



News Release

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Gambling Commission, Puyallup Tribe of Indians reach tentative agreement on revised gaming compact amendment

OLYMPIA, Wash. – The Washington State Gambling Commission has reached a tentative agreement with the Puyallup Tribe of Indians on a revised amendment to its Class III gaming compact. The Puyallup Tribe of Indians operates two casinos-- the Emerald Queen Casino I-5 in Tacoma and the Emerald Queen Hotel & Casino in Fife.

“This is the first of two amendments that will reflect current regulatory practices, reduce duplication between tribal and state regulators and clarify the roles for each party,” said Commission Chair Bud Sizemore.

The initial amendment clarifies the definitions of ‘gaming operation’ and ‘tribe,’ allowing tribally-chartered entities, wholly-owned by the Tribe, to own the Class III gaming facilities.

The revision to the amendment includes the 2015 Amendment and Appendix X2 Addendum agreed to with 27 of the 29 federally-recognized tribes in Washington. The revised provisions include:

- **Restriction on Electronic Benefits Cards:** Each tribe must ensure all cash dispensing outlets and point of sale machines within its gaming facilities do not accept electronic benefits cards.
- **Player Terminal Allocations:** Each tribe’s allocation of player terminals (gaming machines) is increased from 975 to 1,075. In addition, the proposed amendment does not change the maximum number of machines allowed at a facility.
- **Annual Regulatory Fees**
- **Cost Allocation:** Regulatory fees for each tribe’s gaming activities shall be determined according to the state’s current cost allocation model. The amendment eliminates the 10% pre-payment discount, credit, and alternative regulatory fee agreement options.
- **Revisions to the State’s Cost Allocation Model:** The state may revise its cost allocation model upon 90-day notice to a tribe. In the event of a dispute, the parties shall meet informally then follow the Regulatory Fee Dispute section in Appendix X2, if needed.
- **Audit:** The state shall give each tribe an audited accounting of its actual costs by April 30 of the following year.
- **Problem Gambling Smoking Cessation Contributions:** Each tribe’s annual contributions towards problem gambling and smoking cessation services established in Appendix X2 shall be paid within one year of the close of the tribe’s fiscal year to match other required contribution timeframes.
- **Appendix X2 Addendum:** Each tribe may increase its allocation by 50 player terminals, but only if the following conditions are met:
 - A tribe provides the state with written notice that there are 500 or fewer player terminals available for lease among all tribes participating in the Tribal Lottery System, along with a

certification from an independent accounting firm confirming the number of machines available.

- Within 30 days, the state reviews the certification and verifies the player terminals available for lease in the state. Any allocation change would be effective 30 days after notification by the state to the tribe.
- This allocation is limited to one (1) per twelve (12) month period. However, if any Washington tribe will operate more than 1,075 player terminals upon opening a new gaming facility, a tribe can notify the state, and with state concurrence, receive an additional 50 player terminal increase within the twelve month period.
- When a tribe receives an increase under this section, any other compacted Washington tribe shall receive the same increase.

The changes in the initial and revised amendments are consistent with several other tribes' gaming compacts. Negotiations regarding several other changes are ongoing and will be included in a separate amendment.

Next Steps:

1. Formal notification about the proposed compact amendment is conveyed to the Governor, Legislature and others.
2. The House Commerce and Gaming Committee will hold a public hearing on Oct. 19, 2017 at 9:30 a.m.
3. The Gambling Commission will vote at a special public meeting on Oct. 19, 2017 at 12:30 p.m. and decide whether or not to forward the proposed compact amendment to the Governor.
4. If the Commission votes to forward the Tribe's amendment, it will be sent to the Tribal Chair for final consideration and signature.
5. Once the Tribal Chair signs the amendment, it will be sent to the Governor for final consideration and signature.
6. After obtaining the signatures of the Tribal Chair and the Governor, the Tribe will send the amendment to the Secretary of the United States Department of Interior for consideration, signature and publication in the Federal Register.

The Indian Gaming Regulatory Act of 1988 provides that Indian tribes may conduct Class III gaming activities on Indian lands when the gaming is conducted in conformance with a tribal-state compact. RCW 9.46.360 provides that the Gambling Commission negotiate those compacts on behalf of the state. The Puyallup Tribe of Indians' tribal-state compact for Class III gaming was originally signed on May 28, 1996 and this is the fifth amendment. Public comments regarding this compact amendment may be submitted to compactcomments@wsgc.wa.gov.

