Personal Tax: Income Tax				\$ 732,862	\$ 732,862
<b>Subtotal</b>	<b>\$1,898,366</b>	<b>\$142,976</b>	<b>\$275,431</b>	<b>\$ 732,862</b>	<b>\$313,734</b>	<b>\$ 3,363,369</b>
State/Local Government Non-Education	Dividends				\$139,059	\$ 139,059
	Social Ins Tax- Employee Contribution	\$ 4,237	\$ -			\$ 4,237
	Social Ins Tax- Employer Contribution	\$ 10,526				\$ 10,526
	Indirect Bus Tax: Sales Tax			\$1,390,902		\$ 1,390,902
	Indirect Bus Tax: Property Tax			\$ 668,024		\$ 668,024
	Indirect Bus Tax: Motor Vehicle Lic			\$ 18,037		\$ 18,037
	Indirect Bus Tax: Severance Tax			\$ 2,919		\$ 2,919
	Indirect Bus Tax: Other Taxes			\$ 179,461		\$ 179,461
	Indirect Bus Tax: S/L NonTaxes			\$ 94,770		\$ 94,770
	Corporate Profits Tax				\$ -	\$ -
	Personal Tax: Income Tax				\$ -	\$ -
	Personal Tax: NonTaxes (Fines-Fees)				\$ 58,443	\$ 58,443
	Personal Tax: Motor Vehicle License				\$ 15,500	\$ 15,500
	Personal Tax: Property Taxes				\$ 6,386	\$ 6,386
Personal Tax: Other Tax (Fish/Hunt)				\$ 4,821	\$ 4,821	
<b>Subtotal</b>	<b>\$ 14,764</b>	<b>\$ -</b>	<b>\$2,354,114</b>	<b>\$ 85,150</b>	<b>\$139,059</b>	<b>\$ 2,593,087</b>
<b>Grand Total</b>	<b>\$1,913,130</b>	<b>\$142,976</b>	<b>\$2,629,545</b>	<b>\$ 818,012</b>	<b>\$452,793</b>	<b>\$ 5,956,456</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown may not add up to equal the number given in the Total. The tax revenues indicated in the table include indirect and induced taxes only. Due to the project's unique circumstances, including the proposed location on trust land, direct tax revenues generated during the project's construction phase were not quantifiable. As such, actual tax revenues generated by the project may be greater than those indicated above as direct personal income tax has not been included in the totals.

## 2.2.2 OPERATION IMPACT

The estimated economic impact from operation of Alternative 2 was calculated based on revenue projections provided by Warner Gaming (2011), as well as a retail market study prepared by Civic Economics (2009).

### *Projected Revenue*

Under Alternative 2, the Tribe would sign a compact with the state allowing the facility to operate 1,500 gaming devices, 32 table games, and 10 poker room tables, and would allow for the construction of a

reduced intensity casino and mixed-use development. Revenue projections under Alternative 2 are provided in **Table 16**.

**TABLE 16**  
ANNUAL REVENUE BREAKDOWN FOR ALTERNATIVE 2

Project Element	2013 Revenue
<b>Casino Gaming Revenue</b>	
Slots	\$82,125,000
Table Games	\$10,512,000
Bingo	\$262,800
Poker	\$1,277,500
<b>Non-Gaming Operations Revenue</b>	
Food & Beverage	\$9,893,690
Site Retail <sup>1</sup>	\$40,803,135
<b>Total Revenue</b>	<b>\$144,874,125</b>

*Source: Warner Gaming, 2011; Civic Economics, 2009; AES, 2011*

<sup>1</sup>Revenues generated from the retail component of the project are included in the analysis, but are not anticipated to be collected by the Tribe.

Note: Actual revenues collected by the Tribe would be less than the amount shown.

The projected revenue for Alternative 2 is \$144.9 million in the first full year of operation. In the following sections, the direct impact from the project is captured in NAICS Sector 71 (Arts – Entertainment and Recreation), and Sector 72 (Accommodation and Food Services). Operation impacts are anticipated to recur annually beginning with the first full year of operation, which is anticipated to be 2013 under Alternative 2.

### ***Substitution Effects***

As noted under Alternative 1, whenever a new casino opens in a market area, a certain amount of market cannibalization is to be expected. The anticipated gaming revenue substitution effect under Alternative 2 would be approximately 22.5 percent of total projected gaming revenue for the project, (\$58.6 million) (Innovation Group, 2011). Anticipated substitution effects are likely to diminish after the first year of the project’s operation once local residence return to more typical spending patterns. As is the case with Alternative 1, it is likely that all competing casinos would continue to generate significantly positive cash flows. It is important to note that the addition of a casino in Spokane County would be likely to expand the gaming market for the region as a whole.

For reasons as described under Alternative 1, Alternative 2 would have limited potential for non-gaming substitution effects to occur. Additionally, if non-gaming substitution were to occur, some of the effects would be counteracted by the local economic activity generated by casino patrons within the local environment. Specifically, as the casino would draw non-residents to the area, the associated increase in new visitor demand for off-site entertainment venues, restaurants, and bars would make up for some area residents choosing to visit Alternative 2 rather than other local establishments. Given the current

population of Spokane County as well as the reduced size and scope compared with Alternative 1, it is not anticipated that significant quantifiable non-gaming substitution effects would occur under Alternative 2.

### Total Output

Total annual output generated during the operation phase is detailed in **Table 17**, and is presented in 2011 dollars. The output impact represents the entire value of production/sales generated by the project. The output impact value includes the costs of the goods and services that go into production, wages, and taxes paid. New direct investment in the gaming industry, food and beverage consumption, and retail at the site as a result of Alternative 2 is estimated at \$95.6 million. This would generate indirect outputs from other regional sectors estimated at \$22.6 million. The generation of direct and indirect output would result in the creation of jobs and wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption, or induced output, is estimated at \$28.7 million. Overall, approximately \$146.9 million of new economic output would be generated within the County annually during the operation phase of Alternative 2.

