Agenda Item No. 7

File Code No. 150.04

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 23, 2012

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Request From Mayor Schneider And Councilmember Hotchkiss Regarding Economic Forecast Presentation

RECOMMENDATION:

That Council consider the request from Mayor Schneider and Councilmember Hotchkiss regarding the local economic forecast and any economic impacts the Chumash Camp 4 Project would have on the City of Santa Barbara.

DISCUSSION:

Attached is a memorandum from Mayor Schneider and Councilmember Hotchkiss requesting that Council receive a presentation from Mark Schniepp of facts, focusing on jobs data by sector, and including current data on a statewide and countywide basis.

ATTACHMENT: Memorandum from Mayor Schneider and Councilmember Hotchkiss

PREPARED BY: Jennifer Jennings, Administrator's Office Supervisor

SUBMITTED BY: Jim Armstrong, City Administrator

APPROVED BY: City Administrator's Office

ATTACHMENT

City of Santa Barbara
City Administrator's Office

Memorandum

DATE: October 2, 2012

TO: Jim Armstrong, City Administrator

FROM: Mayor Schneider and Councilmember Hotchkiss

SUBJECT: Economic Forecast Presentation Request to Council

Pursuant to Council Resolution 05-073 regarding the Conduct of City Council Meetings, we request that an item be placed on the Santa Barbara City Council Agenda regarding the a local economic forecast and any economic impacts of the Chumash Camp 4 Project would have on the City of Santa Barbara.

- Summary of information to be presented:

  A presentation from Mark Schniepp of facts, focusing on jobs data by sector, and including current data on a statewide basis, countywide basis.

- Statement of Specific Action:

  None required. For information purposes only.

- Statement of the Reasons Why it is Appropriate and Within the Jurisdiction of the Council to Consider this Subject Matter and to Take the Requested Action:

  The City of Santa Barbara is the only municipality in the county which has not heard this data to date.

We are requesting that this be scheduled for the next appropriate Council meeting.

cc: Mayor and Council
City Attorney
Department Director

CORRESPONDENCE

RECEIVED BY CITY CLERK'S OFFICE

October 15, 2012

Santa Ynez Valley Alliance

DIRECTORS

DOUGLAS BRADLEY
JOE DUGAN
LANSING DUNCAN
GAIL MARSHALL
SHELLEY LANE
MARK OLIVER
WARD RAFFERTY, JR.

Helene Schneider, Mayor
City of Santa Barbara
735 Anacapa Street
Santa Barbara, CA 93101

Re: Chumash Camp 4 Economic Report, Presentation to the City Council

Mayor Schneider and Council Members:

The Santa Ynez Valley Alliance has been notified that the Santa Barbara City Council will be hearing a presentation regarding the "economic impacts of the Chumash Camp 4 Project" on October 23rd. As a member of the Camp 4 Coalition for Good Governance, the Santa Ynez Valley Alliance believes it is critical that all Santa Barbara County residents fully understand the financial implications of the Camp 4 development proposed by the Santa Ynez Band of Chumash Indians.

The Tribe, which already owns the Camp 4 property, proposes to take 1,400 acres of agricultural land in the Santa Ynez Valley out of County jurisdiction and off the County tax rolls through the federal fee-to-trust process. If the Tribe is successful, this action will result in irreversible, long-lasting adverse financial impacts to citizens of Santa Barbara County and the State of California who will have to shoulder the unmet tax liability of the property, the development and the Tribe. The exemption of fee-to-trust properties from property tax is just one part of the unmet tax liabilities (see below).

As you well know, both the County and the State have tight budgets and a shortage of uncommitted revenue to plug the hole created by Tribal development that does not pay its fair share of taxes and fees. The resulting long term un-funded mandate for services and infrastructure will necessitate cuts to County and State programs that serve the entire community, such as public safety, education, social services, public works, and more. The economic impacts of this proposal **will not** be confined to the Santa Ynez Valley.

Any presentation that purports to evaluate the economic impacts of the Camp 4 Project but fails to include these adverse impacts is inherently flawed. Any presentation that simply analyzes short-term "benefits" ignores the reality that adverse impacts will persist "ad infinitum" into the future. The document prepared by California Economic Forecast for the Santa Ynez Band of Chumash Indians entitled "An Economic Impact Analysis of the Camp 4 Housing Project in the Santa Ynez Valley" is faulty in both respects. It is a graphic illustration of how statistics can be used to distort reality.

