

**THE ROLE OF HARRAH'S PRAIRIE BAND CASINO PROPERTY IN THE
AREA ECONOMY: JACKSON AND SHAWNEE COUNTIES
IN
1998 – 2001**

C.D. Study Report #212

FINAL REPORT

By

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EXECUTIVE SUMMARY

Is the casino property (NAG) stimulating additional business activity in Jackson County?

A combination of primary and secondary data were gathered to analyze the economic impact of the NAG and address this question. The net effect on the state economy from the NAG payroll equates to \$49.2 million based on the fiscal and economic impact model on page 1. A brief summary of the economic impact on the various stages in an economic and fiscal impact flow model is outlined and discussed in Tables 1 and 2.

Employee Payroll:

In 2002, 937 employees received wages and benefits totaling \$17.4 million. Employee survey results indicate 85.6 percent of this income is spent locally. The survey results also show a significant amount of personal income is spent locally on homes and cars. Employee survey responses indicate 18 percent purchased or built homes between 1998-2002, with an average value of \$95,443 and 61 percent purchased one or more vehicles with an estimated average value of \$13,713.

Vendor Purchases:

The NAG purchased \$5.2 million worth of supplies in 2002 from sources in Kansas.

State and Local Government Fiscal Impacts:

The NAG facility paid state income taxes in 2002 totaling \$652,468, as well as \$32,177 in state liquor tax. Property tax on homes purchased by employees help support local school districts in the sum of an estimated \$37,318. Sales tax from vehicle purchases go to both the state and local governments. This amounts to an estimated \$392,000 to state government.

School District Impact:

Home purchases and employment generated by the NAG property have resulted in 15.1 percent of employees moving to or around the local area. Of this 15 percent, 6 percent moved to the area from outside the state, bringing with them additional income and spending. The estimated impact on the local school district has been the enrollment of 574 school age children in the area public schools, with an estimated 77 enrolled in USD 337 (Royal Valley Schools) in the 2002-2003 in school year. Since Royal Valley Schools are one of the poorer districts in the state, the increased enrollment from these students generates additional state support for the local district.

Table 1. Employee Survey Results

Survey Location	# Survey Responses	%	# Who Moved To, or Within State		Total # of Children	# Families w/Kids in USD 337	
			# With Children	# With Children		# Kids in USD 337	# Kids in USD 337
Reservation	19	8.2%	5	8	23	7	0
Greater Jackson Co.	78	33.6%	10	27	51	11	24
Shawnee Co.	103	44.4%	17	27	44	1	1
Elsewhere	32	13.8%	3	13	24	0	0
Total	232	100.0%	35	75	142	19	25

Survey Location	BuyCar	Vehicle Value	Build Buy Home	Home Price	Commuter-Min
Reservation	11	\$20,500	4	\$98,750	10
Greater Jackson Co.	42	\$13,480	4	\$84,800	16
Shawnee Co.	71	\$14,860	26	\$94,563	28
Elsewhere	17	\$8,718	8	\$101,750	41
Total	141	\$13,713	42	\$95,443	24

Spending Patterns

Survey Location	Reservatio n	Else			Else		Total
		Holton	Jackson	Toneka	Shawnee	Other	
Reservation	6%	29%	7%	34%	7%	16%	100%
Greater Jackson Co.	3%	39%	10%	34%	4%	11%	100%
Shawnee Co.	3%	2%	2%	78%	8%	8%	100%
Elsewhere	2%	9%	2%	39%	4%	44%	100%
Total	3%	17%	5%	54%	6%	14%	100%

Moving Locations

Survey Location	Total Moved	%	From		To
			From	From	
Reservation	5	2%	4	Kansas	KS
			1	Outside KS	KS
Greater Jackson Co.	10	4%	6	KS	KS
			4	Outside KS	KS
Shawnee Co.	17	7%	9	KS	KS
			8	Outside KS	KS
Elsewhere	3	1%	2	KS	KS
			1	Outside KS	KS
Total	35	9%	21	KS	KS
			14	Outside KS	KS

Business Activity and Investment:

The data in Table 2 indicate personal income and business activity linkages in Jackson County had a sizeable impact on the local economy. Between 1996 and 2002, 77 businesses opened or expanded. Forty two percent were retail and 39 percent were service businesses. Manufacturing expansions accounted for 14 percent of the business created in the county through this period.

The data show that 28 percent of the new business activity occurred in the first year after the opening of the casino. Seventy three percent of the new business activity in 1998 was related

to new firm creation, 100 percent was new firm creation in 1999. Three years after opening the NAG property, new business creation slowed to 55 percent in 2000, 62 percent in 2001. In actual numbers, new business formations slowed from 22 in 1998 to 8 in 2002.

Further analysis of the expanding economy in Jackson County is seen in the city data. Holton saw 82 percent of its new business activity come as business expansions while Mayetta saw 71 percent of new business activity come as new business formations. This is an indication that the economic center of the county was in Holton prior to the opening of the NAG property. Mayetta's new business development came after 1998, primarily in the form of new businesses. Business growth outside this area is slower and is more evenly split between new business formations, business expansion and new ownership. (Appendix II).

Table 2. Business Activity in Jackson Co. 1998 - 2002

	<i>Business Category</i>				<i>Year</i>				
	<i>Govt</i>	<i>Mfg / Industry</i>	<i>Retail</i>	<i>Service</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
Total	4	11	33	32	22	17	20	13	8
Type	5%	14%	42%	39%	28%	21%	25%	16%	10%
New	75%	36%	82%	75%	73%	100%	55%	62%	75%
Expand	25%	64%	6%	22%	14%	0%	45%	38%	25%
New Owner	NA	No	12%	3%	14%	0%	0%	0%	0%

	<i>City</i>					
	<i>Delia</i>	<i>Holton</i>	<i>Hoyt</i>	<i>Mayetta</i>	<i>Soldier</i>	<i>Whiting</i>
Total	1	50	4	14	5	6
Type	---	---	---	---	---	---
New	100%	18%	75%	71%	40%	33%
Expand	0%	82%	25%	29%	20%	67%
New Owner	0%	0%	0%	0%	40%	0%

Source: Jackson County Development Corporation

Compiled by: D. Darling & M. Seitz, K-State Research & Extension

Native American Government Linkages:

Revenue generated from the NAG facility increased spending for the Prairie Band Nation infrastructure and social welfare programs. The revenues from these programs supported development of tribal fire and police departments, road construction and other developments totaling (*these data are being collected for further analysis...*).

