

Washington State Gambling Commission

Proposed 27 Tribe Compact Amendment Hearing

Red Lion Hotel – Olympia
2300 Evergreen Park Drive
(360) 943-4000

Friday – March 9, 2007

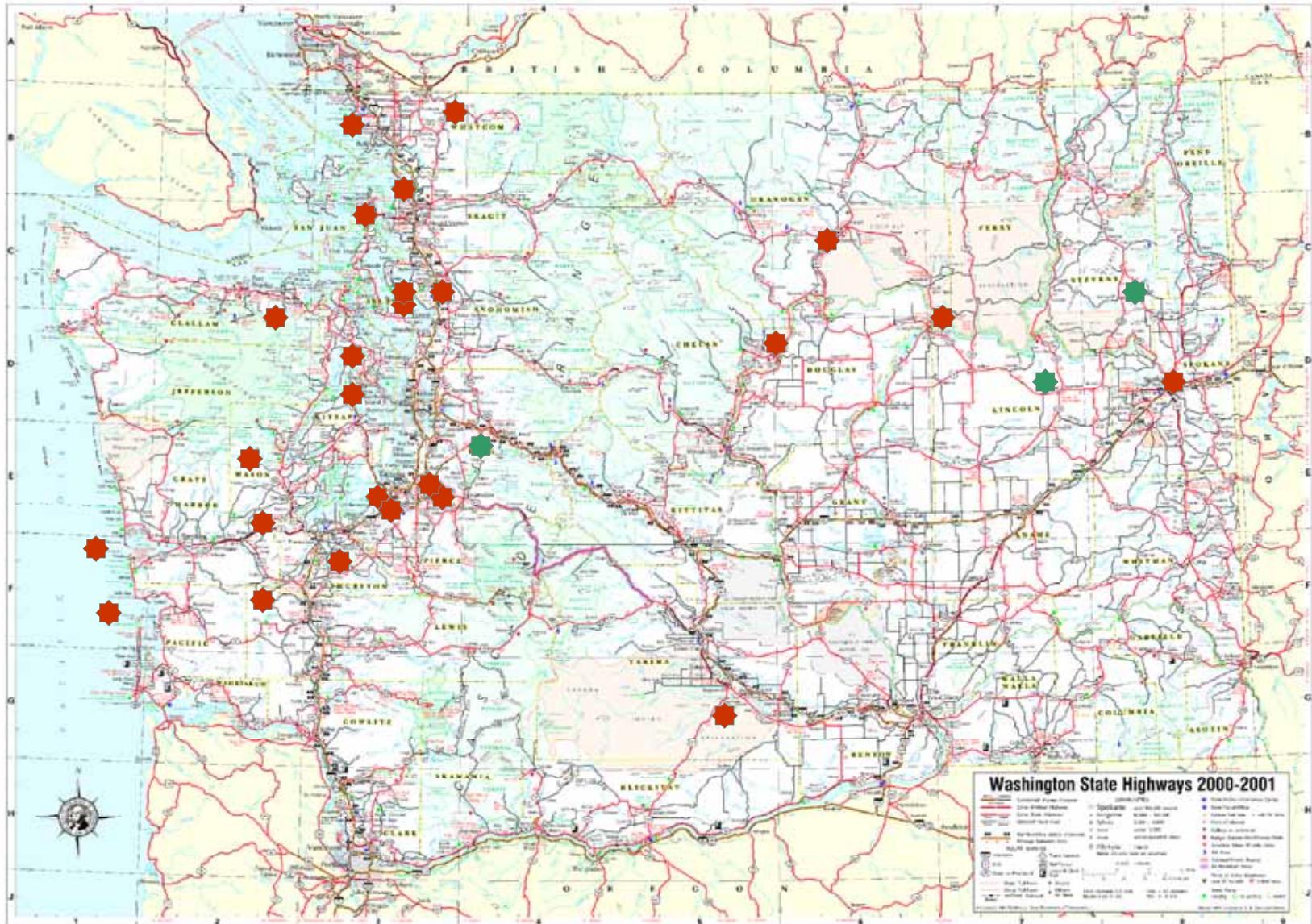
9:00 a.m.