The 1,400 acre property is sufficiently large to construct a city the size of Buellton (4,500 residents) or Solvang (5,000 residents), so it is naive to believe that only 143 homes will ultimately be developed there. The joint project previously proposed for the property by Fess Parker and the Tribe in 2004 included a resort, a hotel, market homes, and a golf course. The Tribe has not disclosed the nature of their "economic development projects" mentioned in a draft mitigation agreement, but they may encompass the remainder of the previous proposal. Most importantly, the Bureau of Indian Affairs has stated that development of fee-to-trust property is not constrained by previously stated proposals, or even subsequent agreements.

POST OFFICE BOX 941
SANTA YNEZ, CA. 93460
info@santaynezvalleyalliance.org
www.santaynezvalleyalliance.org

Even if the project only included the 143 homes currently being disclosed, the shifted tax and impact fee burden is significant. If merely the property tax on those homes is considered, 143 homes valued at $1 million each would normally generate $1.7 million in the first year with the 1.2-percent tax rate prescribed by Proposition 13. When the 2-percent tax increase per year allowed by Proposition 13 is included, the estimate of the property tax subsidy amounts to $19 million over 10 years, and $150 million over 50 years.

The gap between service demands and revenue supplied will only increase with any additional development. For example, any businesses located on the property would not be subject to state or local sales taxes or state income tax. Hotel development would not be subject to transient occupancy tax. Keep in mind that tribal members living on tribal land already enjoy an exemption from state income tax, estimated to total $7 million per year.

This perpetually increasing multi-million dollar tax subsidy stands in marked contrast to the $5 million proposed by the Tribe for "Mitigation Fees" in the economic analysis produced by the California Economic Forecast for the Tribe. In reality, no fixed amount of up-front "Mitigation Fees" can compensate for an un-funded mandate for services that lasts for an infinite number of years. Currently, the Tribe does provide some piecemeal mitigation funds for the impacts of the Casino and Resort, but they are understandably not included in the Camp 4 analysis.

Please see the accompanying documents and editorials to more fully appreciate the shift in tax burden associated with state income tax, sales tax, transient occupancy tax, and impact fee exemptions, including estimates of their multi-year totals. An editorial from the Santa Ynez Valley News encourages the Tribe to work within the County planning process. A position paper from the Camp 4 Coalition for Good Governance states the case for retaining the property within the jurisdiction of Santa Barbara County.

Both the County of Santa Barbara and the City of Santa Barbara are known for their longstanding commitment to well-planned and orderly development. A fee-to-trust annexation of 1,400 acres in the heart of the County is entirely at odds with the community's traditional concern for the broad public interest. The resulting long-term subsidy of special interest development would diminish the fiscal solvency of our community and adversely affect our future and our children's future.

It is for these reasons that the Santa Ynez Valley Alliance urges the Santa Barbara City Council to oppose any effort to remove the Camp 4 property from County jurisdiction, and instead recommend that the Tribe pursue their project through the County planning and development process.

Thank you for your consideration of our comments.

Sincerely,

Mark Oliver
President

Camp 4 Coalition
for Good Governance

Preface

The Santa Ynez Valley Alliance, in conjunction with the Santa Barbara County Action Network, the Citizens Planning Association of Santa Barbara, and the Montecito Association, have formed a Coalition to retain Santa Barbara County jurisdiction over 1,400 acres of agriculturally zoned land in the heart of the County.

The Coalition therefore opposes efforts to annex the Camp 4 property to the reservation of the Santa Ynez Band of the Chumash Indians.

The following is a detailed explanation of the Coalition's thinking and positions.

Camp 4 Coalition
for Good Governance

Introduction

This document is concerned with the Santa Ynez Band of Chumash Indian's Camp 4 property and their plans to make the 1,400 acres a part of their reservation.

It presents the problems that annexation of the property to the reservation would create in clear, unemotional terms. It includes a call to action to retain Santa Barbara County jurisdiction over agriculturally zoned land in the heart of the County, and action to unite to voice opposition to a fee-to-trust annexation.

The Tribe is attempting — through either administrative or legislative action — to transfer to their reservation property (which is non-contiguous to the current reservation), thereby removing it from Santa Barbara County jurisdiction and the tax rolls. If allowed to proceed, this action would have very serious implications.

The potential danger is far greater than any physical development. As communities across the state and the nation have experienced, the impacts of untaxed, poorly regulated tribal development and the resulting unfunded mandate for government services are significant.