Conclusion:

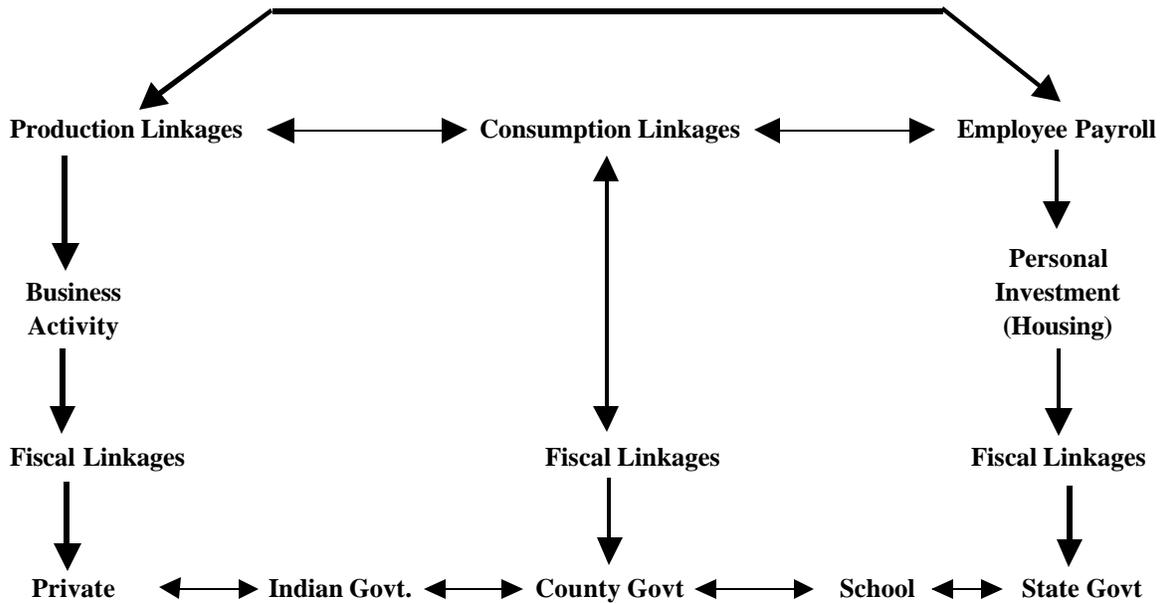
Overall the NAG facility has had a positive economic and fiscal impact on the state of Kansas. The authors estimate that the overall Income Multiplier of 2.5. This shows that the property is having a major, positive impact on the State economy. The two-county Income Multiplier is 2.0. Both indicate a strong impact from the NAG property on the state and local economies. The net effect on the state economy from the NAG payroll equates to \$49.2 million based on the fiscal and economic impact model on page 1.

INTRODUCTION

The arrival of Native American Gaming (NAG) properties in Kansas in the latter part of the 1990s has resulted in the creation of new jobs in Jackson and Brown counties. Completion of the four-lane US-75 corridor from Topeka to Holton along with the development of the NAG properties has attracted visitors, increased tourism revenue and resulted in additional traffic flows. This report estimates the fiscal and economic impacts of the gaming property located on the reservation of the Prairie Band Potawatomi Nation in Jackson County, just north of Topeka, Kansas.¹

The region being analyzed is the combined area of Jackson and Shawnee counties. The time period chosen is the year 2001, the fourth year of operation of the NAG property. The researchers have used a variety of data sources and have compared Jackson County to Osage, Brown, Nemaha, and Shawnee counties. Osage County acts as a control county. Using the USDA, ERS system of county codes that are called the Rural-Urban Continuum Codes (1993), the authors found Jackson County to be similar to Osage County but without a NAG property. Thus, readers should compare the two counties to gain insight into the relative impact of the new NAG property on the reservation. This makes Osage County the control county from an experimental design perspective. The authors were able to quantify the impacts using this methodology, and the methodology suggested in the flow diagram in Figure 1.

FIGURE 1. THE PRAIRIE BAND POTAWATOMI CASINO: ECONOMIC & FISCAL IMPACT FLOW MODEL



¹ This is the second of two economic impact studies performed under contract with the Prairie Band Potawatomi Nation. Darling, Yang, and Ariyaratne wrote the first in 2000.

LITERATURE REVIEW

“Wheel of Fortune: Why Indian Casinos aren’t all they’re promised to be” (December 16, 2002 issue of Time Magazine) is a commentary on the benefits and shortcomings of NAG operations across the United States. Inside this story the special investigation “Getting It Right: This Tribe Plays for Keeps” highlights the Prairie Band Potawatomi Nation success story since the opening of this NAG facility in 1996 in northeast Kansas (Bartlett and Steele).

Spears (2000) surveyed a random sample of household phone numbers in northeast Kansas in 1999 for his primary data collection. The telephone survey tried to contact 1,038 households. Of those contacted, 406 provided usable data. The respondents lived in Jackson, Brown and Doniphan counties. The purpose of the study was to collect data on the perceptions and attitudes of residents who live near the four new NAG properties. He discovered that women rated the economy more improved as compared to men.

The survey responses also show that as the age of the respondent increased, they were more likely to judge NAG to have a negative impact. Employed people felt that the income benefits were more positive to the area economy than those who were retired or self-employed. Higher income people were less likely to view NAG as benefiting the local cultural and social life. A majority of those responding were optimistic that the local economy will improve with or without NAG. Finally, a majority (70.9 %) supports the idea of more restrictions on NAG developments.

On the negative side, Spears found that respondents ranked the following environmental factors as troubling. These are presented in rank order from most problematic to least: traffic conditions, crime rate, illegal drug activity, property taxes and real estate values, litter, overcrowding, noise pollution, air pollution, and water pollution, drug use, prices, property taxes and crowding.

