

## ABSTRACT

### Estimating Native American Contributions To Washington State Tax Revenue

Ethel Steinmetz  
Thomas O. Skjervold

In this study we estimate how much tax revenue Native Americans in Washington contribute to the state and local governments. We analyze current economic data provided by tribal, state, and federal government sources in order to measure tax revenue resulting from the tribal presence.

We collected data based on 1) wages earned by tribal members employed by tribal owned enterprises, 2) business expenditures by tribally owned economic enterprises, 3) wages earned by tribal members not employed by tribal-owned businesses, and 4) wages earned by Native Americans who are Washington State residents, but not necessarily members of Washington's tribes. Our primary methodology is based on similar studies of this kind from the states of Arizona, Michigan, and New York. Most of the numeric data on tribal economic activity is based on information gathered by Veronica E. Tiller and Robert A. Chase in their groundbreaking 1998 report entitled Economic Contributions of Indian Tribes to the Economy of Washington State. Additional data were taken from the Washington State Population Survey (Office of Financial Management, 1997). We generated three estimates of state and local taxes paid by Native Americans; our primary method calculated a total revenue contribution of \$139.5 million per year. Two simpler calculations yielded estimates of \$136.7 and \$134 million. Furthermore, we postulate that indirect fiscal impacts owing to Native American economic activity may be significantly larger: estimates of total revenue contribution expand to over \$207 million per year.

In addition to providing valuable and unique data on the revenue contributions of Washington Native American's to state coffers, we provide broad contextual information on tribal economic development, sovereignty, gaming, and taxation. We evaluate current economic information against an historical backdrop. We recommend that Washington State continue to diverge from past policy-making influenced by the politics of "discovery" and America's colonial past. We emphasize that Native American entrepreneurial efforts constitute new and historic opportunities to develop valuable economic partnerships between tribal nations and Washington State. We recommend tax compacting as only one of many opportunities for economic partnership that could provide long-term benefits to both tribal nations and the citizens of Washington State.

## Table of Contents

Table of Tables.....	iv
Acknowledgments.....	v
I. Introduction.....	1
A. The Importance of Measuring Tribal/Native American Tax Revenue...2	
B. Organization of this Paper.....	3
C. Methodology.....	4
1. Defining Revenue.....	7
2. Defining Native American Populations.....	9
3. Defining income calculations.....	11
II. Literature review.....	13
A. Economic development.....	13
B. Sovereignty.....	21
C. Gaming.....	25
D. Taxation.....	34
III. History.....	42
A. Colonialism and its Impact on Native Peoples of the Pacific NW.....	43
B. Sovereignty.....	46
C. Eras in Federal Government Policy-Making.....	48
1. The Reservation System.....	48
2. Allotment and Assimilation.....	49
3. The Indian Reorganization Act of 1934.....	50
4. The Termination Act.....	51
5. The Self-determination Era.....	52
D. Reviewing the Lessons of History.....	54
E. Improving State/Tribal Relationships.....	56
IV. Calculating Tribal Contributions to Washington Tax Revenue.....	60
A. Surveying for Native American Revenue Modeling Systems.....	60
B. Selected Revenue Modeling Systems and Calculations.....	63
C. Alternative Estimates of Tribal Revenue Contributions to WA St.....	70
V. Beyond Direct Revenue Calculations.....	73
A. Economic Impact Models and Their Use.....	73
B. Potential Sources of Error in Our Calculations.....	79
C. Tax Evasion or Disputed Sovereignty?.....	81
D. Tax Compacting: The Hope for the Future.....	82
References.....	85