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**FIFTH AMENDMENT TO THE TRIBAL-STATE COMPACT
FOR CLASS III GAMING BETWEEN
THE PUYALLUP TRIBE OF INDIANS AND THE STATE OF WASHINGTON**

INTRODUCTION

The PUYALLUP TRIBE OF INDIANS (hereafter “Tribe”) and the STATE OF WASHINGTON (hereafter “State”) entered into a Class III gaming compact (hereafter “Compact”) on May 28, 1996, and have subsequently amended the Compact by mutual agreement pursuant to the Indian Gaming Regulatory Act of 1988 (hereafter “IGRA”). At the request of the Tribe, the Tribe and the State entered into negotiations for further amendment of the Compact. The parties have reached an agreement on the Compact amendment as set forth in this document.

COMPACT AMENDMENT

1. Section II DEFINITIONS is amended to add new sections S and T as follows:

- S. “Gaming Operation” or “gaming operation” means the commerce, industry or business conducted on Puyallup Tribal Lands for the purpose of providing any form of Class III gaming in any gaming facility.
- T. “Tribe” means the Puyallup Tribe of Indians, its authorized officials, agents, and representatives, or any corporation wholly owned by the Puyallup Tribe of Indians and chartered and incorporated under Puyallup Tribal law to carry out Gaming Operations.

2. Add Compact Section III.

- T. Acceptance of Electronic Benefits Cards from the State of Washington.

The Tribe shall ensure that all cash dispensing outlets, including without limitation, automated teller machines (ATM) and point of sale machines located within the Tribe’s Gaming Facility or Facilities, shall not accept Electronic Benefits Cards.

3. Amend Appendix X2, Section 12.1 to:

- 12.1 Allocation. The Tribe shall be entitled to an Allocation of, and may operate or transfer the ability to operate, up to 1075 Player Terminals (“Allocation”).

4. Amend Appendix X2, Section 13.4, Sub-Sections 13.4.1 to 13.4.5 to:

- 13.4.1.1 First Year Regulatory Fees. Upon commencement of operations of a Gaming Operation, the SGA shall make a good faith estimate of the cost of regulating the Tribe’s activities under this Appendix for the remainder of the calendar year.

- 13.4.2 Cost Allocation. Notwithstanding anything in the Compact to the contrary, the Regulatory Fees for all class III activities under the Compact, including those applicable to the activities described in this Appendix (except for the first year fees set by estimate as provided in Sections 13.4.1), shall be set by determining the cost of regulating the Tribe's class III activities using the State's cost allocation model currently in use as of the effective date of this Amendment.
- 13.4.3 Billing and Payment. The SGA shall notify the Tribe of the forthcoming Regulatory Fee at least 45 days prior to its becoming due. Regulatory Fees may be paid for an entire year in advance of the date on which the billing year commences (calendar year) or in no more than 12 equal monthly installments, each of which shall be due on the first day of each month, which monthly payments shall commence on the first day of the first month of the billing year, or within 45 days following notification of the amount of the forthcoming year's Regulatory Fee, whichever is later.
- 13.4.4 Audit. The SGA shall send the Tribe an annual audited accounting of actual costs on or before April 30th of the following year.
- 13.4.5 Revisions to State's Cost Allocation Model. The State may revise its cost allocation model, which shall become effective upon 90 days' notice to the Tribe. If the Tribe disputes the revised model, the State and Tribe shall meet and confer in an attempt to resolve the matter within 30 days. If the parties cannot resolve the dispute, the dispute resolution provisions set forth in section 13.5 shall apply.

5. Amend Appendix X2, Sections 14.4 and 14.5 to:

- 14.4 Problem Gambling. Thirteen one-hundredths of one percent (0.13%) of the net win derived from all Class III gaming activities, determined on an annual basis, shall be dedicated to problem gambling education, awareness, and treatment in the State of Washington. Contributions shall be made to governmental, charitable and/or non-profit organizations, which may include the Department of Social and Health Services' Division of Alcohol and Substance Abuse (DSHS/DASA), that are directly related to helping to reduce problem gambling. The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective and shall be paid annually within one year of the close of the Tribe's fiscal year.
- 14.5 Smoking Cessation and Prevention. Thirteen one-hundredths of one percent (0.13%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be dedicated to smoking cessation, prevention, education, awareness, and treatment in the State of Washington. Contributions shall be made to governmental, charitable and/or nonprofit organizations that have as a purpose the discouragement of the use of tobacco. However, if the Tribe operates any of its Class III gaming facilities as entirely smoke-free, the Tribe's smoking cessation contribution shall be

reduced proportionally based upon the pro rata number of Tribal Lottery System machines in that non-smoking facility compared to the total number of Tribal Lottery System machines operated by the Tribe. Additionally, it is also agreed that if the Tribe completely prohibits the sale and use of alcohol in all of its Class III gaming facilities, the Tribe shall be entirely excused from making the smoking cessation contribution required by this subsection for as long as the prohibition on the sale and use of alcohol remains in effect. The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective and shall be paid annually within one year of the close of the Tribe's fiscal year as set forth in section 14.6.3.