Let us be clear: This is not an issue narrowly confined to the Santa Ynez Valley. Santa Barbara County, like most counties statewide, is experiencing great difficulty balancing its budget, providing necessary public services, and constructing and maintaining infrastructure. Loss of local control and the resulting adverse economic and environmental impacts endanger the quality of life for everyone.

A long-term subsidy of special interest development would diminish the fiscal solvency of our communities and adversely affect our future and our children's futures. Local jurisdictions that must balance their budgets will have no choice but to cut programs that affect health and safety, education, social services, and the environment, to mention a few.

Moreover, such an act on the Tribe's part would be an egregious example of a wealthy few seeking to shift the tax burden to other members of the community.

Members of the Camp 4 Coalition for Good Governance have joined together to clearly present this issue to make our communities aware of the deadly serious nature of the threat and to work with all levels of government to avert it.

We trust you will carefully consider the accompanying information, study our goals, and support the Camp 4 Coalition for Good Governance.

Camp 4 Coalition
for Good Governance

Camp 4 and Good Public Policy

GOALS: ***- Retain Santa Barbara County Jurisdiction over 1,400 acres of agriculturally zoned land in the heart of Santa Barbara County.***
- Oppose Fee-to-Trust /Annexation.

Good Government

It is in the best interests of California residents, including residents of Santa Barbara County, that individual property owners do not ignore local zoning and regulations or decline taxation. The social contract requires that individuals, organizations and businesses generally comply with regulations, and support the infrastructure and services that benefit them.

Orderly Development

On April 1, 2010 the current owners of Camp 4 purchased 1,400 acres of agricultural property within the rural area of Santa Barbara County's jurisdiction and within the Santa Ynez Valley Community Plan (SYVCP) boundary. The SYVCP was adopted in 2009 after almost 10 years, a $2 million public commitment to comprehensive planning, and hundreds of hours of public hearings.

The land, which is not zoned for urban development, is undeveloped, remote from existing services, and under Williamson Act contract (Ag Preserve). Development in this area would constitute "leapfrog development."

1,400 acres is sufficiently large to encompass a new city. Roughly speaking, Buellton has 4,500 residents within its 1,000 acres, Solvang has 5,000 residents with 1,600 acres and the city of Carpinteria has 13,000 residents within 1,600 acres.

Economic Impacts

Tax Evasion

- Fee to Trust/Annexation would remove the Camp 4 property from the tax rolls.
The property and future improvements would no longer be subject to property taxes estimated at $150 million for 140 homes valued at $1 million each over 50 years. The former Chumash /Parker project (see description below) is estimated at $450 million in property taxes over 50 years. If developed, the added burdens to traffic and roads, sewage, power, and schools would be uncompensated—a "free ride" to some of Santa Barbara County's highest-income families.
- Hotels would not be subject to the Transient Occupancy Tax, estimated at $160 million over 50 years for a 300 room hotel (see below).
- Businesses on the property would not be subject to sales taxes (state & local)
- Tribal businesses would not be subject to State income tax.

- Tribal income of members living on tribal land is not subject to State income tax. Estimates of current income suggest this is already a $7 million exemption per year.

Impact Fees

- Development on the property would not be subject to fees (traffic, flood control, fire, recreation, etc.) designed to offset the cost of providing services and infrastructure.

Shift of Burden

- Inability of County and State to recoup cost of providing services and infrastructure.
- Inability of County and State to recoup cost increases.

Locally, these costs would be borne by County taxpayers and businesses, school districts, public safety, social services, etc. because the County must balance its budget. Lost revenues can serve as proxy estimates of the unfunded fiscal burden of the tax and fee subsidies entailed by Fee-to-Trust/Annexation.

Unfair competition

The public subsidy and regulatory exemptions result in unfair competition for businesses that are subject to County, State, City taxes and fees and not protected by legal immunity.

Legal Immunity

The Tribe enjoys "sovereign immunity from suit" and cannot be sued unless it chooses to waive its privileged legal status. Typical agreements and Memorandums of Understanding (MOU) are unenforceable. Tribal waivers of immunity are limited to their own terms.

Unknown Future Development

Once a property is annexed through the Fee-to-Trust process (administratively or legislatively) the Tribe enjoys total control. They are not limited by past proposals. Bureau of Indian Affairs rulings, the experience of other communities and the experience of Santa Barbara County demonstrate the hazard of relying upon previous assurances regarding the nature of future development.