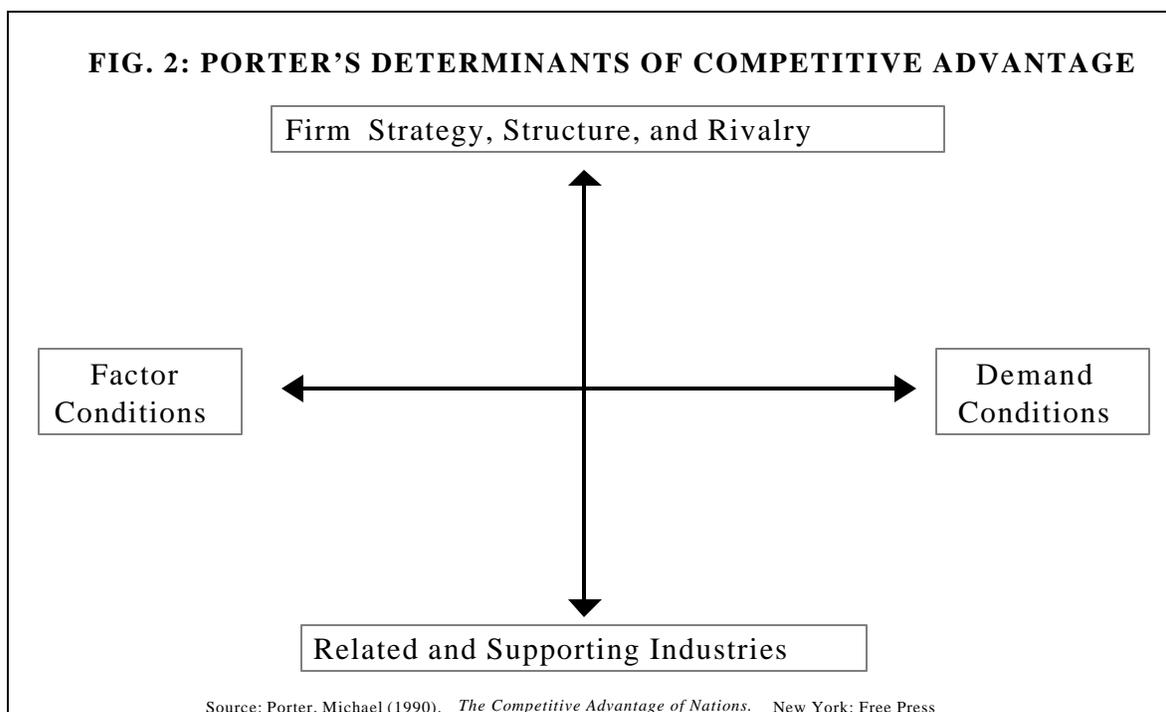
Deller and Chen (1997) studied the impact of NAG on a rural area in Wisconsin. They chose a methodology similar to the one used in this Kansas case study. Two like regional economies are compared; one has a NAG facilities and the other does not. Deller and Chen used more variables than the Kansas study. They conclude that the “bulk of the economic windfall from these casinos is remaining on the reservation and is not rippling through the regional economy. (Page 252)” They also found that a majority of those coming to casinos are older and do not cause the criminal indicators to measurably increase.

Wallace, Gnushke, and Ciscel (1999) found that the casino industry in Tunica County, Mississippi was successful as a stimulant. They used Porter’s model of competitive nations to explain the success of the non-NAG industry in this rural and poor county. The Porter model suggests that four factors contribute to economic success of an industry in a country. These are (1) factor conditions (the cost and availability of key factors of production), (2) demand conditions (for the product being produced), (3) related and supporting industries, and (4) firm strategy structure and rivalry (see Figure 2). The casinos in Tunica County draw from the greater Memphis regional population.

The Porter model in figure 2 was used in studies of NAG facilities outside Kansas. The model is also useful in this analysis to provide a basis for studying the economies in the area. Porter’s model shows linkages between NAG and non-NAG business activity and helps explain the competitive strength of an industrial sector in a region.

A study 2001 study by Darling, et al. (2001) looked at the role of NAG properties on the local economy of northeast Kansas. This study concluded that there has been a measurable,

positive impact on the local economy. New business investment has generated sales tax revenues bolstering city, county and state governments.



Simonson and Goebel (1999) looked at gaming as recreation and recreational expenditures among Americans. They projected future prospects of the industry to be very good in the U.S. They conclude with the following statements: “We expect gaming to be one of the fastest-growing segments of consumer spending over the next 5 to 10 years. We base this favorable conclusion on:

- ◆ A long-term acceleration in the growth of consumer spending on recreation as the aging U.S. population shifts from goods to services;
- ◆ An increasing share of recreation expenditures’ shifting to gaming, a subset that will benefit from an aging population;
- ◆ Strong growth in the casino industry revenue due to the expansion, over time, of legal gaming jurisdictions and rising individual participation rates;
- ◆ Highly predictable, above-average earnings potential;
- ◆ An ability to participate in the growth of new markets as well as continue to grow aggressively in the Los Vegas market, and;
- ◆ Strong balance sheets and below-average costs of capital.”

INCOME AND PAYROLL EFFECTS

The impact on households across Kansas is estimated to be \$49.2 million. Most of this impact is felt in Jackson and Shawnee counties. To give this number some perspective, the total personal income in Jackson and Shawnee counties combined was \$5.276 billion in 2001 (Kansas Division of Budget). Wages and benefits for employees of the NAG facility in Jackson County totaled \$17.8 and \$4.5 million respectively. Based on the survey results, employees spend 85.5 percent of their income in the two counties.

LIVING PATTERNS

A survey of employee living and spending habits was done on February 1, 2003 at the NAG facility in Jackson County, KS. Table 1 shows the results from 232 surveys representing 937 employees. The employees who participated self selected. Therefore, this is not a random sample and the results cannot be given any statistical confidence interval. The survey responses represent 24.7 percent of the employee population. The survey data show 8 percent of employees live on the Potawatomi reservation with another 34 percent living in Jackson County. Shawnee County is home to 44 percent of the employees and 14 percent live in other areas of Kansas.

Most employees of the NAG facility lived in Kansas prior to the opening of the facility and did not move to Kansas to take their new jobs. Fifteen percent moved during the study period, with six of these moves bringing in employees from out-of-state locations to work at the NAG facility.

EMPLOYMENT LINKAGES

Based on a two county input-output computer model that estimates the impact of new economic activity, the employment multiplier for the combined counties of Jackson and Shawnee is 1.284. Thus, on top of the 937 full time employees working on the casino property, an additional 266 more people will be employed to meet the additional employment demand. However, this multiplier seems low compared to other calculations done by the authors.

