

Tribe bets on retail with Chukchansi Crossing

Chukchansi Indians aim to build a new retail complex near casino.

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By **Bethany Clough / The Fresno Bee**

The Chukchansi Indians plan to open a commercial complex at the entrance to the tribe's casino next summer that will include a gas station offering steeply discounted gas — the first such operation in the Valley.

The \$5 million development also will include a smoke shop and other stores and restaurants. Construction is to begin on the 25,000-square-foot Chukchansi Crossing project next month on reservation land at the corner of Highway 41 and Lucky Lane, the road leading to the Chukchansi Gold Resort-Casino in Coarsegold.

The Picayune Rancheria of the Chukchansi Indian tribe will use its sovereign status to save money on gas, avoiding state fuel and sales taxes that add up to more than 35 cents per gallon.

Because it must purchase gas from an Indian-owned wholesaler, which often charges more than nontribal wholesalers, the savings to consumers will be about 20 cents per gallon off retail prices, tribal officials said. Tobacco products will have similar discounts at the planned smoke shop.

Tribal gas stations have popped up in other parts of the country and California — such as in the tiny town of Hoopa in Humboldt County — but the concept is a first for the central San Joaquin Valley. The Tule River tribe runs a gas station in Tulare County, but it is not on reservation land and does not sell discounted gas.

Gas stations using tax advantages have caused controversies in other states due to their ability to undercut prices of competing stations.

Chukchansi Crossing's station will feature 15 pumps — both gasoline and diesel fuel — and likely attract visitors on their way to Yosemite National Park.

"We're going to be pricing it as aggressively as we can," said Case Lawrence, chief executive of Mighty Oak Capital, the tribe's venture capital firm undertaking variety of business enterprises. The fund was founded last summer and uses 15% of casino profits to diversify the tribe's economy.

Although the project is a year away from opening, the news has already raised the ire of some in the industry.

"That would definitely impact competition," said Dennis DeCota, executive director of the Novato-based California Service Station and Automotive Repair Association.

"It would be an extremely unfair advantage to retailers that are in competition with that," he said.

But at least one nearby gas station is taking a wait-and-see approach.

"It will affect us," said Sam Gill, who works at the Kwik Serv gas station in Coarsegold about three miles away from the planned Chukchansi Crossing.

But "if they're going to open, they're going to open," he said. "We can't stop them."

Case said the lower prices are not an unfair advantage, likening Chukchansi's sovereign status to that of any state.

"We are like California. Chukchansi gets to create its own sales tax and its own state excise taxes," he said. "If people are upset about that, it's more an indictment of California and California's unfriendly regulations toward business than it is Chukchansi being unfair."

It's an argument echoed by Gavin Clarkson, a University of Houston law professor and managing director of Native American Capital, a Maryland-based American Indian economic consulting business.

He likens it to shoppers crossing state lines to shop in New Hampshire, which doesn't charge sales tax — or to any other competitor moving in nearby with its own unique business advantages.

"If Walmart moves to town, it makes it harder for other businesses to compete. It's the American way that you compete to the best of your ability," he said. "People seem to only get upset the moment the tribes start getting successful. Nobody's upset when they're poor."

The gas station is not expected to bring new dollars into the area, said Todd C. Neumann, an assistant economic professor at University of California at Merced.

"People are not going to come from Merced or drive any significant distance to get gas at the casino," he said.

But Case said the development will have a positive economic affect on the area.

"It will be a great opportunity for Valley households to save money — that's an important thing in this economy," he said. "Just the construction of it will create hundreds of jobs," he said.

The gas station will employ 15 people.

Other businesses in the development will also bring jobs. The development has room for up to 10 businesses, including both quick-service restaurants and a regular full-service restaurant, shops and possibly a bank branch or recreational equipment rental business.