Current proposal at odds with past project

The tribe ostensibly claims its project is limited to "tribal housing" (the construction of 140 homes on 250 acres). In fact, the Tribe purchased 1,400 acres and seeks to have the entire acreage annexed. In 2004 developer Fess Parker owned the property. Parker and the Tribe proposed to develop the property as a destination resort (300 room hotel, golf course, equestrian center, etc.) that would also include upscale housing. At the time, the community universally rejected the proposal. There is no reason to believe that the Tribe has given up that vision. In fact, the recently proposed "Cooperative Agreement" specifically refers to "economic development projects" on the property.

Camp 4 Coalition
for Good Governance

Fixed current compensation for infinite future impacts

The Tribe's draft "Cooperative Agreement" proposed as a "good faith approximate mitigation" of impacts (while acknowledging "specific impacts are not always subject to precise measurement") limits Tribal compensation to the County to a fixed sum determined up front. At the same time, the Agreement would require the County to abdicate all jurisdiction and right of compensation for unknown unlimited future impacts.

Poor Precedent

Annexation on this scale would set a poor precedent for future annexation of other property purchased by the Tribe. The Tribe has expressed a desire to reclaim its former territory. Future annexation can be anticipated and might occur elsewhere in the County and even in adjacent counties.

Environment

Development of the Camp 4 property would result in a broad range of environmental impacts. Although 250 acres in the northwest corner are planted as a vineyard and a small area (approx. 75 acres) ploughed for hay, the remainder is untouched grazing land. The grassland, oak savannah, and oak woodland areas provide valuable habitat for a number of species in decline. Examples are Valley Oak and Burrowing Owl. Visual impacts from Highway 154, a California Scenic Highway, and Armour Ranch Road, both of which adjoin the property, are of great concern.

Water

Much of the Santa Ynez Valley relies upon groundwater. Limited importation of State Water augments the water supply to urban areas. Agriculture relies upon economical water sources. The development of a property this large with housing and/or a resort will seriously impact local water supplies and agriculture.

Open Space

The existing agriculturally zoned Camp 4 property serves as a de facto open space of 1,400 acres centrally located in the Santa Ynez Valley along a Scenic Highway. Public subsidy is currently limited to the tax relief provided by the Williamson Act.

Transportation

Camp 4 currently generates minimal needs for transportation, all connected to the agricultural use of the property. Conversion to other land uses would generate substantial transportation impacts. Visitor-serving businesses typically generate numerous low-income service jobs, necessitating commuting from areas with more affordable housing. Although existing Tribal development does provide substantial transportation (principally buses), only a small proportion of traffic generated by the development is mitigated. A large proportion of the traffic on Highways 154 and 246 is currently generated by Tribal businesses, particularly the Casino.

Housing

The proposed tribal housing would be markedly upscale (140 homes sited on 250 acres) satisfying the expectations of tribal members now receiving approximately $480,000 in annual income from tribal operations. The previously proposed project included "market rate homes" that would be found accompanying resort development. It is highly unlikely that affordable housing sufficient to meet the housing needs of a resort workforce would be located on site.

Public Safety

Tribal development (principally the Casino) on the existing reservation generates a substantial demand on the public safety network. Fire, ambulance and police personnel regularly respond to calls from the reservation. Development of 1,400 acres would generate impacts to public safety that, under normal circumstances, would be offset by property taxes and impact fees. Almost half (47%) of County property taxes fund public safety. The Tribe has provided certain resources to partially offset these impacts. It is unclear how the County would deal with the remaining unfunded mandate to protect public safety.

Political

Annexation would result in:

- Loss of local control by existing jurisdiction and elected officials.
- Disenfranchisement of the local affected community, in favor of decision-making by distant federal officials and representatives.
- Increased disproportionate political influence for powerful business interests responsive to the needs of a small constituency.
- Increased political contributions to those willing to sacrifice local control for political and monetary gain.

Camp 4 Coalition
for Good Governance

Summary: The Camp 4 Coalition for Good Governance

The goal of the Camp 4 Coalition for Good Governance is to retain Santa Barbara County's jurisdiction over 1,400 acres of agriculturally zoned land in the heart of Santa Barbara County.

The Coalition opposes Fee-to-Trust/Annexation of the Camp 4 property due to the loss of local control and adverse economic and environmental impacts. Good governance relies upon local government and elected officials, adopted policy and comprehensive planning, to balance the needs of the community and plan for the future.