**TABLE 17**  
ALTERNATIVE 2 – OPERATION PHASE IMPACT ON TOTAL OUTPUT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 76,482	\$ 56,805	\$ 133,287
21 Mining (AGG)	\$ -	\$ 2,222	\$ 2,293	\$ 4,515
22 Utilities (AGG)	\$ -	\$ 741,643	\$ 451,408	\$ 1,193,051
23 Construction (AGG)	\$ -	\$ 351,471	\$ 299,265	\$ 650,736
31-33 Manufacturing (AGG)	\$ -	\$ 1,157,551	\$ 1,092,712	\$ 2,250,263
42 Wholesale Trade	\$ -	\$ 1,035,436	\$ 1,504,658	\$ 2,540,094
44-45 Retail Trade (AGG)	\$16,440,746	\$ 128,178	\$ 3,025,929	\$ 19,594,854
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 894,040	\$ 541,407	\$ 1,435,447
51 Information (AGG)	\$ -	\$ 1,997,133	\$ 596,664	\$ 2,593,797
52 Finance and Insurance (AGG)	\$ -	\$ 2,556,650	\$ 3,029,872	\$ 5,586,523
53 Real Estate and Rental (AGG)	\$ -	\$ 2,160,466	\$ 5,781,267	\$ 7,941,733
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 4,396,905	\$ 978,460	\$ 5,375,365
55 Management of Companies (AGG)	\$ -	\$ 1,275,775	\$ 168,033	\$ 1,443,808
56 Administrative and Waste Services (AGG)	\$ -	\$ 1,246,410	\$ 421,508	\$ 1,667,918
61 Educational Services (AGG)	\$ -	\$ 24,134	\$ 435,203	\$ 459,337
62 Health and Social Services (AGG)	\$ -	\$ 2,921	\$ 5,443,508	\$ 5,446,429
71 Arts – Entertainment & Recreation (AGG)	\$70,724,517	\$ 371,110	\$ 399,193	\$ 71,494,819
72 Accommodation & Food Services (AGG)	\$ 8,504,621	\$ 863,633	\$ 1,895,904	\$ 11,264,158
81 Other Services (AGG)	\$ -	\$ 964,054	\$ 1,337,072	\$ 2,301,126
92 Government and non NAICS	\$ -	\$ 2,360,509	\$ 1,236,272	\$ 3,596,780
<b>Total</b>	<b>\$95,669,884</b>	<b>\$22,606,723</b>	<b>\$28,697,432</b>	<b>\$ 146,974,040</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Employment

Employment opportunities generated during the operation phase are detailed in **Table 18**. The potential for Alternative 2 to result in growth-inducing impacts, including the potential for out-of-area employees to relocate to the Spokane area of Spokane County, is analyzed in **Section 5.0** of this study.

Alternative 2 would be anticipated to result in approximately 1,073 direct jobs within gaming, food and beverage, and retail sectors. Alternative 2 would generate indirect employment positions from other regional sectors within the County estimated at 175 positions. The generation of direct and indirect output would result in the creation of wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption would result in an additional increase in employment opportunities, induced impact, estimated at 245 positions. Overall, approximately 1,493 new job opportunities would be captured within the County during the operation phase of Alternative 2.

**TABLE 18**  
ALTERNATIVE 2 – OPERATION PHASE IMPACT ON EMPLOYMENT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	-	1	0	1
21 Mining (AGG)	-	0	0	0
22 Utilities (AGG)	-	1	0	1
23 Construction (AGG)	-	3	2	5
31-33 Manufacturing (AGG)	-	5	4	8
42 Wholesale Trade	-	7	10	17
44-45 Retail Trade (AGG)	469	2	50	521
48-49 Transportation and Warehousing (AGG)	-	8	4	12
51 Information (AGG)	-	11	2	13
52 Finance and Insurance (AGG)	-	10	13	23
53 Real Estate and Rental (AGG)	-	15	15	29
54 Professional – Scientific & Tech Services (AGG)	-	42	9	51
55 Management of Companies (AGG)	-	7	1	7
56 Administrative and Waste Services (AGG)	-	18	6	24
61 Educational Services (AGG)	-	0	6	7
62 Health and Social Services (AGG)	-	0	55	55
71 Arts – Entertainment & Recreation (AGG)	510 <sup>1</sup>	12	7	529
72 Accommodation & Food Services (AGG)	94 <sup>1</sup>	13	30	137
81 Other Services (AGG)	-	12	23	36
92 Government and non NAICS	-	11	5	16
<b>Total</b>	<b>1,073</b>	<b>175</b>	<b>245</b>	<b>1,493</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

<sup>1</sup>Warner Gaming, 2011

Note: Though numbers appear to be estimated to the nearest whole number, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Wages

Wages generated during the operation phase are detailed in **Table 19**. As a result of the jobs generated by Alternative 2, direct wages generated are estimated at \$21.7 million. Indirect employment wages from other regional sectors would also be generated, and are estimated at \$7.1 million. The generation of direct and indirect wages would an increase in consumption for the region. The increase in consumption would result in an additional increase in jobs and therefore an increase in wages, induced impact, estimated at \$8.8 million. Overall, approximately \$37.5 million in new wages would be generated annually within the County during the operation phase of Alternative 2.

**TABLE 19**  
ALTERNATIVE 2 – OPERATION PHASE IMPACT ON WAGES

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 6,248	\$ 3,721	\$ 9,969
21 Mining (AGG)	\$ -	\$ 228	\$ 240	\$ 469
22 Utilities (AGG)	\$ -	\$ 84,312	\$ 52,697	\$ 137,008
23 Construction (AGG)	\$ -	\$ 138,945	\$ 105,136	\$ 244,081
31-33 Manufacturing (AGG)	\$ -	\$ 203,083	\$ 202,874	\$ 405,957
42 Wholesale Trade	\$ -	\$ 402,924	\$ 585,515	\$ 988,439
44-45 Retail Trade (AGG)	\$ 6,575,190	\$ 61,361	\$1,439,688	\$ 8,076,238
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 320,511	\$ 178,534	\$ 499,045
51 Information (AGG)	\$ -	\$ 617,618	\$ 141,055	\$ 758,673
52 Finance and Insurance (AGG)	\$ -	\$ 561,081	\$ 701,650	\$ 1,262,731
53 Real Estate and Rental (AGG)	\$ -	\$ 153,401	\$ 155,847	\$ 309,248
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$1,695,168	\$ 381,127	\$ 2,076,295
55 Management of Companies (AGG)	\$ -	\$ 619,350	\$ 81,575	\$ 700,924
56 Administrative and Waste Services (AGG)	\$ -	\$ 522,362	\$ 181,955	\$ 704,317
61 Educational Services (AGG)	\$ -	\$ 11,237	\$ 210,638	\$ 221,876
62 Health and Social Services (AGG)	\$ -	\$ 1,172	\$2,679,580	\$ 2,680,752
71 Arts – Entertainment & Recreation (AGG)	\$ 13,222,310	\$ 114,621	\$ 127,966	\$13,464,897
72 Accommodation & Food Services (AGG)	\$ 1,868,214	\$ 275,941	\$ 618,748	\$ 2,762,903
81 Other Services (AGG)	\$ -	\$ 370,351	\$ 548,028	\$ 918,379
92 Government and non NAICS	\$ -	\$ 902,131	\$ 369,852	\$ 1,271,984
<b>Total</b>	<b>\$ 21,665,714</b>	<b>\$7,062,046</b>	<b>\$8,766,426</b>	<b>\$37,494186</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Tax Revenue Impact

For reasons described under Alternative 1, the operation of Alternative 2 would generate substantial tax revenues to federal, state, and local governments (**Table 20**). Total annual tax revenue during the

operation phase is estimated at \$6.4 million. Local government is estimated to receive total tax revenue of \$2.7 million. The majority of local government taxes are derived from indirect business taxes, including increased sales tax revenue. Since the Spokane Reservation is currently held in trust for the Tribe by the federal government, no property tax loss would occur as a result of Alternative 2.

