



THE HARVARD PROJECT ON AMERICAN INDIAN ECONOMIC DEVELOPMENT

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Quil Ceda Village The Tulalip Tribes (Tulalip, WA)

Contact:

8802 27th Avenue, NE

Tulalip, WA 98271

Phone: (360) 651-4997

Web: www.tulaliptribes.com

Although successful gaming enterprises enabled the Tulalip Tribes to begin their journey from entrenched poverty to economic stability, the tribal government realized that economic diversification was essential. In 1998 they created the institutional and physical blueprints for Quil Ceda Village, a uniquely structured tribal municipality that boasts a business park, several national retailers, a casino, and the infrastructure to sustain further expansion. Quil Ceda Village now attracts over eleven thousand visitors daily and offers the Tribes and surrounding communities a promise of economic growth on which their citizens can depend.

For much of the twentieth century the Tulalip Tribes had great difficulty developing a robust tribal economy despite their proximity to Seattle and their reservation's location on the extremely busy Interstate 5 corridor. The Tribes were burdened with the economic problems that trouble so many Indian nations and often confronted 60 to 70 percent unemployment, inadequate housing, high drop out rates, pervasive substance abuse, and severe community health problems. A dearth of profitable enterprises and inadequate infrastructure made it difficult to attract businesses onto their reservation and thus, reverse these trends. Banks and other lending institutions were reluctant to offer loans for on-reservation enterprises, leaving tribal citizens feeling excluded from the surrounding economy. For decades, the Tribes could see no future but perpetual poverty.

The 1988 Indian Gaming Regulatory Act offered the Tulalip Tribes a new opportunity. The Tribes were among the first to sign a gaming compact with the state of Washington and, in 1992, they opened a major casino that almost immediately transformed their tribal economy. The casino brought the long-sought employment opportunities and income the Tribes desperately needed. Still, continuous debates over the status of Indian gaming in Washington State and a vulnerable off reservation economy convinced the Tulalip tribal government that it would be imprudent to depend entirely on gaming.

In their determination to pursue economic diversification, the Tribes envisioned Quil Ceda Village, a two thousand acre development that would include a business park, a world-class casino, future development sites, and a reserve of undeveloped land to be dedicated to parks and environmental preservation. They began construction in the mid-1990s. By investing as others were downsizing and hiring as others laid workers off, the Tribes was a source of economic hope in a declining regional economy.

Quil Ceda Village has been enormously successful in bringing businesses to the reservation. The Village has attracted such notable companies as Home Depot, Best Buy, Michael's, and Bank of America while also providing space for a host of smaller businesses. They recently began construction of a premium mall with one hundred and twenty stores that is scheduled to open in the spring of 2005. Additionally, the Tribes are planning for the development of a power retail center, strip mall, water theme park and family center, and RV park within the Village. The fact that the Village

already attracts eleven thousand visitors each weekday and nearly fifteen thousand on weekends demonstrates the long-term sustainability of its attractions and location.

The success of Quil Ceda Village is improving the lives of Tulalip and non-Tulalip citizens. The Village, its anchor stores, its small businesses, and its casino employ two thousand individuals, many of whom are Tulalip citizens. Upon full development, the Village is projected to employ close to eight thousand people. Whereas the Tribes' unemployment rate hovered between 60 and 70 percent ten years ago, it is now down to 25 percent and continues to decline. This increase in employment has resulted in a reduction in welfare dependency and an even more exciting explosion of tribal entrepreneurs. Last year, twenty-one tribal businesses were expanded and twenty-eight new ventures were undertaken. The Village is now home to the Marysville/Tulalip Chamber of Commerce, the first tribal/non-tribal chamber partnership in the United States. Currently 18 percent of the Chamber's membership is Indian. The Tribes fully intend to build upon the Village's successes by making further investments in small business development among tribal citizens.

Still, Quil Ceda Village's success in economic diversification is not its only triumph. Although the Tulalip Tribes initially conceived of the Village as a business park, their adoption of an organizational form unheard of in Indian Country turned the Village into much more. In fact, Quil Ceda Village is a model that is generating great interest because of its unique economic advantages. The Tulalip Tribes enacted legislation designating the Village as a political subdivision of the Tribes. Under this legislation and the rules of the US Department of the Interior, Quil Ceda Village became a municipality. In 2001, the BIA approved the Village's status as a municipality and the IRS approved its status as a political subdivision of the Tulalip tribal government under the Indian Tribal Government Tax Status Act of 1982, making it the first tribal political subdivision under this Act in the US. Now, the Village a federal city like Washington, DC, functions like any other municipality. It is governed by a village council that enacts local ordinances and legislation, develops and approves the Village budget, and sets policies. This council appoints a manager who oversees the Village's daily operations. Together the Village and the Tribes provide Village businesses with services and infrastructure including the construction and maintenance of roads; water and sewer systems; fiber optic lines; parks and recreation; planning, permitting, and monitoring services; police and fire services; and emergency services. The Village's four million dollar operating budget is derived from lease income (\$1 million), water and sewer fees (\$300,000), tribal taxes (\$800,000), and tribal funds (\$1.9 million).