PRODUCTION LINKAGES

Besides the employment and payroll stimulus, the new Native American Gaming (NAG) facility buys goods and services from local, regional and national vendors. Harrah's reports that spending with vendors across Kansas totaled \$5,231,617 in 2002. This buying pattern also stimulates more job creation and additional payroll payout. Since opening in 1998, spending with 558 vendors across Kansas was \$28.9 million.

FISCAL LINKAGES

Tribal, city, county, state, and federal taxes are deducted from the casino employees' salaries either from the paycheck or when the employees buy retail purchases. Harrah's reports \$652,468 in state income tax was collected and sent to the state of Kansas from employee earnings. They also report that they collected \$2,614,635 for the federal government for both federal income taxes and payments for social insurance.

A survey of employees done on February 1, 2003 provided the statistics shown in Table 1. The survey included questions on living, commuting and spending patterns related to home and vehicle purchases. They were also asked questions about changes in their places of residence, due to employment at the NAG property, as well as questions about their family, specifically the number of children currently attending public schools. Employees purchase real estate and motor vehicles and pay property and sales taxes on these purchases. Approximately 40 percent of total personal income is spent on taxable retail products by Kansans.

Responses are listed for the number of respondents who have moved to the area in the last five years, the number of people with children in local schools, that purchased or built homes and who purchased vehicles between 1996 and 2001. Two hundred thirty two employees filled

out the survey on February 1, 2003. A number of conclusions can be drawn assuming those who filled out the survey represent the total population of the workforce at the casino and the hotel. Fifteen percent (15%) have moved into the area to work at the casino since 1997. Sixteen percent (16%) have purchased or built homes in the area in the last five years. This equates to \$16 million in property value. The purchases generate an additional \$37,318 per year in property taxes paid to support the K-12 education.

Sixty one percent (61%) of the NAG property employees have purchased one or more vehicles in the last five years. These vehicle purchases have an estimated value of \$8 million, which generates an additional \$392,000 in sales tax revenue to the state of Kansas. The average commute time for these employees is 24 minutes.

Employee spending breaks down in the following manner: three percent (3%) is spent on the reservation, seventeen percent (17%) is spent in the Holton area, five percent (5%) is spent elsewhere in Jackson County, fifty four percent (54%) is spent in the Topeka area, six percent (6%) is spent elsewhere in Shawnee County and the balance, fourteen percent (14%) is spent elsewhere in the USA and around the world. See survey in Table 1.

Table 1. Employee Survey Results

Survey Location	# Survey Responses	%	# Who Moved To, or Within		Total # of Children	# Families w/Kids in	
			State	# With Children		USD 337	# Kids in USD 337
Reservation	19	8.2%	5	8	23	7	0
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Spending Patterns

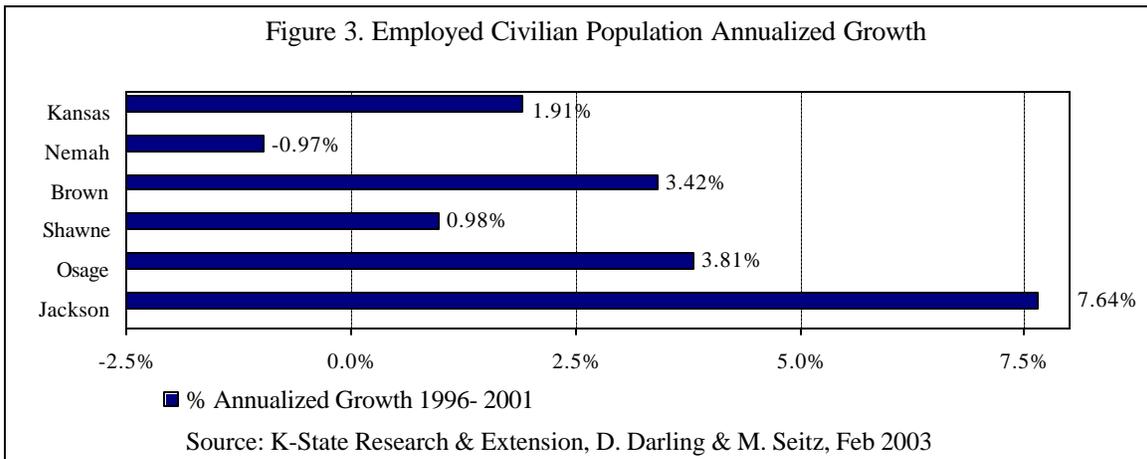
Survey Location	Reservatio		Else		Else		Total
	n	Holton	Jackson	Topeka	Shawnee	Other	
Reservation	6%	29%	7%	34%	7%	16%	100%
Greater Jackson Co.	3%	39%	10%	34%	4%	11%	100%
Shawnee Co.	3%	2%	2%	78%	8%	8%	100%
Elsewhere	2%	9%	2%	39%	4%	44%	100%
Total	3%	17%	5%	54%	6%	14%	100%

Moving Locations

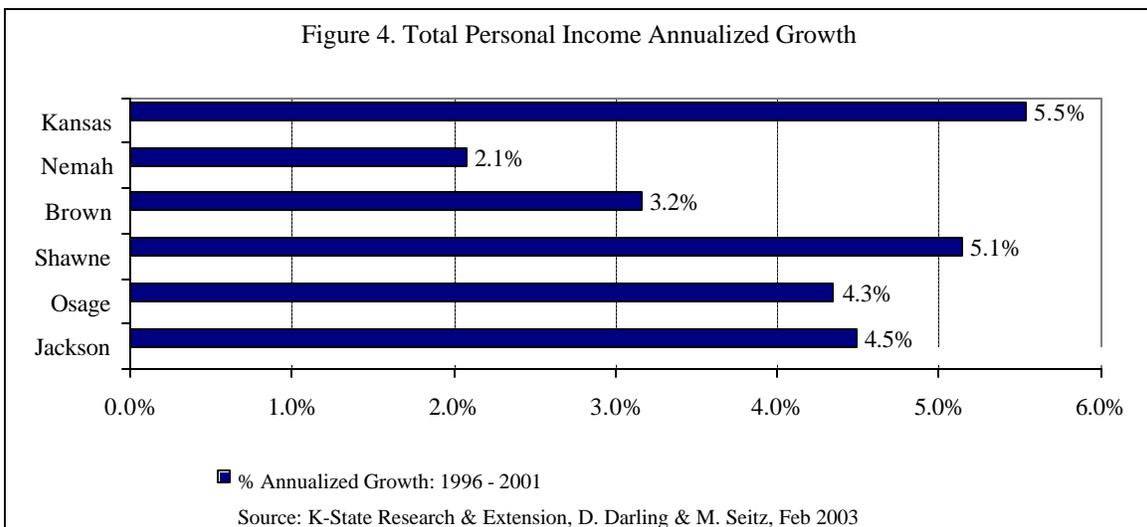
Survey Location	Total Moved	%	From		To
			From	To	
Reservation	5	2%	4	Kansas	KS
			1	Outside KS	KS
Greater Jackson Co.	10	4%	6	KS	KS
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			8	Outside KS	KS
Elsewhere	3	1%	2	KS	KS
			1	Outside KS	KS
Total	35	9%	21	KS	KS
			14	Outside KS	KS