**TABLE 20**  
ALTERNATIVE 2 – OPERATION PHASE IMPACT ON OVERALL TAX REVENUES

		Employee Compensation	Proprietary Income	Indirect Business Taxes	Household Expenditures	Corporations	Total
Federal Government NonDefense	Social Ins Tax- Employee Contribution	\$ 1,051,870	\$ 138,740				\$ 1,190,610
	Social Ins Tax- Employer Contribution	\$ 1,033,986					\$ 1,033,986
	Indirect Bus Tax: Excise Taxes			\$ 129,527			\$ 129,527
	Indirect Bus Tax: Custom Duty			\$ 41,905			\$ 41,905
	Indirect Bus Tax: Fed NonTaxes			\$ 111,204			\$ 111,204
	Corporate Profits Tax					\$ 391,171	\$ 391,171
	Personal Tax: Income Tax				\$ 791,708		\$ 791,708
<b>Subtotal</b>		\$ 2,085,856	\$ 138,740	\$ 282,637	\$ 791,708	\$ 391,171	\$ 3,690,112
State/Local Government NonEducation	Dividends					\$ 173,382	\$ 173,382
	Social Ins Tax- Employee Contribution	\$ 4,656	\$ -				\$ 4,656
	Social Ins Tax- Employer Contribution	\$ 11,565					\$ 11,565
	Indirect Bus Tax: Sales Tax			\$ 1,427,292			\$ 1,427,292
	Indirect Bus Tax: Property Tax			\$ 685,502			\$ 685,502
	Indirect Bus Tax: Motor Vehicle Lic			\$ 18,510			\$ 18,510
	Indirect Bus Tax: Severance Tax			\$ 2,995			\$ 2,995
	Indirect Bus Tax: Other Taxes			\$ 184,156			\$ 184,156
	Indirect Bus Tax: S/L NonTaxes			\$ 97,250			\$ 97,250
	Corporate Profits Tax					\$ -	\$ -
	Personal Tax: Income Tax				\$ -		\$ -
	Personal Tax: NonTaxes (Fines-Fees)				\$ 63,136		\$ 63,136
	Personal Tax: Motor Vehicle License				\$ 16,743		\$ 16,743
	Personal Tax: Property Taxes				\$ 6,899		\$ 6,899
Personal Tax: Other Tax (Fish/Hunt)				\$ 5,208		\$ 5,208	
<b>Subtotal</b>		\$ 16,222	\$ -	\$ 2,415,704	\$ 91,987	\$ 173,382	\$ 2,697,295
<b>Grand Total</b>		<b>\$ 2,102,078</b>	<b>\$ 138,740</b>	<b>\$ 2,698,341</b>	<b>\$ 883,695</b>	<b>\$ 564,553</b>	<b>\$ 6,387,407</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown may not add up to equal the number given in the Total. The tax revenues indicated in the table include indirect and induced taxes only. Due to the project's unique circumstances, including the proposed location on trust land, direct tax revenues generated during the project's operation phase were not quantifiable. As such, actual tax revenues generated by the project may be greater than those indicated above as direct personal income tax has not been included in the totals.

### 2.3 ALTERNATIVE 3 – NON-GAMING MIXED-USE DEVELOPMENT

Under Alternative 3, the overall building program would be similar in size to that of Alternative 1; however, no casino would operate as a result of the project. Therefore, the issuance of a Two-Part Determination by the Secretary of the Interior and potential approval of a gaming management contract



would not be necessary. Project construction, water supply, wastewater treatment and disposal, and site drainage would be similar to buildout of Alternative 1. Construction of Alternative 3 would be anticipated to begin in 2012, and the first full year of operation of Phase I of the project would be anticipated to occur in 2013. Operation under full buildout of the proposed project is anticipated to occur in 2020.

### 2.3.1 CONSTRUCTION IMPACT

Based on the estimates of construction costs for the proposed development under Alternative 1, the estimated impacts from construction activities, which include the costs for general construction, and investment in equipment were calculated for Alternative 3 and are presented in **Table 21**.

**TABLE 21**  
DEVELOPMENT COST BREAKDOWN FOR ALTERNATIVE 3

Project Element	Total Cost
Bowling Alley and Arcade Construction Element	\$8,069,600
Hotel Construction Element	\$53,120,036
Retail Construction Element	\$43,135,748
Other Construction Element	\$100,756,303
Furniture, Fixtures, and Equipment	\$51,000,000
<b>Alternative 3 Total Development Budget</b>	<b>\$256,081,687</b>

*Source: The PENTA Building Group, 2011; AES, 2011*

In the following sections, the direct impacts to the County from Alternative 2’s construction phase are captured through Sector 23 (Construction) and Sector 42 (Wholesale Trade). Results are presented in Aggregated Industrial Sectors (NAICS 2-digit). Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Though the impacts from construction activities are one-time, non-recurring, they are expected to generate considerable positive effects to the County beyond the construction sector. In order to ensure a conservative analysis, investments in construction activities are anticipated to remain within the County at the same proportion as similar investments have historically remained within the County as calculated by IMPLAN.

#### **Total Output**

Total output generated during the construction phase is detailed in **Table 22**, and is presented in 2011 dollars. The output impact represents the entire value of production/sales generated by the project. The output impact value includes the costs of the goods and services that go into production, wages, and taxes paid. Direct impact from investment in construction and related activities is estimated at \$144.1 million. This would generate indirect outputs from other regional sectors estimated at \$35.2 million. The generation of direct and indirect output would result in the creation of jobs and wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption, or induced output, is estimated at \$49.4 million. Overall, approximately \$228.7 million of economic output would be generated within the County during the construction phase of Alternative 3.

**TABLE 22**  
ALTERNATIVE 3 – CONSTRUCTION PHASE IMPACT ON TOTAL OUTPUT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 199,423	\$ 97,788	\$ 297,212
21 Mining (AGG)	\$ -	\$ 7,506	\$ 3,949	\$ 11,455
22 Utilities (AGG)	\$ -	\$ 396,633	\$ 776,939	\$ 1,173,572
23 Construction (AGG)	\$134,028,662	\$ 227,487	\$ 515,613	\$ 134,771,763
31-33 Manufacturing (AGG)	\$ -	\$ 3,555,234	\$ 1,881,421	\$ 5,436,655
42 Wholesale Trade	\$ 10,071,926	\$ 4,038,602	\$ 2,589,797	\$ 16,700,325
44-45 Retail Trade (AGG)	\$ -	\$ 1,791,159	\$ 5,215,040	\$ 7,006,200
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 2,240,303	\$ 932,784	\$ 3,173,087
51 Information (AGG)	\$ -	\$ 1,274,765	\$ 1,027,372	\$ 2,302,137
52 Finance and Insurance (AGG)	\$ -	\$ 2,061,055	\$ 5,219,837	\$ 7,280,892
53 Real Estate and Rental (AGG)	\$ -	\$ 2,686,985	\$ 9,960,474	\$ 12,647,460
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$11,050,945	\$ 1,684,973	\$ 12,735,918
55 Management of Companies (AGG)	\$ -	\$ 582,336	\$ 289,345	\$ 871,681
56 Administrative and Waste Services (AGG)	\$ -	\$ 1,259,934	\$ 726,031	\$ 1,985,964
61 Educational Services (AGG)	\$ -	\$ 16,635	\$ 750,268	\$ 766,903
62 Health and Social Services (AGG)	\$ -	\$ 152	\$ 9,373,003	\$ 9,373,156
71 Arts – Entertainment & Recreation (AGG)	\$ -	\$ 73,396	\$ 687,910	\$ 761,306
72 Accommodation & Food Services (AGG)	\$ -	\$ 687,834	\$ 3,265,852	\$ 3,953,685
81 Other Services (AGG)	\$ -	\$ 1,990,263	\$ 2,303,632	\$ 4,293,895
92 Government and non NAICS	\$ -	\$ 1,036,031	\$ 2,128,225	\$ 3,164,256
<b>Total</b>	<b>\$144,100,588</b>	<b>\$35,176,678</b>	<b>\$49,430,253</b>	<b>\$ 228,707,520</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Employment

Employment opportunities generated during the construction phase is detailed in **Table 23**. Direct impact from Alternative 3 is estimated at 1,076 positions. This alternative would generate indirect employment positions from other regional sectors estimated at 280 positions. The generation of direct and indirect output would result in the creation of wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption would result in an additional increase in employment opportunities, induced impact, estimated at 422 positions. Overall, approximately 1,778 job opportunities would be generated within the County during the construction phase of Alternative 3.