The entire community relies upon tax revenues and impact fees to provide essential services and infrastructure. Unfunded tax subsidies and exemptions threaten the County's ability to balance its budget and serve all residents.

The Tribe may wish to construct additional tribal housing, but good governance demands that future development of the Camp 4 property be subject to County government elected for and by all the citizens of Santa Barbara County.

The following groups have joined to support the goal of the Camp 4 Coalition for Good Governance:

Citizens Planning Association
Montecito Association
Santa Barbara County Action Network (SB CAN)
Santa Ynez Valley Alliance

For more information please contact:
Mark Oliver
President, Santa Ynez Valley Alliance
686-5166
mark@markoliverinc.com

Santa Ynez Valley News

Tribal annexation would take huge financial toll

Doreen Farr/Guest Commentary **Thursday, December 8, 2011**

Recently there have been a number of editorials and letters to the editor regarding the potential annexation into the Chumash reservation of 1,400 acres located near the intersection of Highways 246 and 154.

I would like to expand on my comments from last spring regarding this potential annexation and the impacts it would have on our county.

When land is annexed in a "fee to trust" process, it is taken entirely out of county jurisdiction in perpetuity and added to the reservation of the tribal applicant. If their application is successful, the Chumash would take the 1,400 acres out of the county's land use jurisdiction and it would become totally exempt from paying any property, sales or transient occupancy tax that might be generated from future development of the property.

As these taxes are the primary sources of revenue for our county's general fund and for our schools, it is important to understand the potential loss of funding to our educational system, public safety and social services.

In 2005, the county did an analysis of the potential loss of property tax revenue if the Chumash were successful in annexing a 6.9-acre parcel and developing it. The result was that the loss of property taxes in the first 10 years would be $5.6 million, and at the end of 50 years would total $42.9 million.

The tribe has stated that they want to build homes on the property for their tribal members. Some community members believe that this type of development will bring needed jobs to our community.

I believe we need to weigh the long-term consequences with the short-term gains if these homes are built on property taken into trust by the Chumash and no longer under the county's jurisdiction.

Assuming 140 homes valued at $1 million each, with a 1.2-percent tax rate the first year and a 2-percent tax rate increase in subsequent years, the loss of property tax would be approximately $1.7 million the first year, $19 million over 10 years and $150 million after 50 years.

Depending upon the size of the lots, these homes might only take up 10-20 percent of the property, leaving the balance open to other uses or more development in the future, which also would not generate any tax revenue for the county.

In 2004, there was a development proposal for the property that included a 300-room hotel, a golf course, an equestrian center, 275 homes and associated infrastructure, which would probably take up about half of the property.

If such a project were built and valued at $415 million, then, using the same property-tax rate assumptions as before, the loss of property taxes could be $55 million in 10 years and $450 million in 50 years.

And this doesn't include the loss of tax revenue from any sales tax and transient occupancy tax that the project might also generate.

As you can see, these numbers are staggering, and only estimate out 50 years, although the property would be off the tax rolls in perpetuity.

But what is even more concerning to me is the impact this revenue loss would have on our already strained school budgets, the decline in funding for police and fire services, and the further loss of social services for our most needy residents.

It is for these reasons that I am strongly suggesting again that the tribe not pursue a fee-to-trust application.

Instead, I would ask that they make an application to the county's Planning and Development Department for whatever they see as the housing needs for their tribal members.

Doreen Farr represents the 3rd District on the Santa Barbara County Board of Supervisors. She can be reached at dfarr@ countyofsb.org.

Tribal annexation issue surfaces again

Bob Field **Thursday, March 17, 2011**

Here we go again. The Santa Ynez Band of Chumash Indians has once again gone behind the community's back in its attempt to obtain superior privileges.

This time it was an approach to our congressional representative in D.C. requesting federal legislation to "annex" to the reservation the 1,400-acre property at the northeast corner of Routes 154 and 246, formerly owned by Fess Parker.

(Other examples include: Assemblyman Coto (San Jose) naming 154 the Chumash Highway, Assemblyman Nava (Santa Barbara) seeking superior water rights through Assembly Bill 2686, and state Senator Florez (Fresno) seeking to allow tribes to break the Williamson Act.)

These legislative actions were pursued without notice to the affected community — us, the tribe's neighbors.

In addition to the disrespect displayed, this annexation is not justified under the law.