STATISTICAL ANALYSIS SUMMARY

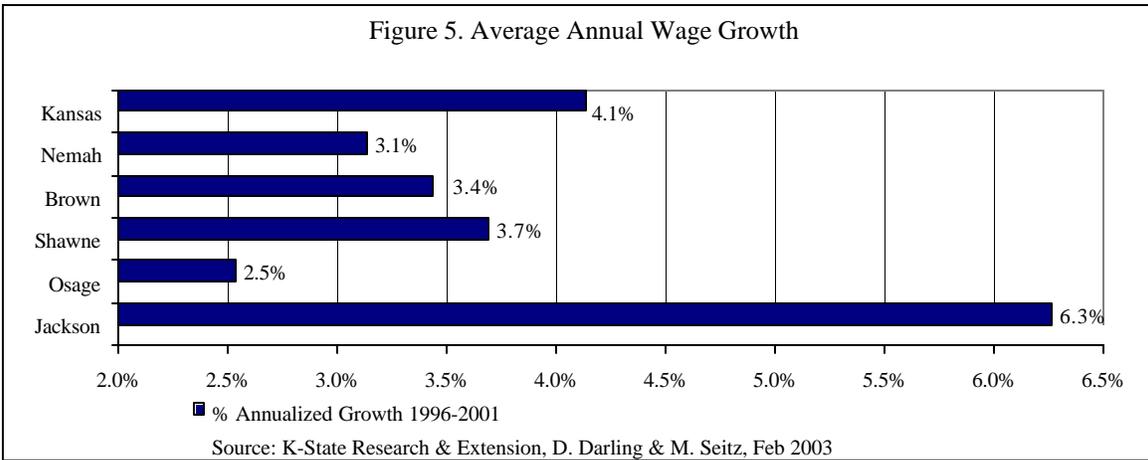
1. The growth in employment has come as a result of business activity created outside the NAG facility on the Potawatomi Reservation in southern Jackson County. Non-farm, civilian employment in Jackson County increased from 2,999 in 1996 to 4,333 in 2001, according to the latest data from the Kansas Department of Human Resources, Labor Market Information Services. The NAG facility employed 937 people in 2002. Thus, the economic dynamic in Jackson County compared to all other counties in the study, particularly Osage County – the control county, is more pronounced. Therefore, the growth in jobs in Jackson can be attributed to the NAG facility using this methodology. Jackson County’s annualized employment growth rate reached 7.64 percent between 1996 and 2001 compared to Osage County’s growth rate of 3.81 percent. Shawnee County’s annualized growth has been slower at 0.98 percent. Brown County has also seen benefits from NAG activity with employment growth of 3.42 percent, compared to Nemaha County, where employment growth decreased 0.97 percent (Figure 3).



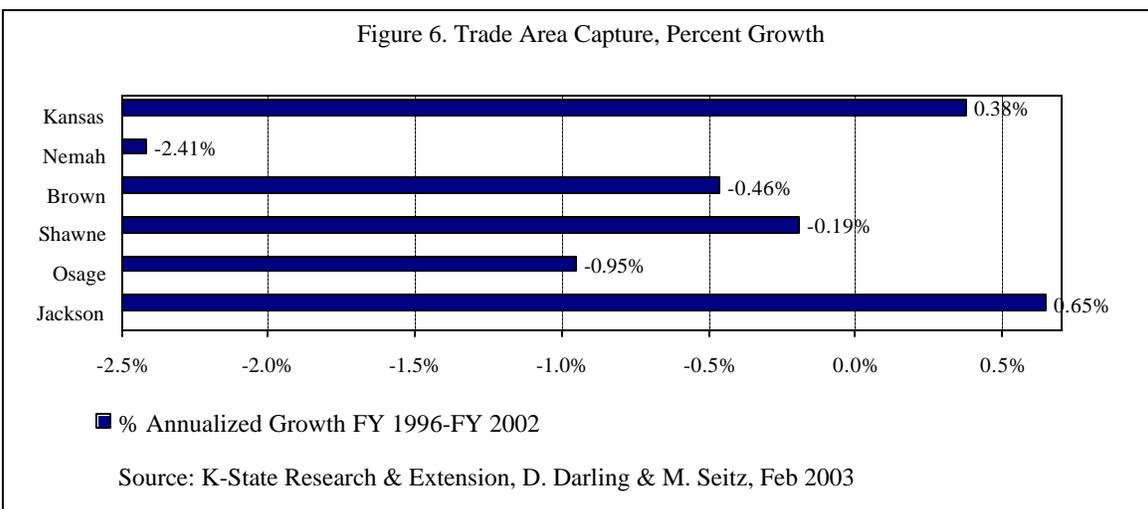
2. Total personal income and average annual wages were also analyzed from 1996 to 2001. Total person income increased slightly while average annual wage increases in Jackson County were substantial, relative to the rest of the counties in the study, as well as the state average. Total personal income in the state grew at an annual rate of 5.5 percent, moving from \$58.8 billion in 1996 to \$78.0 billion in 2001. Comparatively, total personal income growth in Jackson County increased 4.5 percent (Figure 4).