As the first tribal city of its kind, Quil Ceda Village is a path-breaking model of tribal economic development. Several of its strengths deserve particular attention. First, because Quil Ceda Village functions as a municipality, it has been remarkably successful in creating an environment that is attractive to businesses. It offers the infrastructure such as roads, water, and sewage that businesses would expect of any city and a familiar municipal structure for those who might not be accustomed to working with tribal governments. As importantly, the Village displays few of the usual reservation hindrances to economic development such as murky zoning policy, inadequate land-use planning, or sluggish business permit processes. The Village's streamlined permitting, zoning, and planning processes allow businesses that have negotiated their place within the Village to begin operations quickly. The Village council is keenly aware that businesses tend to shy away from cumbersome and politicized bureaucracies and prides itself on being lean and efficient.

Second, Quil Ceda Village's status as a municipality has the potential to benefit the Tulalip Tribes far beyond its current economic enhancements by offering a rare opportunity to tax economic development in Indian Country. Throughout Indian Country, tribes suffer economically because of their inability to collect taxes. In general, tribes' ability to collect property or income taxes is limited by their citizens' long-standing poverty while their ability to collect taxes from businesses is clouded by jurisdictional uncertainty. In many places, tribes seeking to collect taxes from businesses are limited to double-taxation, the levying of taxes in addition to, rather than instead of, local taxes. The Tulalip leadership believes the Tribes' unique political relationship with the Village, their role as the sole developer of the Village, and the Village's status as an IRS-recognized federal municipality all support the public policy principle that tribal taxes should displace outsiders' sales levies. The tribal government designed Quil Ceda Village as a political subdivision of the Tulalip Tribes, a designation

officially recognized by the Internal Revenue Service under the Tribal Government Tax Status Act of 1982 because doing so authorizes tribes to collect taxes to reimburse their provision of public infrastructure and services. The Tulalip Tribes are now investigating their ability to collect sales taxes generated in Quil Ceda Village. In particular, the Tribes are seeking to obtain a portion of the taxes that the state of Washington currently collects from businesses in the Village. If the Tribes succeed, they will have blazed a new trail for other Indian nations to follow.

Third, Quil Ceda Village also advances tribal environmental and cultural values. The Tulalip Tribes selected the Village location in order to protect the natural, cultural, and rural character of the reservation's undeveloped twenty-one thousand acres. Moreover, the Tribes have carefully supervised the Village's design so that it would reflect tribal values. During early planning stages, the Tribes adopted a holistic approach to the environment and set aside substantial land within the Village for a park, trails, and a wetland. A state-of-the-art wastewater treatment facility maintains clean surface water for the fish, wildlife, and plants within these Village areas. The Tribes also designed the Village to promote their rich cultural history and traditional practices. The Tulalip Tribes are planning a Cultural Center that will actively perpetuate the Tribes' culture and traditions via classes in basket weaving, carving, and the Lushootseed language. The Tribes have also planned a tribal museum that will communicate the Tulalip Tribes' culture to the Village's thousands of visitors. The Village has already made a substantial investment into the Tribes' future cultural carriers: Tulalip children. Together, the Tribes and Village fully fund a Montessori School as well as a Boys and Girls Club. These institutions provide needed care for the children of working parents. The school serves children aged three to six while the club offers nutritious meals, tutoring assistance, a library equipped with computer workstations, and a gym for older Tulalip children. For all of these reasons, tribal leaders and the Village council view Quil Ceda Village as a key to sustaining the Tribes' community and culture.

Quil Ceda Village is an important assertion of the Tulalip Tribes' sovereignty. As a municipality and vehicle for economic diversification, the Village has contributed substantially to the Tribes' and the surrounding communities' economic strength. As a result, it has strengthened the Tulalip Tribes' voice in local, regional, and state affairs. Quil Ceda Village demonstrates that the use of a special-purpose municipality, with significant investment in infrastructure, can create an environment extremely attractive to investors as well as its tribal citizens.

Lessons:

- Tribes interested in long-term development solutions are wise to diversify their economies. Attracting businesses onto Indian lands is significantly easier when tribal governments prepare the groundwork. Clear and efficient processes of zoning, leasing, and settling of disputes, together with utilities, roads, and telecommunications, form the comprehensive infrastructure that helps expedite development.
- The Tribal Government Tax Status Act of 1982 provides Indian nations with an opportunity to create tribal political sub-divisions. Especially for larger tribes, it may be desirable to create such sub-divisions (or municipalities) to focus on economic development because they can be more efficient at providing the necessary physical and regulatory infrastructure.
- Most governments rely on taxes to fund services, programs, and infrastructure. Indian nations are wise to explore ways to levy tribal taxes as well as collect existing taxes on business activity taking place within their jurisdictional boundaries.