Indian Gaming Regulatory Act (IGRA) 1988

- Tribes can conduct any gaming activity allowed by a state for any person and any purpose
- Requires Tribal-State Compacts for regulatory jurisdiction and authorized Class III activities
- Requires State to negotiate in good faith

Tribal Casino Locations



★ Casinos (25 in operation)

★ Pending Casinos

Updated
01/17/07



Existing Compacts

- **First Compact in August 1991**
- **State has Compacts with 27 of the 29 recognized Tribes**
- **20 Tribes operate 25 tribal casinos through Compacts**
- **Tribal Lottery System (TLS) first operated in June 1999**



Friendly Lawsuit September 1997

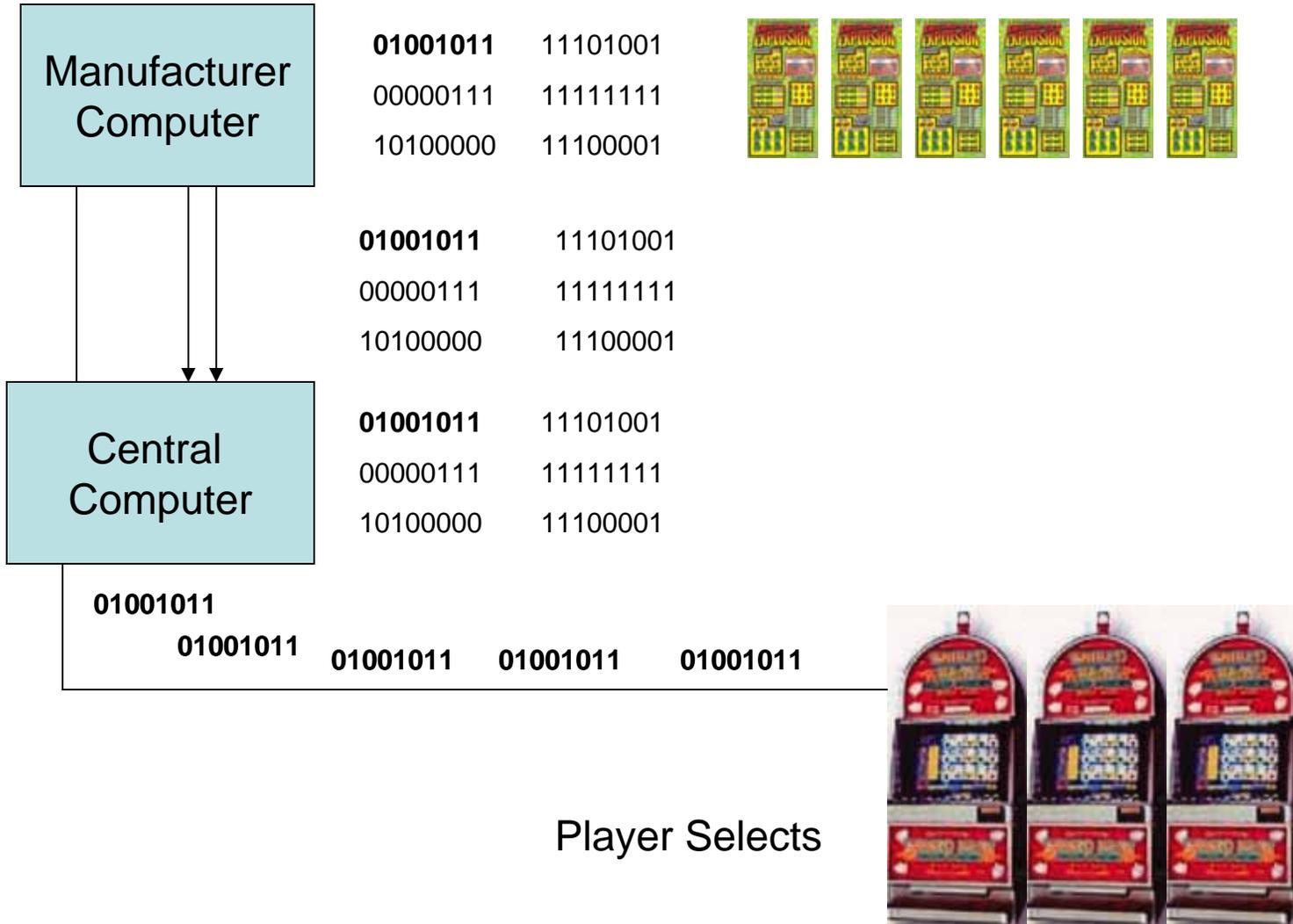
- Following IGRA, Tribes requested negotiations for slot machines, but the State argued the machines were illegal
- The State allowed a limited waiver of immunity for a consensual lawsuit on gaming devices