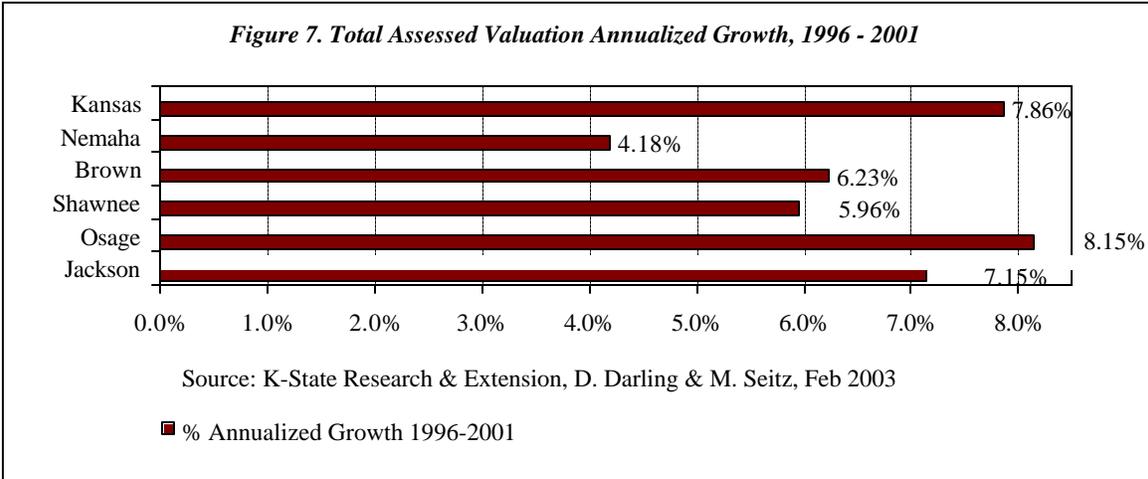
3. While total personal income growth is a good indicator of prosperity in the state and county, average annual wage growth provides a more precise picture of the economic impact of income in the study area. Average annual wage growth in Jackson County greatly outpaces the state average and the rest of the counties in the study area. Jackson County's average annual growth rate of 6.3 percent is 54 percent greater than the state average of 4.1 percent. This change is a reflection of the actual change in average annual wages from \$16,175 in 1996 to \$21,919 in 2001 in Jackson County. In contrast, Osage County's average annual wage growth of 2.5 percent and average annual wage of \$16,594 in 2001 leaves it lagging well behind Jackson County (Figure 5).



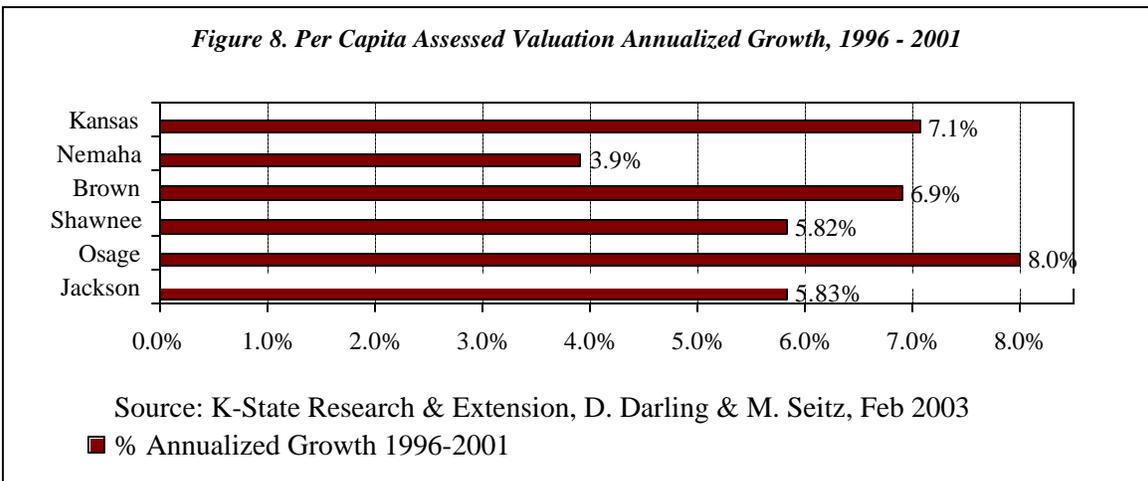
4. Figure 6 shows the percent growth in trade area capture (TAC) in Jackson County since 1996. The actual TAC value increased from 7,307 to 7,595, equating to an annualized growth rate of 0.65 percent, nearly double the state rate of 0.38 percent. Osage County's TAC – with no NAG properties, had an annualized negative growth of 0.95 percent. The performance of Brown County, with two NAG properties, in comparison to Nemaha with no properties, is similar to that of Jackson and Osage counties. Brown County's TAC annualized growth rate (-0.46%) is greater than that of Nemaha County, which has decreased 2.41 percent. Brown County's TAC is negative and performing poorly relative to the state of Kansas. Shawnee County growth was also negative at 0.19 percent.



5. Assessed valuations on both a total and per capita basis are also growing and inflating in most every county in Kansas. Jackson County's total assessed valuation annualized growth rate, 7.1 percent, was slightly lower than the state's total assessed valuation annualized growth of 7.9 percent. Osage County's total assessed valuation annualized growth, 8.1 percent, was the highest of the counties in the study area. Brown and Shawnee counties, 6.2 percent and 6.0 percent respectively, were lower than Jackson County. Nemaha County's 4.2 percent annualized growth was the lowest of the five counties (Figure 7).