**TABLE 23**  
ALTERNATIVE 3 – CONSTRUCTION PHASE IMPACT ON EMPLOYMENT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	-	1	1	2
21 Mining (AGG)	-	0	0	0
22 Utilities (AGG)	-	0	1	1
23 Construction (AGG)	1,016	2	4	1,022
31-33 Manufacturing (AGG)	-	16	6	22
42 Wholesale Trade	60	27	17	104
44-45 Retail Trade (AGG)	-	30	86	116
48-49 Transportation and Warehousing (AGG)	-	16	7	23
51 Information (AGG)	-	4	4	8
52 Finance and Insurance (AGG)	-	8	23	32
53 Real Estate and Rental (AGG)	-	16	26	42
54 Professional – Scientific & Tech Services (AGG)	-	98	16	114
55 Management of Companies (AGG)	-	3	1	4
56 Administrative and Waste Services (AGG)	-	19	11	29
61 Educational Services (AGG)	-	0	11	11
62 Health and Social Services (AGG)	-	0	95	95
71 Arts – Entertainment & Recreation (AGG)	-	2	12	14
72 Accommodation & Food Services (AGG)	-	10	52	61
81 Other Services (AGG)	-	23	40	63
92 Government and non NAICS	-	4	9	13
<b>Total</b>	<b>1,076</b>	<b>280</b>	<b>422</b>	<b>1,778</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest whole number, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Wages

Wages generated during the construction phase is detailed in **Table 24**. As a result of the jobs generated by Alternative 3, direct wages generated are estimated at \$50.4 million. Indirect employment wages from other regional sectors would also be generated, and are estimated at \$12.0 million. The generation of direct and indirect wages would an increase in consumption for the region. The increase in consumption would result in an additional increase in jobs and therefore an increase in wages, induced impact, estimated at \$15.1 million. Overall, approximately \$77.5 million in wages would be generated within the County during the construction phase of Alternative 3.

**TABLE 24**  
ALTERNATIVE 3 – CONSTRUCTION PHASE IMPACT ON WAGES

Aggregated Industrial Sectors (NAICS 2-digit)	Direct	Indirect	Induced	Total
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 14,972	\$ 6,409	\$ 21,381
21 Mining (AGG)	\$ -	\$ 1,187	\$ 414	\$ 1,601
22 Utilities (AGG)	\$ -	\$ 44,455	\$ 90,700	\$ 135,155
23 Construction (AGG)	\$ 46,892,869	\$ 89,795	\$ 181,131	\$47,163,795
31-33 Manufacturing (AGG)	\$ -	\$ 807,398	\$ 349,356	\$ 1,156,753
42 Wholesale Trade	\$ 3,504,490	\$ 1,571,560	\$ 1,007,780	\$ 6,083,831
44-45 Retail Trade (AGG)	\$ -	\$ 893,306	\$ 2,481,231	\$ 3,374,536
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 759,084	\$ 307,577	\$ 1,066,661
51 Information (AGG)	\$ -	\$ 294,536	\$ 242,900	\$ 537,436
52 Finance and Insurance (AGG)	\$ -	\$ 468,026	\$ 1,208,648	\$ 1,676,673
53 Real Estate and Rental (AGG)	\$ -	\$ 352,503	\$ 268,231	\$ 620,734
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 4,566,212	\$ 656,327	\$ 5,222,540
55 Management of Companies (AGG)	\$ -	\$ 282,706	\$ 140,468	\$ 423,174
56 Administrative and Waste Services (AGG)	\$ -	\$ 571,016	\$ 313,404	\$ 884,420
61 Educational Services (AGG)	\$ -	\$ 7,713	\$ 363,168	\$ 370,880
62 Health and Social Services (AGG)	\$ -	\$ 61	\$ 4,613,923	\$ 4,613,984
71 Arts – Entertainment & Recreation (AGG)	\$ -	\$ 26,290	\$ 220,508	\$ 246,798
72 Accommodation & Food Services (AGG)	\$ -	\$ 213,834	\$ 1,065,827	\$ 1,279,661
81 Other Services (AGG)	\$ -	\$ 702,327	\$ 944,285	\$ 1,646,612
92 Government and non NAICS	\$ -	\$ 338,176	\$ 636,786	\$ 974,961
<b>Total</b>	<b>\$ 50,397,359</b>	<b>\$12,005,156</b>	<b>\$15,099,071</b>	<b>\$77,501,587</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Tax Revenue Impact

The construction of Alternative 3 would generate substantial tax revenues to federal, state, and local governments (**Table 25**). Total tax revenue during the construction phase is estimated at \$11.2 million. State and local governments are anticipated to receive total tax revenue of \$4.8 million. The majority of local government taxes would be derived from indirect business taxes, including increased sales tax revenue.