Friendly Lawsuit

September 1997

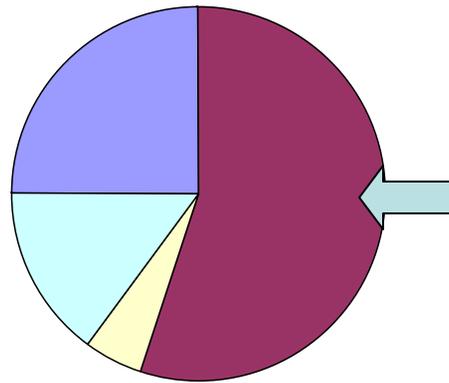
- The court determined slot machine negotiations were not required, but gave parameters under which machine gaming could occur
- The negotiations that followed resulted in Appendix X – the Tribal Lottery System (TLS)

Electronic Lottery Scratch Ticket System



Typical Slot Machines

Random Number Generator



Player Selects



Appendix X (1998)

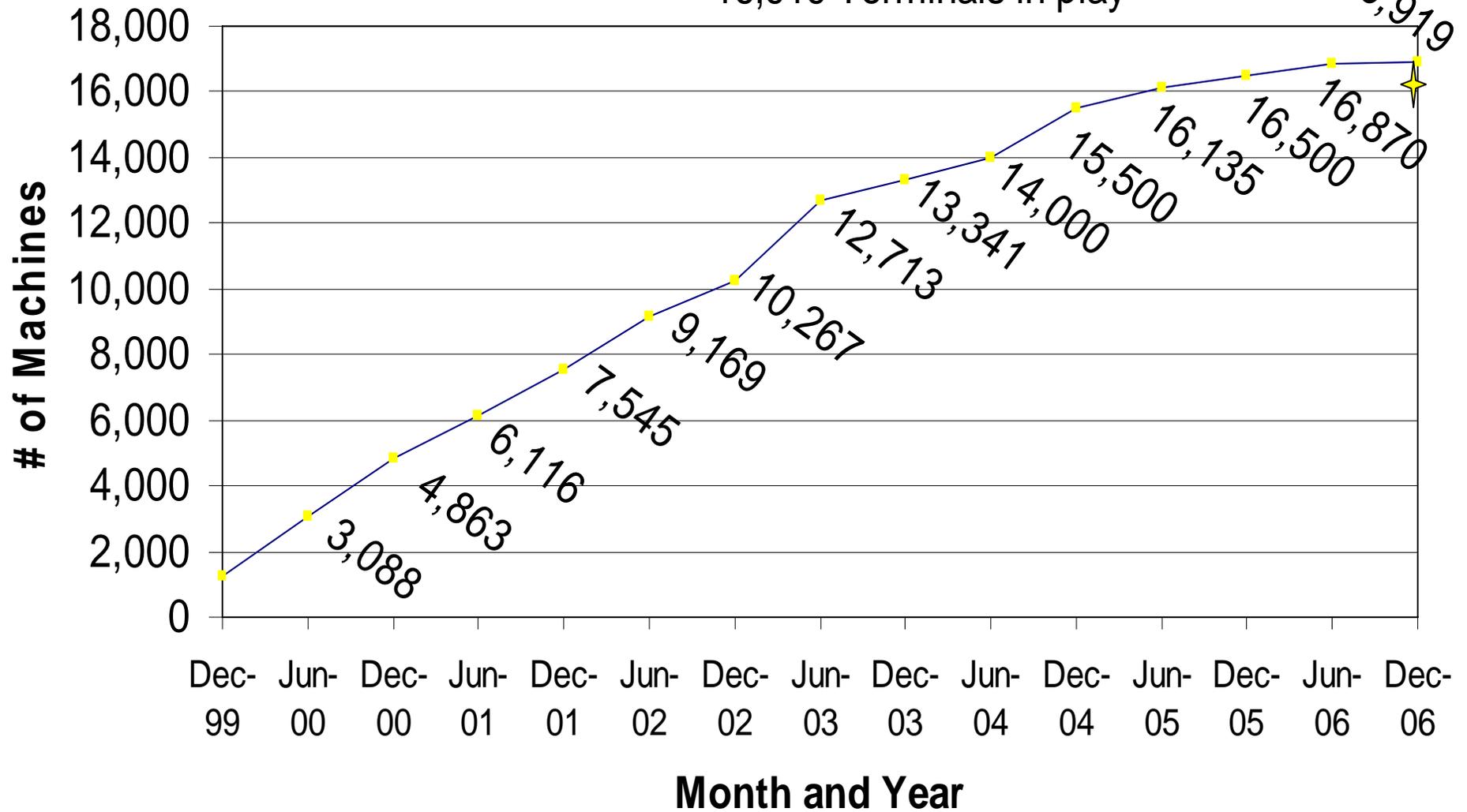
- Initial allocation of 425 player terminals
- After one year, allocation may increase to 675
- Maximum 1,500 player terminals per facility to be acquired by leasing from other tribes
- Later amendments allowed for total of 3,000 player terminals for two facilities, with up to 2,000 maximum at one of those facilities

Appendix X

- Tribes must contribute 0.5% of net win from TLS to nonprofit and charitable organizations
- In 2005, the tribes paid \$5,714,442 in charitable donations to 941 organizations

Growth of Tribal Lottery System

16,919 Terminals in play



Appendix X2

- Negotiated between the State and 27 of the state's 29 Tribes (excluding Spokane and Cowlitz Tribes)
- Would amend these compacts simultaneously
- Squaxin Island and Colville Tribes have slightly different provisions