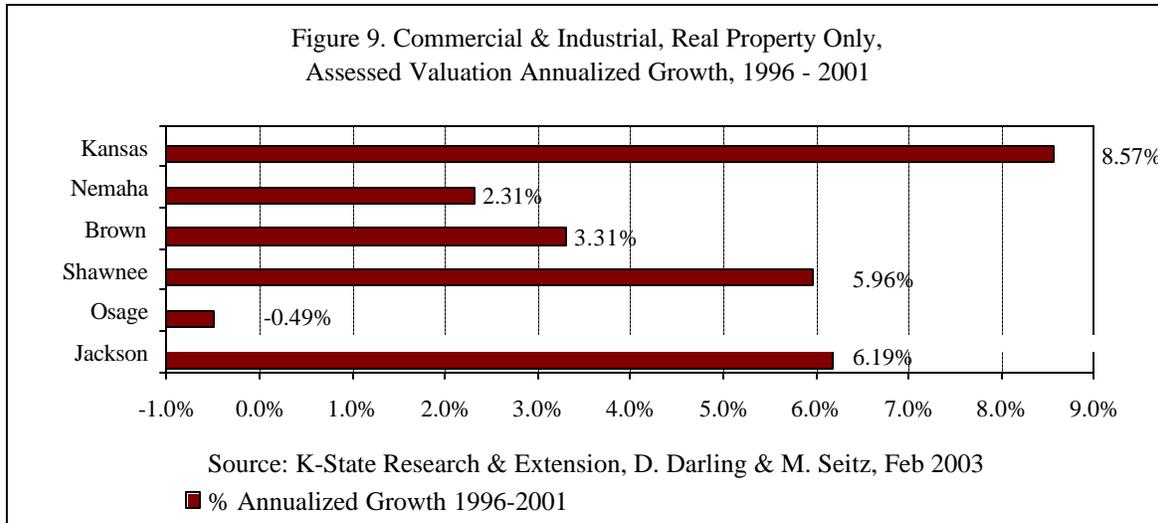


6. Total per capita assessed valuation growth rates were evaluated as well to account for the changing populations in the five county study area. Osage County's total per capita annualized growth of 8.0 percent was the highest in the study area, directly related to its small population growth and higher growth in property valuation. These values are being driven, in part by the trend of households moving into the urban fringe and building expensive homes (See Total Assessed Valuation Totals in Figure 9 below). This is an indication that Osage County's total assessed valuations are increasing at a much greater rate than its population.

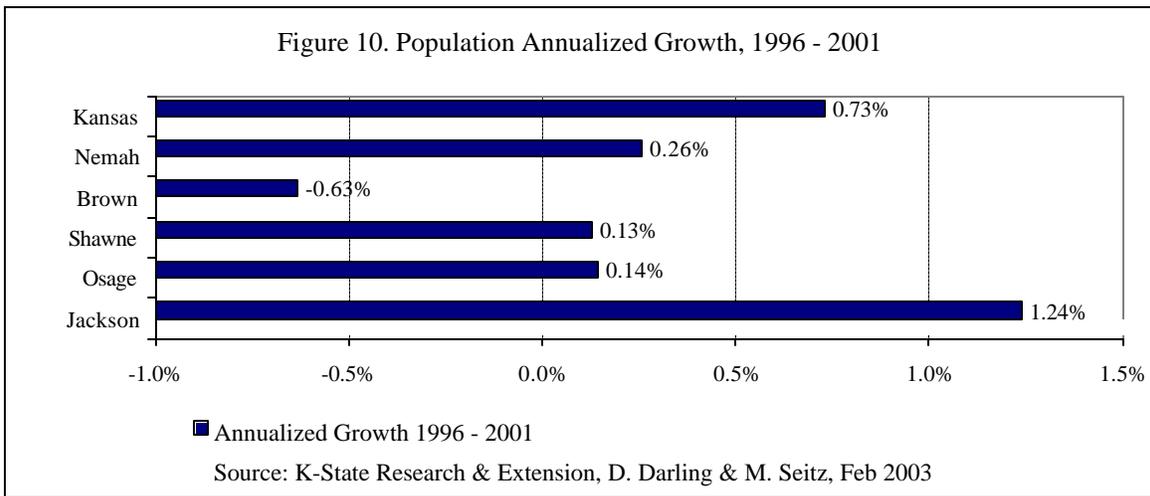


In contrast, Jackson County's per capita assessed valuation annualized growth was 5.83 percent, a reflection of increasing property values diluted by a faster annualized population growth rate (See Figures 8 and 9). Nemaha County's per capita assessed valuation annualized growth rate of 3.9 percent is nearly fifty percent lower than the state average of 7.1 percent and its comparable county, Brown, at 6.9 percent. Shawnee County's total per capita assessed valuation annualized growth rate of 5.82 percent was similar to Jackson County's growth rate (Figure 8).

7. The annual growth rate between 1996 and 2001, of commercial and industrial, real property, assessed values are listed in Figure 9. The annual growth rates in this sector tell a dramatically different story than those in Figure 8. All five counties in the study area lagged behind the state average of 8.57 percent. Commercial and industrial property valuations in Jackson and Shawnee counties were nearly identical at 6.19 percent and 5.96 percent respectively. Commercial and industrial property valuations in Brown (3.31%) and Nemaha (2.31%) also grew but at much slower rates than other counties in Kansas. Osage County had the most dramatic decline. The declining growth rate of -0.49 percent confirms the previous argument that the total assessed valuation in Osage County is driven by high value homes rather than commercial and industrial development.



8. Population changes in the study area are addressed in Figure 10 and previously in Figure 7. We started with the 1996 revised county estimates as reported in the Kansas Statistical Abstract. Population data for 2001 (based on July 1, 2001 estimates) was retrieved from the US Census Bureau website. Jackson County's annual population growth led the five counties in the study area, and the state average by a large margin. Jackson County's annual growth, 1.2 percent, was nearly 60 percent greater than the State, and 83 percent larger than Osage County's 0.1 percent growth. Brown County under performed Nemaha County in the study, which is unusual given that this is the only measure showing this outcome. The state of Kansas' population growth rate was high compared to all counties, except for Jackson County.



CONCLUSION

This study addressed the question, “Has the NAG property had a measurable impact on Jackson and Shawnee Counties?” Based on eight indicators and the results of an employee survey, the impact on the economy of these counties has been measurable and substantial. This particular NAG property has been a catalyst for economic growth and development, particularly in Jackson County. In contrast to the two NAG properties in Brown County, the property in Jackson County has had a much greater impact on the economy. This leads to further research opportunities looking at the questions, “Why are similar properties within 30 miles not having the same economic impact on Brown County?” and “What is the stimulating effect on the local economy from NAG revenues that flow through the tribal council?”

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SOURCES OF DATA

IMPLAN Model data comes from MIG, Inc. of Stillwell, MN and reflects the industrial activity of the combined economies of Jackson and Shawnee counties in 1997.

David and Carol Darling conducted the survey of employees on February 1, 2003 on the NAG property.

Income data comes from the US Dept. of Commerce website and from *The Governor's Economic and Demographic Report, 2002-2003*. Dept. of Administration, Division of the Budget, Topeka, Kansas.

Employment numbers come from Harrah's of Kansas, Inc. and The Kansas Dept. of Human Services.