**TABLE 25**  
ALTERNATIVE 3 – CONSTRUCTION PHASE IMPACT ON OVERALL TAX REVENUES

	Employee Compensation	Proprietary Income	Indirect Business Taxes	Household Expenditures	Corporations	Total
Federal Government NonDefense	Social Ins Tax- Employee Contribution	\$ 1,801,192	\$ 266,750			\$ 2,067,942
	Social Ins Tax- Employer Contribution	\$ 1,770,569				\$ 1,770,569
	Indirect Bus Tax: Excise Taxes			\$ 237,701		\$ 237,701
	Indirect Bus Tax: Custom Duty			\$ 76,904		\$ 76,904
	Indirect Bus Tax: Fed NonTaxes			\$ 204,077		\$ 204,077
	Corporate Profits Tax				\$ 592,861	\$ 592,861
	Personal Tax: Income Tax				\$ 1,377,211	\$ 1,377,211
<b>Subtotal</b>	<b>\$ 3,571,760</b>	<b>\$ 266,750</b>	<b>\$ 518,682</b>	<b>\$ 1,377,211</b>	<b>\$ 592,861</b>	<b>\$ 6,327,264</b>
State/Local Government NonEducation	Dividends				\$ 262,779	\$ 262,779
	Social Ins Tax- Employee Contribution	\$ 7,973	\$ -			\$ 7,973
	Social Ins Tax- Employer Contribution	\$ 19,804				\$ 19,804
	Indirect Bus Tax: Sales Tax			\$ 2,619,299		\$ 2,619,299
	Indirect Bus Tax: Property Tax			\$ 1,257,999		\$ 1,257,999
	Indirect Bus Tax: Motor Vehicle Lic			\$ 33,968		\$ 33,968
	Indirect Bus Tax: Severance Tax			\$ 5,496		\$ 5,496
	Indirect Bus Tax: Other Taxes			\$ 337,955		\$ 337,955
	Indirect Bus Tax: S/L NonTaxes			\$ 178,468		\$ 178,468
	Corporate Profits Tax				\$ -	\$ -
	Personal Tax: Income Tax				\$ -	\$ -
	Personal Tax: NonTaxes (Fines-Fees)				\$ 109,828	\$ 109,828
	Personal Tax: Motor Vehicle License				\$ 29,127	\$ 29,127
	Personal Tax: Property Taxes				\$ 12,001	\$ 12,001
	Personal Tax: Other Tax (Fish/Hunt)				\$ 9,059	\$ 9,059
<b>Subtotal</b>	<b>\$ 27,778</b>	<b>\$ -</b>	<b>\$ 4,433,184</b>	<b>\$ 160,015</b>	<b>\$ 262,779</b>	<b>\$ 4,883,756</b>
<b>Grand Total</b>	<b>\$ 3,599,538</b>	<b>\$ 266,750</b>	<b>\$ 4,951,866</b>	<b>\$ 1,537,226</b>	<b>\$ 855,640</b>	<b>\$ 11,211,020</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown may not add up to equal the number given in the Total. The tax revenues indicated in the table include indirect and induced taxes only. Due to the project's unique circumstances, including the proposed location on trust land, direct tax revenues generated during the project's construction phase were not quantifiable. As such, actual tax revenues generated by the project may be greater than those indicated above as direct personal income tax has not been included in the totals.

### 2.3.2 OPERATION IMPACT

The estimated economic impact from ongoing operations of Alternative 3 was calculated based on revenue projections provided by Civic Economics (2009).

#### *Projected Revenue*

Under Alternative 3, Alternative 3 consists of the construction of a mixed-use development complex, parking facilities, retail space, tribal cultural center, commercial space, and a fire and police station to be

constructed on the approximately 145-acre site. Revenue projections under Alternative 3 are provided in **Table 26**.

**TABLE 26**  
ANNUAL REVENUE BREAKDOWN FOR ALTERNATIVE 3

Project Element	2013 Revenue
Bowling Alley	\$528,000
Children’s Arcade and Fun Zone	\$5,585,000
Food & Beverage	\$36,322,094
Hotel	\$8,842,125
Retail <sup>1</sup>	\$66,217,877
<b>Total Revenue</b>	<b>\$117,495,096</b>

*Source: Warner Gaming, 2011; Civic Economics, 2009; AES, 2011*

<sup>1</sup>Revenues generated from the retail component of the project are included in the analysis, but are not anticipated to be collected by the Tribe.

Note: After deducting operating expenses, actual revenues collected by the Tribe would be less than the amount shown.

The projected revenue for Alternative 3 is \$117.5 million in the first year of operation. In the following sections, the direct impact from the project is captured in NAICS Sectors 44-45 (Retail Trade), Sector 71 (Arts – Entertainment and Recreation), Sector 72 (Accommodation and Food Services). Operation impacts are anticipated to recur annually beginning with the first full year of operation, which is anticipated to be 2013 under Alternative 3.

***Substitution Effects***

For reasons as described under Alternative 1, Alternative 3 would have limited potential for substitution effects to occur. Additionally, if substitution were to occur, some of the effects would be counteracted by the local economic activity generated by patrons of the development within the local environment. Specifically, as the development would draw non-residents to the area, the associated increase in new visitor demand for off-site entertainment venues, restaurants, and bars would make up for some area residents choosing to visit Alternative 3 rather than other local establishments. Given the current population of the City of Spokane, it is not anticipated that significant quantifiable substitution effects would occur under Alternative 3.

**Total Output**

Total annual output generated during the operation phase is detailed in **Table 27**, and is presented in 2011 dollars. The output impact represents the entire value of production/sales generated by the project. The output impact value includes the costs of the goods and services that go into production, wages, and taxes paid. New direct investment in the recreation industry at the site as a result of Alternative 3 is estimated at \$70.8 million. This would generate indirect outputs from other regional sectors estimated at \$16.4 million. The generation of direct and indirect output would result in the creation of jobs and wages. The generation of employment wages would result in an increase in consumption for the region. The increase

in consumption, or induced output, is estimated at \$24.4 million. Overall, approximately \$111.6 million of economic output would be generated within the County annually during the operation phase of Alternative 3.

**TABLE 27**  
ALTERNATIVE 3 – OPERATION PHASE IMPACT ON TOTAL OUTPUT

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 81,636	\$ 48,193	\$ 129,830
21 Mining (AGG)	\$ -	\$ 2,036	\$ 1,949	\$ 3,985
22 Utilities (AGG)	\$ -	\$ 512,042	\$ 382,601	\$ 894,643
23 Construction (AGG)	\$ -	\$ 316,710	\$ 254,979	\$ 571,688
31-33 Manufacturing (AGG)	\$ -	\$ 1,261,605	\$ 927,906	\$ 2,189,511
42 Wholesale Trade	\$ -	\$ 1,399,886	\$ 1,275,461	\$ 2,675,347
44-45 Retail Trade (AGG)	\$26,681,069	\$ 183,932	\$ 2,582,046	\$ 29,447,048
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 754,423	\$ 461,229	\$ 1,215,652
51 Information (AGG)	\$ -	\$ 1,236,954	\$ 506,778	\$ 1,743,732
52 Finance and Insurance (AGG)	\$ -	\$ 1,506,030	\$ 2,580,439	\$ 4,086,469
53 Real Estate and Rental (AGG)	\$ -	\$ 2,675,151	\$ 4,925,099	\$ 7,600,251
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 1,692,003	\$ 831,558	\$ 2,523,560
55 Management of Companies (AGG)	\$ -	\$ 767,682	\$ 142,758	\$ 910,440
56 Administrative and Waste Services (AGG)	\$ -	\$ 814,268	\$ 358,636	\$ 1,172,905
61 Educational Services (AGG)	\$ -	\$ 27,687	\$ 371,900	\$ 399,587
62 Health and Social Services (AGG)	\$ -	\$ 271	\$ 4,623,551	\$ 4,623,822
71 Arts – Entertainment & Recreation (AGG)	\$ 4,590,692	\$ 166,011	\$ 340,437	\$ 5,097,140
72 Accommodation & Food Services (AGG)	\$39,554,688	\$ 666,972	\$ 1,613,696	\$ 41,835,356
81 Other Services (AGG)	\$ -	\$ 506,155	\$ 1,139,076	\$ 1,645,231
92 Government and non NAICS	\$ -	\$ 1,821,170	\$ 1,048,879	\$ 2,870,049
<b>Total</b>	<b>\$70,826,449</b>	<b>\$16,392,626</b>	<b>\$24,417,170</b>	<b>\$ 111,636,244</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Employment

Employment opportunities generated during the operation phase are detailed in **Table 28**. Direct impact is estimated at 1,412 new positions. This alternative would generate indirect employment positions from other regional sectors estimated at 120 new positions. The generation of direct and indirect output would result in the creation of wages. The generation of employment wages would result in an increase in consumption for the region. The increase in consumption would result in an induced impact of 209 positions. Overall, approximately 1,741 new job opportunities would be generated within the County during the operation phase of Alternative 3.