Player Terminals

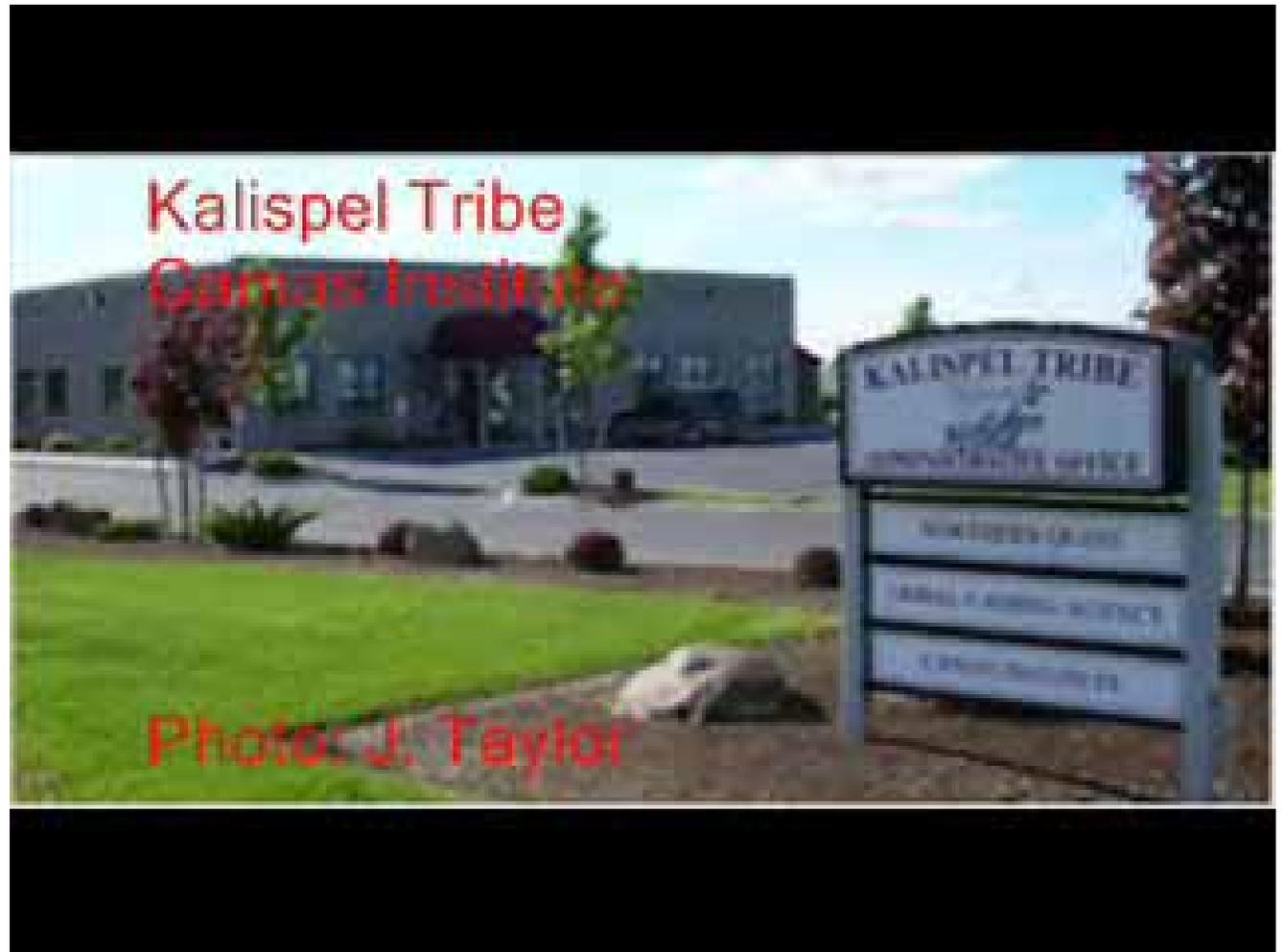
- Each Tribe is allocated 975 Player Terminals or 27,300 statewide (up from 18,225)
- Muckleshoot, Tulalip, and Puyallup Tribes can lease rights to operate a maximum of 3,500 player terminals (up from 3,000). After 3 years, the maximum goes to 4,000
- 2,500 player terminals at single facility (up from 2,000)

Player Terminals

- \$20 wagers at 15% of player terminals (current is \$5)
- Player terminals can initiate play through insertion of coins/currency or by single press on screen/button
- Tribes could determine own hours of operation
- Moratorium through June 30, 2009 on amendments relating to player terminals

The Tribes Commit to Continued Investment in the Community

- Programs that benefit everyone, such as government services, health care, job training, and public works