Sales tax and property valuation data comes from the Kansas Department of Revenue. Population estimates are from the US Census Bureau web site: www.census.gov

BIOGRAPHICAL PROFILE OF AUTHORS

Dr. David L. Darling holds the rank of professor in the Department of Agricultural Economics at Kansas State University. His assignment, as part of the Cooperative Extension Service, is to help community groups resolve community and economic development issues. Over his thirty-year career he has assisted national, provincial, state, county and city governments in the US and in two foreign countries. His extension publications and newsletter are read and used widely.

Mr. Mark Seitz is a graduate student in the Masters in Agribusiness program in the Agriculture Economics Department at Kansas State University.

APPENDIX I: EMPLOYEE SURVEY

SURVEY OF EMPLOYEES OF THE CASINO AND HOTEL

The purpose of this survey is to estimate the economic and fiscal impact of the casino and hotel on the local economy and state and local governments. The Kansas State University Agricultural Experiment Station and Cooperative Extension Service are conducting this survey under contract with The Tribal Gaming Commission.

Please circle the appropriate answer whenever possible.

1. Please tell us where you live: On the Potawatomi Reservation, **1** 8.2%
 Elsewhere in Jackson County, **2** 33.6%
 In Shawnee County, **3** 44.4%
 Elsewhere: name of the county: **4** 13.8%

2. Have you moved due to your current job at the hotel or casino? **Yes** **No**
 If yes, from where? _____
 If yes, to where? _____
 If yes, when? Month Year

3. Do you have children who attend public schools? **Yes** **No**
 If yes, how many children? _____
 If yes, where do they go to school (USD # or Name)? 1. _____
 2. _____
 3. _____

4. Currently, how long does it typically take to drive to work from your home? 24 minutes

5. Did you buy or build your current home since starting work at the casino? **Yes** **No**
 If yes, what year? _____
 If yes, approximately what price did you pay? \$ 95,443

6. Did you buy a vehicle since coming to work at the hotel or casino? **Yes** **No**
 If yes, what year? Year
 If yes, what was the approximate price of the vehicle? \$ 14,042
 If yes, what is the approximate annual property tax bill? \$

7. Finally, please estimate what percentage of your income you spend in different places.

On the Potawatomi Tribal Reservation	<u> 3 </u> %
In the Holton area	<u> 17 </u> %
Elsewhere in Jackson County	<u> 5 </u> %
In the Topeka area	<u> 54 </u> %
Elsewhere in Shawnee County	<u> 6 </u> %
Every where else elsewhere	<u> 14 </u> %
Total	<u>100</u> %

Thank you for your cooperation.

Drafted by David L. Darling, January 2003
 Prairie Band of Potawatomi Gaming Commission Analyst.

Appendix II: Two County Input – Output Multipliers for Jackson & Shawnee County, Kansas

<u>Multiplier</u>	<u>SAM</u>
Labor Income	1.426
Employment	1.284
Value Added	1.433

The computer model used to generate multipliers is IMPLAN. The data for the model comes from MIG, Inc., of Stillwater, MN. The newest data at the time of the analysis reflected the year 1997-2003. Dr. John Leatherman, Extension Specialist in the Department of Agriculture Economics, Kansas State University, manipulated the IMPLAN model and provided the detailed multipliers.

Table 2 shows the Income Multiplier Effect on the state in contrast to Jackson and Shawnee County. These data show there is a greater impact on the state economy in comparison to the two counties in the study area.

<u>Table 2. Income Multiplier Effects from NAG Property</u>	<u>State</u>	<u>Jackson & Shawnee County</u>
Direct Effect (Impact of Wages & Salaries on Local Economy)	\$17,378,375	\$17,378,375
Induced Income Effect for Households on Local Economy	\$26,561,890	\$18,294,807
Indirect Income Effect for Suppliers to Casino Property	<u>\$5,231,617</u>	<u>\$0</u>
Total Impact on Kansas Households Statewide	<u>\$49,171,882</u>	<u>\$35,673,182</u>
Total Household Income Multiplier	2.771	2.010

APPENDIX III. BUSINESS ACTIVITY AND INVESTMENT:

Personal income and business activity linkages in Jackson County had a sizeable impact on the local economy. Between 1996 and 2002, 77 businesses opened or expanded, with 42 percent retail and 39 percent service oriented. Manufacturing and industry creation only accounted for 14 percent of the business creation in the county through this period.

The data show that 28 percent of the new business activity occurred in the first year after the opening of the casino. Seventy three percent of the new business activity in 1998 was related to new firm creation, 100 percent was new firm creation in 1999. Three years after opening the NAG property, new business creation slowed to 55 percent in 2000, 62 percent in 2001. In actual numbers, new business creation slowed from 22 in 1998 to 8 in 2002.

Further evidence of the stimulating effect on the county is seen in the city data. Holton saw 82 percent of its new business activity come as business expansions while in Mayetta, 7.1 percent new business activity came in the form of new business startups. This is an indication that the economic base for the county had been established in Holton prior to the opening of the NAG property in Mayetta. Mayetta's new business development came after 1998, primarily in the form of new businesses. Business growth outside this area is much slower and is more evenly split between new business creation, business expansion and new ownership.

Table 2. Business Activity in Jackson Co. 1998 - 2002

	<i>Business Category</i>				<i>Year</i>				
	<i>Govt</i>	<i>Mfg / Industry</i>	<i>Retail</i>	<i>Service</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
<i>Total</i>	4	11	33	32	22	17	20	13	8
<i>Type</i>	5%	14%	42%	39%	28%	21%	25%	16%	10%
<i>New</i>	75%	36%	82%	75%	73%	100%	55%	62%	75%
<i>Expand</i>	25%	64%	6%	22%	14%	0%	45%	38%	25%
<i>New Owner</i>	NA	No	12%	3%	14%	0%	0%	0%	0%

	<i>City</i>					
	<i>Delia</i>	<i>Holton</i>	<i>Hoyt</i>	<i>Mayetta</i>	<i>Soldier</i>	<i>Whiting</i>
<i>Total</i>	1	50	4	14	5	6
<i>Type</i>	---	---	---	---	---	---
<i>New</i>	100%	18%	75%	71%	40%	33%
<i>Expand</i>	0%	82%	25%	29%	20%	67%
<i>New Owner</i>	0%	0%	0%	0%	40%	0%

Source: Jackson County Development Corporation

Compiled by: D. Darling & M. Seitz, K-State Research & Extension