**TABLE 28**  
ALTERNATIVE 3 – OPERATION PHASE IMPACT ON EMPLOYMENT

Aggregated Industrial Sectors (NAICS 2-digit)	Direct	Indirect	Induced	Total
11 Ag. Forestry, Fish & Hunting (AGG)	-	1	0	1
21 Mining (AGG)	-	0	0	0
22 Utilities (AGG)	-	0	0	1
23 Construction (AGG)	-	3	2	5
31-33 Manufacturing (AGG)	-	5	3	8
42 Wholesale Trade	-	9	8	18
44-45 Retail Trade (AGG)	760	4	43	807
48-49 Transportation and Warehousing (AGG)	-	6	4	10
51 Information (AGG)	-	6	2	8
52 Finance and Insurance (AGG)	-	6	11	18
53 Real Estate and Rental (AGG)	-	18	13	31
54 Professional – Scientific & Tech Services (AGG)	-	17	8	25
55 Management of Companies (AGG)	-	4	1	5
56 Administrative and Waste Services (AGG)	-	12	5	17
61 Educational Services (AGG)	-	0	5	6
62 Health and Social Services (AGG)	-	0	47	47
71 Arts – Entertainment & Recreation (AGG)	51	5	6	63
72 Accommodation & Food Services (AGG)	600	10	25	636
81 Other Services (AGG)	-	6	20	26
92 Government and non NAICS	-	7	4	11
<b>Total</b>	<b>1,412</b>	<b>120</b>	<b>209</b>	<b>1,741</b>

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest whole number, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

## Wages

Wages generated during the operation phase are detailed in **Table 29**. As a result of the jobs generated by Alternative 3, direct wages generated are estimated at \$24.6 million. Indirect employment wages from other regional sectors would also be generated, and are estimated at \$4.7 million. The generation of direct and indirect wages would an increase in consumption for the region. The increase in consumption would result in an additional increase in jobs and therefore an increase in wages, induced impact, estimated at \$7.5 million. Overall, approximately \$36.8 million in wages would be generated annually within the County during the operation phase of Alternative 3.



**TABLE 29**  
ALTERNATIVE 3 – OPERATION PHASE IMPACT ON WAGES

<b>Aggregated Industrial Sectors (NAICS 2-digit)</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
11 Ag. Forestry, Fish & Hunting (AGG)	\$ -	\$ 5,365	\$ 3,163	\$ 8,528
21 Mining (AGG)	\$ -	\$ 214	\$ 204	\$ 419
22 Utilities (AGG)	\$ -	\$ 61,705	\$ 44,667	\$ 106,372
23 Construction (AGG)	\$ -	\$ 124,899	\$ 89,550	\$ 214,448
31-33 Manufacturing (AGG)	\$ -	\$ 235,739	\$ 172,398	\$ 408,138
42 Wholesale Trade	\$ -	\$ 544,744	\$ 496,326	\$ 1,041,071
44-45 Retail Trade (AGG)	\$ 10,670,629	\$ 87,569	\$ 1,228,494	\$ 11,986,692
48-49 Transportation and Warehousing (AGG)	\$ -	\$ 264,719	\$ 152,054	\$ 416,772
51 Information (AGG)	\$ -	\$ 361,632	\$ 119,861	\$ 481,493
52 Finance and Insurance (AGG)	\$ -	\$ 340,237	\$ 597,201	\$ 937,438
53 Real Estate and Rental (AGG)	\$ -	\$ 182,152	\$ 132,083	\$ 314,234
54 Professional – Scientific & Tech Services (AGG)	\$ -	\$ 659,310	\$ 323,911	\$ 983,221
55 Management of Companies (AGG)	\$ -	\$ 372,686	\$ 69,305	\$ 441,990
56 Administrative and Waste Services (AGG)	\$ -	\$ 342,376	\$ 154,801	\$ 497,177
61 Educational Services (AGG)	\$ -	\$ 12,857	\$ 180,094	\$ 192,951
62 Health and Social Services (AGG)	\$ -	\$ 110	\$ 2,276,051	\$ 2,276,161
71 Arts – Entertainment & Recreation (AGG)	\$ 1,340,344	\$ 54,094	\$ 109,105	\$ 1,503,544
72 Accommodation & Food Services (AGG)	\$ 12,633,187	\$ 212,607	\$ 526,601	\$ 13,372,396
81 Other Services (AGG)	\$ -	\$ 188,689	\$ 467,103	\$ 655,793
92 Government and non NAICS	\$ -	\$ 627,457	\$ 314,013	\$ 941,470
<b>Total</b>	<b>\$ 24,644,161</b>	<b>\$ 4,679,162</b>	<b>\$ 7,456,986</b>	<b>\$ 36,780,309</b>

*Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.*

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown in the Direct, Indirect, and Induced columns may not add up to equal the number given in the Total.

### **Tax Revenue Impact**

For reasons described under Alternative 1, the operation of Alternative 3 would generate substantial tax revenues to federal, state, and local governments (**Table 30**). Total annual tax revenue during the operation phase is estimated at \$5.2 million. Local government is estimated to receive total tax revenue of \$2.3 million. The majority of local government taxes are derived from indirect business taxes, including increased sales tax revenue. Since the Spokane Reservation is currently held in trust for the Tribe by the federal government, no property tax loss would occur as a result of Alternative 3.