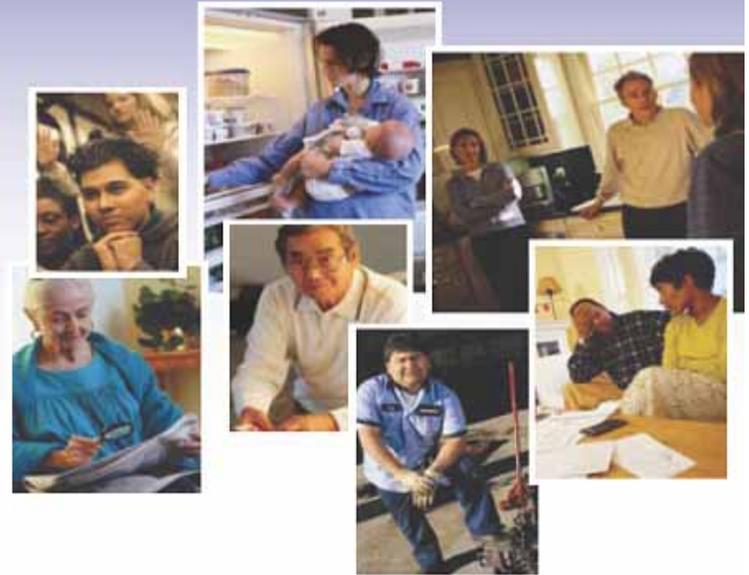
Community Investments and Contributions

- The Tribes must report these contributions annually
- Tribes will continue to make 2% impact mitigation payments and the 0.5% TLS charitable contributions

Problem Gambling Contribution

- The Tribe will contribute 0.13% of its net win to problem gambling support services
- An additional 0.13% net win from all TLS activities shall be contributed to organizations that help discourage the use of tobacco