6. Incorporate by reference as a fully enforceable part of the Compact:

Appendix X2 Addendum Tribal Lottery System Terminal Allocations, in the form attached hereto.

This Amendment shall take effect upon publication of notice of approval by the United States Secretary of the Interior in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B).

IN WITNESS WHEREOF, the Puyallup Tribe of Indians and the State of Washington have executed this Fifth Amendment to the Compact.

THE PUYALLUP TRIBE OF INDIANS

STATE OF WASHINGTON

BY: _____
Bill Sterud, Chairman

BY: _____
Jay Inslee, Governor

DATED: _____

DATED: _____

**Puyallup Tribe of Indians - State of Washington
Class III Gaming Compact**

**Appendix X2 Addendum
Tribal Lottery System Terminal Allocations**

Section 1. Overview

The Parties executed the Fourth Amendment to the Tribal-State Compact, known as Appendix X2. Appendix X2 became effective May 31, 2007. This Appendix X2 Addendum further supplements Appendix X2 as follows:

Section 2. Definitions

All terms not defined herein shall have the same definitions as in the Tribe's Compact and its amendments and appendices.

- 2.1 **“Available for Lease”** means a Player Terminal that is part of an Eligible Tribe's Allocation of Player Terminals and is neither in use in any Eligible Tribe's Gaming Facility or Facilities, nor leased to another Eligible Tribe.
- 2.2 **“Certification”** means a confirmation conducted and signed by an Independent Accounting Firm that states the number of Player Terminals Available for Lease in the State of Washington.
- 2.3 **“Eligible Tribe”** means a Washington Tribe that has entered into a compact authorizing operation of a Tribal Lottery System consistent with Appendix X2.
- 2.4 **“Independent Accounting Firm”** means a person or firm licensed by the Washington State Board of Accountancy.

Section 3. Increases to Tribe's Allocation of Player Terminals

- 3.1 The Tribe's Allocation of Player Terminals as set forth in Appendix X2 may increase by 50 Player Terminals upon meeting the procedures and conditions set forth in this Addendum.
- 3.2 The Tribe shall provide the State Gaming Agency with written notice, along with Certification from an Independent Accounting Firm, that there are 500 or fewer Player Terminals Available for Lease among all tribes participating in the Tribal Lottery System under Appendix X2. The Tribe shall derive its notice and Certification from information provided by participants in the plan described in Section 12.2.2 of Appendix X2.
- 3.3 Upon receipt of the Tribe's notice, the State Gaming Agency shall review the Certification and verify the Player Terminals Available for Lease in the state. To facilitate the State Gaming Agency's review and verification process, the Tribe

shall authorize the Independent Accounting Firm to make available for review by the State Gaming Agency all supporting records used to develop the Certification.

- 3.4 The State Gaming Agency has 30 days to review, verify, and provide written notification to the Tribe of the additional Allocation of Player Terminals set forth in Section 3.1. Any such increase to the Tribe's Allocation shall become effective 30 days after notification by the State Gaming Agency.
- 3.5 Such notice by the State Gaming Agency shall for all purposes increase the Allocation of Player Terminals for the Tribe until such time as, if ever, another notice and Certification is delivered to the State Gaming Agency for an increase to the Allocation.
- 3.6 Except as set forth in Section 3.7, additional increases to the Tribe's Allocation of Player Terminals under this Section are limited to one (1) increase per twelve (12) month period.
- 3.7 Notwithstanding the limitation set forth in Sections 3.5 and 3.6, if the Tribe, or another Eligible Tribe, licenses a new Gaming Facility on Tribal Lands that will operate more than 1,075 Player Terminals at its initial opening, the Tribe may provide written notification to the State Gaming Agency of such licensure. After receipt of such notification, the State Gaming Agency has 30 days to review, concur, and provide written notification to the Tribe that the Tribe's Allocation of Player Terminals shall increase by an additional 50 Player Terminals.
- 3.8 In the event any other Eligible Tribe becomes entitled to an increased Allocation of Player Terminals under that tribe's version of Section 3.4 or 3.7, the Tribe shall be automatically entitled to the same Allocation increase authorized to that other Washington tribe by its version of Section 3.4 or 3.7 above, and the State shall provide prompt notification of the increase to the Tribe.

Section 4. Dispute Resolution

- 4.1 If a dispute arises between the Tribe and the State with respect to the terms and conditions set forth in this Addendum, including but not limited to the number of Player Terminals Available for Lease, the State and Tribe shall meet and attempt to resolve the dispute not later than 30 days prior to the increased Allocation of Player Terminals going into effect.
- 4.2 If either party believes, after the meet and confer has commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of the Compact.