**TABLE 30**  
ALTERNATIVE 3 – OPERATION PHASE IMPACT ON OVERALL TAX REVENUES

	Employee Compensation	Proprietary Income	Indirect Business Taxes	Household Expenditures	Corporations	Total
Federal Government NonDefense	Social Ins Tax- Employee Contribution	\$ 806,499	\$ 99,274			\$ 905,773
	Social Ins Tax- Employer Contribution	\$ 792,787				\$ 792,787
	Indirect Bus Tax: Excise Taxes			\$ 113,713		\$ 113,713
	Indirect Bus Tax: Custom Duty			\$ 36,789		\$ 36,789
	Indirect Bus Tax: Fed NonTaxes			\$ 97,627		\$ 97,627
	Corporate Profits Tax				\$ 330,705	\$ 330,705
	Personal Tax: Income Tax				\$ 601,789	\$ 601,789
<b>Subtotal</b>	\$ 1,599,286	\$ 99,274	\$ 248,130	\$ 601,789	\$ 330,705	\$ 2,879,184
State/Local Government NonEducation	Dividends				\$ 146,581	\$ 146,581
	Social Ins Tax- Employee Contribution	\$ 3,570	\$ -			\$ 3,570
	Social Ins Tax- Employer Contribution	\$ 8,867				\$ 8,867
	Indirect Bus Tax: Sales Tax			\$ 1,253,037		\$ 1,253,037
	Indirect Bus Tax: Property Tax			\$ 601,810		\$ 601,810
	Indirect Bus Tax: Motor Vehicle Lic			\$ 16,250		\$ 16,250
	Indirect Bus Tax: Severance Tax			\$ 2,629		\$ 2,629
	Indirect Bus Tax: Other Taxes			\$ 161,673		\$ 161,673
	Indirect Bus Tax: S/L NonTaxes			\$ 85,377		\$ 85,377
	Corporate Profits Tax				\$ -	\$ -
	Personal Tax: Income Tax				\$ -	\$ -
	Personal Tax: NonTaxes (Fines-Fees)				\$ 47,991	\$ 47,991
	Personal Tax: Motor Vehicle License				\$ 12,727	\$ 12,727
	Personal Tax: Property Taxes				\$ 5,244	\$ 5,244
Personal Tax: Other Tax (Fish/Hunt)				\$ 3,958	\$ 3,958	
<b>Subtotal</b>	\$ 12,438	\$ -	\$ 2,120,774	\$ 69,921	\$ 146,581	\$ 2,349,714
<b>Grand Total</b>	\$ 1,611,724	\$ 99,274	\$ 2,368,904	\$ 671,710	\$ 477,286	\$ 5,228,898

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

Note: Though numbers appear to be estimated to the nearest dollar, accuracy is not indicated to that level due to rounding. Due to rounding, numbers shown may not add up to equal the number given in the Total. The tax revenues indicated in the table include indirect and induced taxes only. Due to the project's unique circumstances, including the proposed location on trust land, direct tax revenues generated during the project's operation phase were not quantifiable. As such, actual tax revenues generated by the project may be greater than those indicated above as direct personal income tax has not been included in the totals.

## 2.4 ALTERNATIVE 4 – NO ACTION/DEVELOPMENT

Under the No Action Alternative, none of the three development alternatives (Alternatives 1, 2, and 3) considered within the EIS would be implemented. Alternative 4 assumes that existing uses on the 145-acre project site would not change in the near term.

Since no development occurs under Alternative 4, there are no economic impacts from either the construction or operation phases.

### 3.0 SUMMARY OF ECONOMIC IMPACTS BY ALTERNATIVE

A summary of economic impacts anticipated to be generated by Alternatives 1 through 4 is presented in **Table 31** below.

**TABLE 31**  
ECONOMIC IMPACT SUMMARY BY ALTERNATIVE

	Direct Impact	Total Impact
<b>Alternative 1</b>		
<b>Construction Phase</b>		
Total Output	\$ 190,100,862	\$ 301,871,895
Employment	1,225	2,154
Wages	\$ 66,568,389	\$ 102,380,785
<b>Operational Phase</b>		
Total Output	\$ 161,640,963	\$ 249,274,912
Employment	2,087	2,805
Wages	\$ 39,934,721	\$ 66,824,959

	Direct Impact	Total Impact
<b>Alternative 3</b>		
<b>Construction Phase</b>		
Total Output	\$ 144,100,588	\$ 228,707,520
Employment	1,076	1,778
Wages	\$ 50,397,359	\$ 77,501,587
<b>Operational Phase</b>		
Total Output	\$ 70,826,449	\$ 111,636,244
Employment	1,412	1,741
Wages	\$ 24,644,161	\$ 36,780,309

	Direct Impact	Total Impact
<b>Alternative 2</b>		
<b>Construction Phase</b>		
Total Output	\$ 76,663,961	\$ 121,633,102
Employment	459	832
Wages	\$ 26,779,976	\$ 41,185,675
<b>Operational Phase</b>		
Total Output	\$ 95,669,884	\$ 146,974,040
Employment	1,073	1,493
Wages	\$ 21,665,714	\$ 37,494,186

	Direct Impact	Total Impact
<b>Alternative 4</b>		
<b>Construction Phase</b>		
Total Output	\$ 0	\$ 0
Employment	0	0
Wages	\$ 0	\$ 0
<b>Operational Phase</b>		
Total Output	\$ 0	\$ 0
Employment	0	0
Wages	\$ 0	\$ 0

Source: AES. Assumptions made by the authors based on I-O/SAM Analysis using IMPLAN data.

### 4.0 BRIEF EXPLANATION OF THE INPUT-OUTPUT / SOCIAL ACCOUNTING MATRIX MODEL

The IMPLAN model employs an input-output/social accounting matrix to determine anticipated effects of development projects on the regional economy. This type of economic modeling was first developed in the 1930s by W. Leontief, and was later applied by W. Isard in the regional science field. IMPLAN analysis was later developed by the U.S. Department of Agriculture Forest Service in the mid-1970s.

The IMPLAN model makes use of a complex input-output matrix framework. The matrix demonstrates the proportion of inputs that must be purchased in each sector in order to produce one unit of output in another sector. By simulating an increase in demand for one sector, a corresponding increase in demand is triggered from the demand for intermediate goods and services required to produce final goods and services. The increase in final demand is referred to as the “direct effect.” The increase in output in response to the initial impact is called the “indirect effect.” These two effects are collectively referred to as the “Type 1 multiplier.”

Increases to the Type 1 multiplier will trigger a corresponding increase in income for households in the region. This increase in income will result in an increase in household consumption. Increased household consumption is called the “induced effect.” Collectively, the direct, indirect, and induced effects are called the “Type 2 multiplier.” The Social Accounting Matrix (SAM) is an extension of the input-output framework. The SAM includes non-industrial financial flows with the input-output framework.

The input-output model is based on several assumptions, including:

- Constant Returns to Scale
- No Supply Constraints
- Fixed Commodity Input Structure
- Homogenous Sector Output
- Industry Technology Assumption

Due to the input-output model’s assumption of no supply constraints, the IMPLAN model does not account for potential substitution effects within the market.

Input-output/SAM models are often used by governments and economic researchers to estimate the impacts of certain actions and policy choices. They are also used to estimate the impact of large development projects on a given region. The impacts of large-scale development projects occur due to two mechanisms. First, there is a one-time, non-recurring, construction impact to the regional economy. During the construction impact, goods and services are procured by a general contractor, and the business of subcontractors and suppliers for the construction is stimulated. In addition, employment opportunities are generated by the construction of the project, which stimulates local households. Second, there is a recurring operation impact to the regional economy. Once construction is completed, the employer will begin to hire and train employees. The impact can be seen through increased wages paid, and also through substantial inflow of revenue to the project and to the local economy.

Much of the information contained in this report was received from third parties. This report also contains projections of future events based upon certain assumptions. As it is not possible to predict future outcomes with absolute accuracy, these projections should be treated as estimates of potential future results. Actual results may differ due to unforeseen events.

## 5.0 GROWTH INDUCING IMPACTS BY ALTERNATIVE

The local region may be impacted by growth in other areas due to a development within Spokane County. Impacts may stimulate an increase in housing costs, additional housing construction, the labor pool, and/or a reduction in the size of unemployment in the region.

### 5.1 POPULATION

Demographic information for Spokane County, which has the potential to be affected by Alternatives 1, 2, or 3, is provided in **Table 32** below.