PROBLEM GAMBLING AFFECTS EVERYONE



**“I DIDN’T THINK
I COULD GET ADDICTED
TO GAMBLING – I
THOUGHT
I WOULD RECOGNIZE
THE SIGNS”**

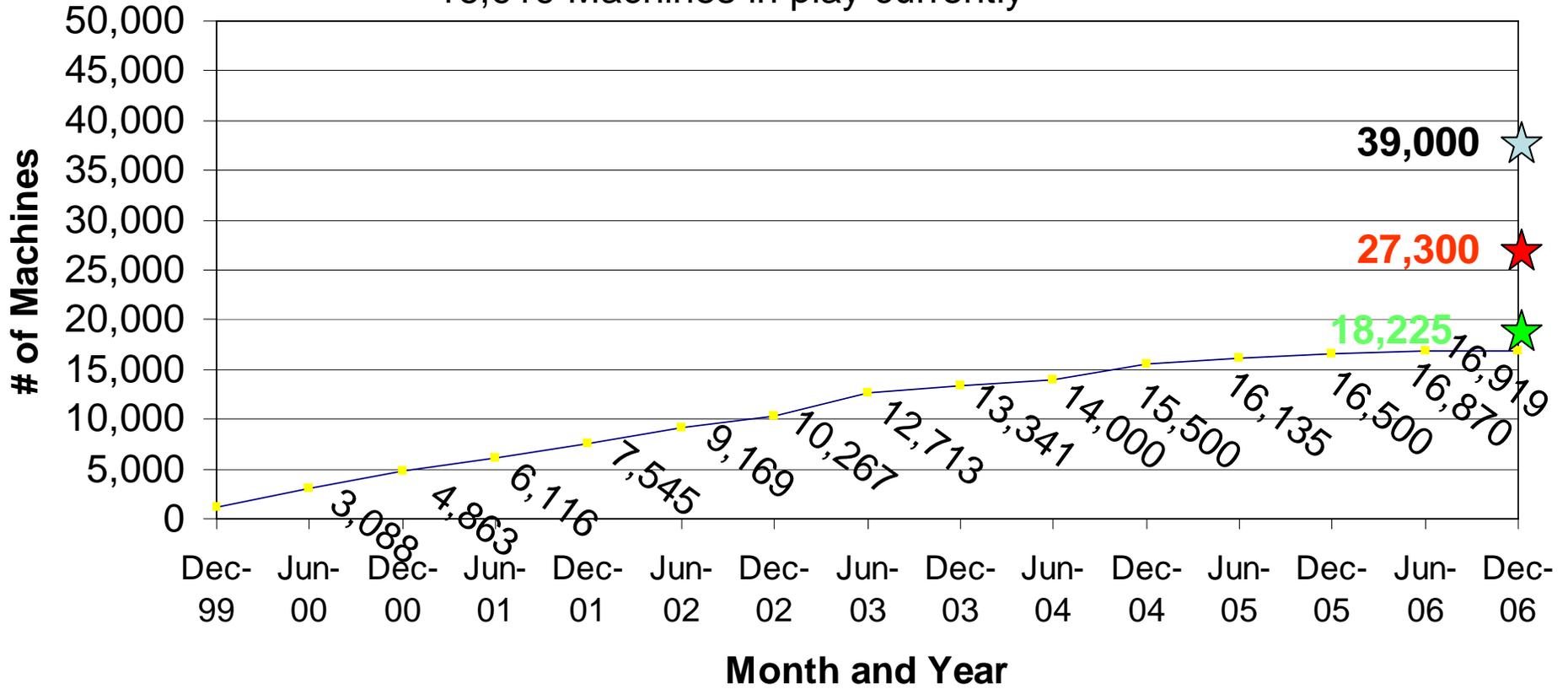
– a 38-year old Helpline caller

WASHINGTON STATE
PROBLEM GAMBLING HELPLINE

1-800-547-6133

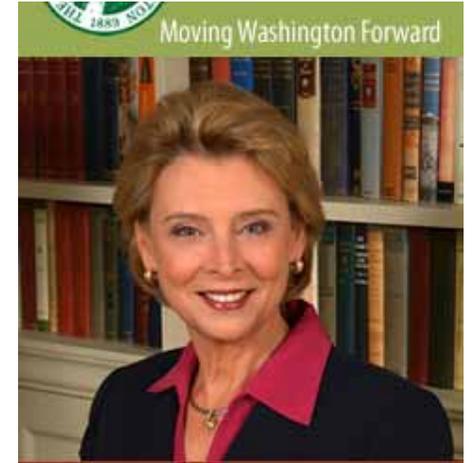
Growth of Tribal Lottery System

16,919 Machines in play currently



- ★ Machine maximum per Appendix X of all tribes with operating or planned casinos
- ★ Proposed allocation limits per Appendix X2
- ★ Total allocation limits per Appendix X

Important Considerations



- Honor commitments made by the State in prior Compacts and comply with federal law
- Fundamental goal of supporting economic development of all tribes
- Adjustments to the current system may be necessary
- Commitment to investing in programs that benefit tribal and non-tribal members
- Commitment to preventing problem gambling

Appendix X2

Does:

- Commit Tribes to provide ongoing funding to reduce problem gambling and support smoking cessation
- Continue Tribes commitment to invest in the health and welfare of communities
- Honor agreements to allow limited growth in number of player terminals
- Strengthen regulatory specifications
- Support continued revenue sharing between Tribes
- Limit opportunity for increase in gambling activities by requiring all Tribes to approve the Amendment

Compact Amendments (X2) Would Take Effect When:

- **All 27 Tribes agree to the Appendix**
- **Signed Appendices from all Tribes forwarded to Secretary of Interior**
- **Publication in the Federal Register**



Approval Process

- Proposed Amendment submitted to Commission and Legislature
- During a Legislative Session, the Legislature has 45 days to review and comment
- Commission has 60 days to:
 - Hold a public hearing
 - Forward Amendment to the Governor; or
 - Return to Director for further negotiations
- Governor reviews and has final execution authority
- Tribes forward to Secretary of Interior



Staff Recommendation

Once all 27 Tribes have signed the Amendments, forward the proposed Compact Amendments to the Governor for review and final execution



Thank You

A decorative horizontal banner with a light blue background and a darker blue border. The words "Thank You" are written in a dark blue, elegant cursive font across the center. On either side of the text are symmetrical, ornate flourishes in the same dark blue color, featuring scrolls and leaf-like patterns.