In 1934, in the depths of the Great Depression, the annexation program was established with the stated objective to help underprivileged tribes achieve financial independence by giving them improved opportunity to become self-reliant.

It was not intended to provide never-ending, accelerating welfare for tribes that had achieved wealth.

A few years ago the Chumash tribal chairman said: "The bottom line is that the program was developed in order to allow tribes an opportunity to achieve financial independence through economic development."

Is the tribe now claiming they have not achieved financial independence? The tribe-owned casino monopoly and hotel operations generate an estimated $150 million per year in profit — this is about $1 million per year per tribal member.

Apparently trying to escape this pesky reality, the tribal chairman now asserts that the annexation privilege applies to uncountable future generations, and that the tribe will decide when it has annexed enough. This is ludicrous.

The law explicitly states that the annexation privilege is available when it is "necessary" for the tribe to achieve economic development. It is not enough to simply want it.

On this legal point, in a letter strongly opposing a prior Chumash annexation request, Gov. Schwarzenegger's legal affairs secretary wrote: "The Tribe has failed to provide the demonstration of immediate need or necessity required by (the law)."

The problem is that annexation is not free — it comes at great expense to every other resident in the community.

First, there are huge losses of property tax. Santa Barbara County analyzed the lost income from the tribe's much smaller request to annex 6.9 acres across the road from the casino in Santa Ynez and forecast a loss of $300 million in the first 50 years of a deal that lasts forever.

The missing hundreds of millions will result in cuts in service for the public or increased taxes for everyone else. The biggest losers will be the school systems and our children — and the only winners will be tribal members.

In addition, the competitive advantages of the tribe being free from regulation and taxes seriously threatens the ability of all tax-paying local businesses to compete and succeed.

All levels of government are in dire economic straits. Any politician attempting to give unjustified tax breaks to the wealthiest community members, or taking private business development off the tax rolls, would be demonstrating a callous disregard for the public interest.

The tribe deserves great respect for its achievements. In a very short time it has built a highly profitable business and greatly improved the quality of life of tribal families.

Simultaneously, this same spectacular economic success no longer justifies further subsidy at the expense of the community.

The deal we were offered when casinos were on the ballot was that if we gave tribes casinos, they would become self-reliant.

We did our part. It's the tribe's turn.

"Community Matters" explores local topics of public interest. Retired businessman Bob Field is president of his neighborhood's mutual water company and past chairman of the Valley Plan Advisory Committee.

Santa Ynez Valley News

Annexation is welfare for rich

Bob Field / Community Matters **January 19, 2012**

The U.S. government created tribal annexation to get poor tribes off the welfare rolls, not to get rich tribes off the tax rolls.

Supervisor Doreen Farr's recent commentary disclosing the staggering public cost of the Chumash tribal government's request to annex Camp 4 was a real eye-opener. Using conservative assumptions, and assuming no second casino, Camp 4 annexation could cost the public more than $1 billion in the first 50 years of a deal that lasts forever.

This annexation request is in addition to the financial advantages this 143-member tribe has already received, which include:

• A monopoly on a casino complex earning an estimated $150 million per year in net profits — about $1 million per year per tribal member.

• An estimated $120 million of state and local tax breaks on the casino and hotel activities over the past 10 years.

• Perpetual tax breaks for existing on-reservation activities, which are projected to be an additional $1.5 billion over just the next 50 years.

That's a lot of special treatment.

The cost problem is that all development creates demand for government services, such as schools, public safety, roads and social services for those in need. To recover the cost of providing these services, local governments rely on various taxes.

Under federal Indian law, however, state and local taxes are waived for tribal reservations while local governments remain obligated to provide services. As these unfunded demands for services rise, the only realistic budget-balancing option for cash-strapped local governments is to cut services for others.

Since the less fortunate are the primary beneficiaries of government services, the ironic result is that these tax breaks for the richest 1 percent in our community come primarily at the expense of our schools and those who can afford it the least.

The tribe doesn't need any more subsidies, and the public can't afford to give them.

Since the tribe does not publish financial statements, this analysis is based on available tribal documents, newspaper reports, other reliable sources and good-faith estimates.

If the tribe wishes to dispute these figures, publishing audited financial statements for the casino-hotel complex would be a reasonable starting point, and would be a welcome and valuable addition to public discussion.