**TABLE 32**  
SPOKANE COUNTY POPULATION AND HOUSEHOLDS

2009	Total
Population	468,684
Households	185,827
Average Household Size	2.42

*Source: U.S. Census Bureau, 2009*

Alternatives 1, 2, and 3 are anticipated to draw employees predominantly from across Spokane County. Historical labor data for Spokane County obtained from the U.S. Census Bureau was analyzed. In 2009, Spokane County had a labor force of 234,923 people, of which 10.2 percent (23,902 people) of the labor force was unemployed.<sup>4</sup> Unemployment has spiked in recent years following the burst of the housing bubble. According to 34 economic forecasters surveyed from around the country by the Federal Reserve Bank of Philadelphia, U.S. unemployment is expected to decrease at a rate slower than it will take for the rest of the economy to recover. In 2009, the U.S. unemployment rate averaged 9.3 percent, which was lower than the unemployment rate in Spokane County of 10.2 percent. According to the Council of Economic Advisers, it is projected that the U.S. will observe an approximate 7.3 percent unemployment rate in 2013.<sup>5</sup> For the purposes of this analysis, it is assumed that the unemployment rate for Spokane County will follow a similar trend to what has been projected for the U.S., and that the County will experience an unemployment rate of 8.2 percent in 2013. The compounded annual growth rate (CAGR) was calculated for employment statistics and is presented in **Table 33** below.

<sup>4</sup> U.S. Census Bureau, 2002-2009. American Community Survey One-year estimates. Available online at: [http://factfinder.census.gov/servlet/ADPTable?\\_bm=y&-geo\\_id=16000US5367000&-qr\\_name=ACS\\_2009\\_5YR\\_G00\\_DP5YR3&-ds\\_name=ACS\\_2009\\_5YR\\_G00\\_-&-lang=en&-\\_sse=on](http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=16000US5367000&-qr_name=ACS_2009_5YR_G00_DP5YR3&-ds_name=ACS_2009_5YR_G00_-&-lang=en&-_sse=on).

<sup>5</sup> Council of Economic Advisers, 2010. Economic Report of the President: Transmitted to Congress February 2010 together with the Annual Report of the Council of Economic Advisers. United States Government Printing Office. Washington: 2010. Page 75. Available online at: <http://www.whitehouse.gov/sites/default/files/microsites/economic-report-president.pdf>

**TABLE 33**  
SPOKANE COUNTY EMPLOYMENT

Year	Civilian Labor Force	Employed	Unemployed	Unemployment Rate
2009	234,923	211,021	23,902	10.2%
2008	232,364	217,868	14,496	6.2%
2007	229,237	213,271	15,966	7.0%
2006	224,649	210,964	13,685	6.1%
2005	219,725	203,036	16,689	7.6%
2004	212,450	195,279	17,171	8.1%
2003	208,597	184,602	23,995	11.5%
2002	214,532	192,883	21,649	10.1%
<b>2002-2009 CAGR</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.4%</b>	

Source: U.S. Census Bureau, 2002-2009, American Community Survey

Based on the CAGR calculated in **Table 33** above, the Spokane County labor force is expected to grow at a rate of 1.3 percent annually. Using the projected 2013 unemployment rate of 8.2 percent for Spokane County, the number of unemployed workers in the labor force has been forecasted. Unemployment is estimated at 20,290 people for Spokane County in 2013 (**Table 34**).

**TABLE 34**  
SPOKANE COUNTY PROJECTED LABOR DATA

Year	Labor Force	Unemployed	Unemployment Rate
2009	234,923	23,902	10.2%
2013	247,434	20,290	8.2%

Source: U.S. Census Bureau, 2002-2009, American Community Survey; Council of Economic Advisers, 2010; AES, 2011.

The natural unemployment rate of five percent was then subtracted from the projected unemployment levels to calculate the total amount of labor available in Spokane County at 7,918 people (20,290 – 12,372 = 7,918) as described in **Table 35**. A rate of five percent was then applied to the amount of labor available to account for members of the labor force who are unqualified for employment, which considers local retirees who may be included in the labor force but are not willing to work and members of the labor force who are incapable of performing the tasks associated with employment (7,918 × 5% = 396; 7,918 – 396 = 7,522 people available in the Spokane County labor force). These assumptions are based on typical rates in labor markets across the nation.

**TABLE 35**  
SPOKANE COUNTY PROJECTED AVAILABLE LABOR FORCE 2013

Unemployed	20,290
Less Natural Unemployment (5% of Total Labor Force)	12,372
Less Unqualified (5% of Unemployed less Natural Unemployment)	396
<b>Available Labor Force</b>	<b>7,522</b>

Source: AES, 2011.

## 5.2 HOUSING MARKET

Spokane County housing market data was obtained through U.S. Census Bureau information from 2000 through 2009. Based on this information, it was determined that the total number of housing units increases annually by approximately 1.4 percent, and the number of vacant units tends to increase annually by approximately 1.1 percent. The projected regional housing stock for 2013, which is anticipated to be the first year of operation under the project, was calculated and is presented in **Table 36**.

**TABLE 36**  
SPOKANE COUNTY REGIONAL HOUSING STOCK<sup>6</sup>

	<b>2009</b>	<b>2013 Projections</b>
<b>Units</b>	199,400	211,307
<b>Occupied Units</b>	185,841	197,122
<b>Vacant Units</b>	13,559	14,185
<b>% Vacant</b>	6.8%	6.7%

*Source: U.S. Census Bureau, 2000-2009; AES, 2011.*

## 5.3 POTENTIAL GROWTH INDUCEMENT EFFECTS

As discussed under **Section 5.1** above, there are projected to be approximately 20,290 unemployed persons already residing in the County in 2013, of which approximately 7,522 people would be available and qualified for work at the project site. There are anticipated to be more than enough people available to fill all employment opportunities generated at the project site; no additional people would be required or anticipated to move to Spokane County to meet the labor demand generated by the project alternatives. Between 2013 and the project’s full buildout in 2020, it is anticipated that the labor force would continue to grow and a greater number of people would continue to become available for work at the project site as Phases II and III are developed. Therefore, 2013 labor force projections are considered to be a conservative estimate of anticipated people available in Spokane County for work at the project site. There would be no need for the new employees already located within the County to relocate within the area. Therefore, none of the alternatives would be anticipated to result in substantial population growth within the area. As such, all alternatives would have a negligible impact on the regional housing stock. However, as illustrated in **Table 36**, even if there are some employees that elect to relocate within the County, there would be enough vacant homes to support these employees. None of the alternatives would be expected to stimulate regional housing development.

<sup>6</sup> U.S. Census Bureau, 2009. American Community Survey One-year estimates. Available online at: [http://factfinder.census.gov/servlet/ADPTable?\\_bm=y&-geo\\_id=16000US5367000&-qr\\_name=ACS\\_2009\\_5YR\\_G00\\_DP5YR3&-ds\\_name=ACS\\_2009\\_5YR\\_G00\\_&-\\_lang=en&-\\_sse=on](http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=16000US5367000&-qr_name=ACS_2009_5YR_G00_DP5YR3&-ds_name=ACS_2009_5YR_G00_&-_lang=en&-_sse=on).