For readers who enjoy numbers, the calculations are as follows:

Unlike all others receiving the benefits of U.S. citizenship, tribal members and businesses on reservations are exempt from state income taxes. For just the existing casino-hotel operations, the cost to the state in lost income taxes — net of tribal contributions to the Special Distribution Fund — is about $15 million per year.

Therefore, the 10-year cumulative cost is $150 million and, assuming only 2 percent inflation, the 50-year cost to the state will be more than $1.4 billion.

Property taxes are waived on reservations. The cost of the hotel-casino development was reported at $177 million. Under Proposition 13, the first-year property tax would have been $2.1 million. The 10-year property tax subsidy is $24 million. The 50-year cost will be $141 million.

Also waived on reservations is the 10-percent transient occupancy tax charged on hotel room rentals. For a 106-room hotel, with an average room rate of $200 and an occupancy rate of 70 percent, the first year's waived taxes are $540,000. Assuming only 2-percent inflation, the 10-year cumulative is about $6 million, and the 50-year cumulative is about $36 million.

In addition to the tax breaks analyzed here, very significant sales taxes and impact fees are also waived for businesses on an Indian reservation.

Community Matters explores local topics of public interest. Retired businessman Bob Field is president of his neighborhood's mutual water company and past chairman of the Valley Plan Advisory Committee.

Santa Ynez Valley News

Tribe should work with local planning rules

Thursday, March 17, 2011 12:00 am

A sensitive local issue has come up again, and we expect many people, like a community with a sensitive tooth, to flinch this time and every time it's touched upon.

The issue is the desire of the Santa Ynez Band of Chumash Indians to take property they own "into trust," meaning that the land would become part of their reservation. Because the tribe is a sovereign nation, annexation puts land outside of local planning and zoning laws and takes it off the local tax rolls.

The tribe and opponents have been fighting in court for years about the possible annexation of 6.9 acres the tribe owns right across the highway from the reservation in Santa Ynez.

This time, the issue is 1,400 acres of ranch land several miles away at Highway 154 and Armour Ranch Road. We expect the resistance from many people in the valley to be proportionately larger as well, and for some valid reasons.

Tribal leaders bristle at resistance to any of their plans. They point out the good relationships they have forged with many local business and nonprofit groups, and they dismiss public criticism by saying it comes only from a small fraction of Valley people, particularly the community groups POLO and POSY (Preservation of Los Olivos and Preservation of Santa Ynez).

They are even quicker to point out their rights as a sovereign tribe, and they emphasize that development on tribal property is indeed required to go through public environmental review, but in a federal process rather than state and county ones.

All of that may be true, but we believe that any dispassionate view of this situation calls for the Chumash to work harder at communicating with the public about their plans, and to show some willingness to be flexible and accommodating to local concerns.

To lend some perspective, consider that 1,400 acres (2.2 square miles) is nearly the size of Solvang (which is about 1,542 acres, or 2.4 square miles). Any development on that much acreage in the agricultural and rural-residential land east of Highway 154 is going to have an enormous impact.

Everyone in that area and throughout the Santa Ynez Valley has every right to be nervous about this. Resistance and apprehension won't come just from POLO and other organized groups.

This is the same property that the tribe and Fess Parker wanted to develop six years ago into a large golf resort and equestrian complex. The backlash from the public was vocal and immediate, although the plans were dropped when Parker and the tribe couldn't come to terms.

There are many clichés about power and its appropriate use. Yes, the Chumash have rights and certain powers as a sovereign nation. But they also are property and business owners in this valley, and what they do has direct impacts on all their neighbors. That gives them responsibilities as well.

We see no reason for leap-frogging over private land to make this non-contiguous property part of the reservation, and we wish the tribe would agree to submit any development plans to Santa Barbara County. Yes, the county's planning review process is famously long, tortuous and expensive, but at this point the process of taking land into trust might be just as bad.

Just because the tribe has the right to apply to the federal government for annexation of land doesn't mean that annexation is necessary. Tribal leaders have shown themselves to be good businessmen, as demonstrated by the operation of their non-reservation properties such as the Hotel Corque and Root 246 restaurant in Solvang.

Tribal leaders also have pointed out repeatedly that, as a sovereign nation, they deal government-to-government with other agencies. Fine. They should deal directly with Santa Barbara County on developing this property.

If they do that, we suspect that much of the opposition would fade as people get their questions answered in a forum they trust.

In tackling this sensitive issue, cooperation and communication will work far better for the tribe than arguments about their rights and dismissive attitudes toward their neighbors.