

Washington State Gambling Commission

Proposed 27 Tribe Compact Amendment House Commerce and Gaming Committee Hearing

John L. O'Brien Building, Hearing Room C
Monday, January 12, 2015

1:30 pm



Indian Gaming Regulatory Act

Congress passed “IGRA”
in 1988 to:

- Provide a regulatory framework for Indian gaming.
- Promote economic development, self sufficiency, and strong Tribal governments.



IGRA

The State must negotiate in good faith when a Compact or amendment is requested by a Tribe.

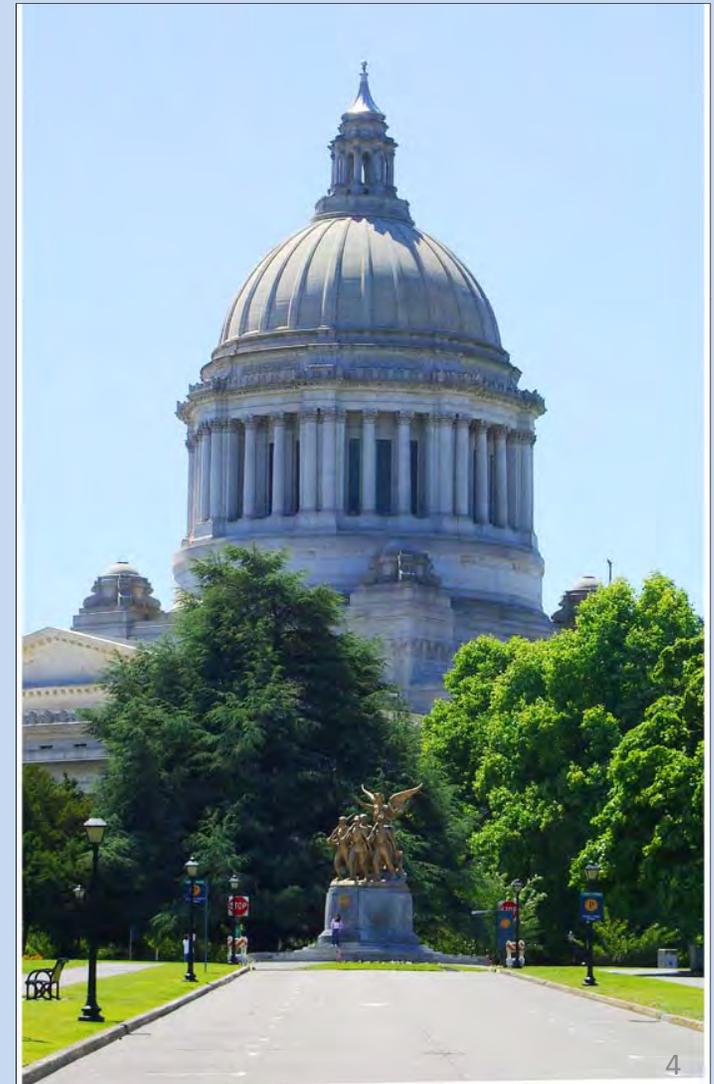
Negotiated topics may include:

- Casino style gaming activities that are allowed for any person, for any purpose.
- Criminal and civil jurisdiction.
- Fees for state regulation.
- Remedies for breach of contract.
- Standards of operation.



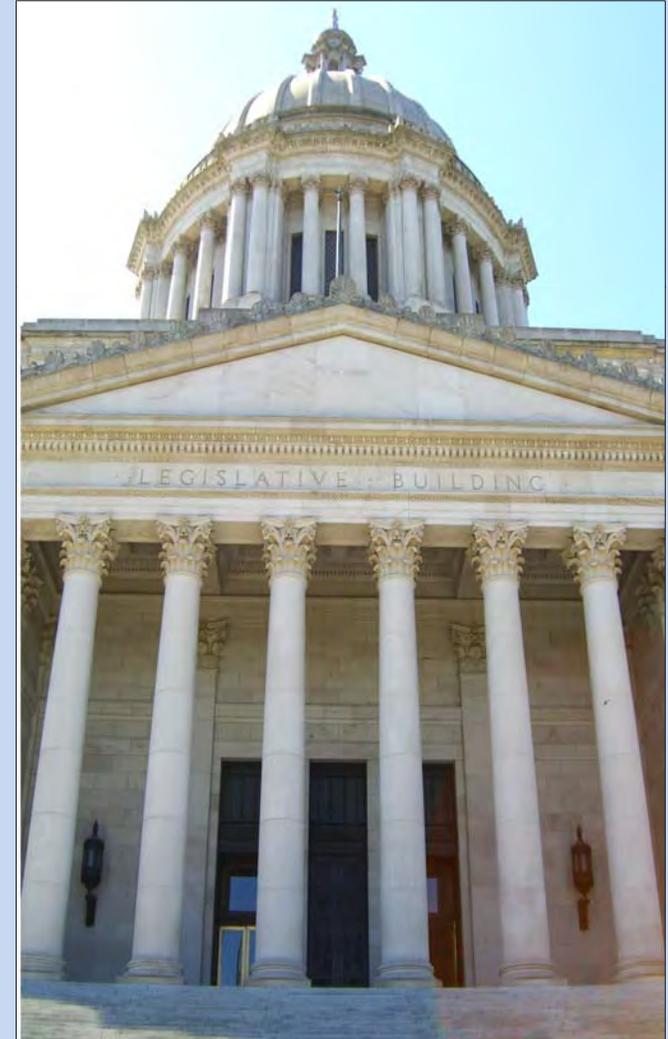
Washington State Tribal Gaming Compact Approval Process (RCW 9.46.360)

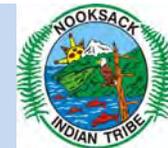
- Compact negotiation request sent by Tribe to Governor
- Governor requests Commission Director to negotiate
- Compact negotiated by Commission Director
- Compact submitted to Commission and Legislature
- Legislature shall hold a hearing and forward comments to the Commission within 30 days of receiving notice



Washington State Tribal Gaming Compact Approval Process (9.46.360)

- Commission has 45 days to act:
 - May hold public hearings
 - Vote to forward to Governor or return to Director for further negotiations
- Governor reviews and has final execution authority
- Tribe forwards to Secretary of Interior for approval





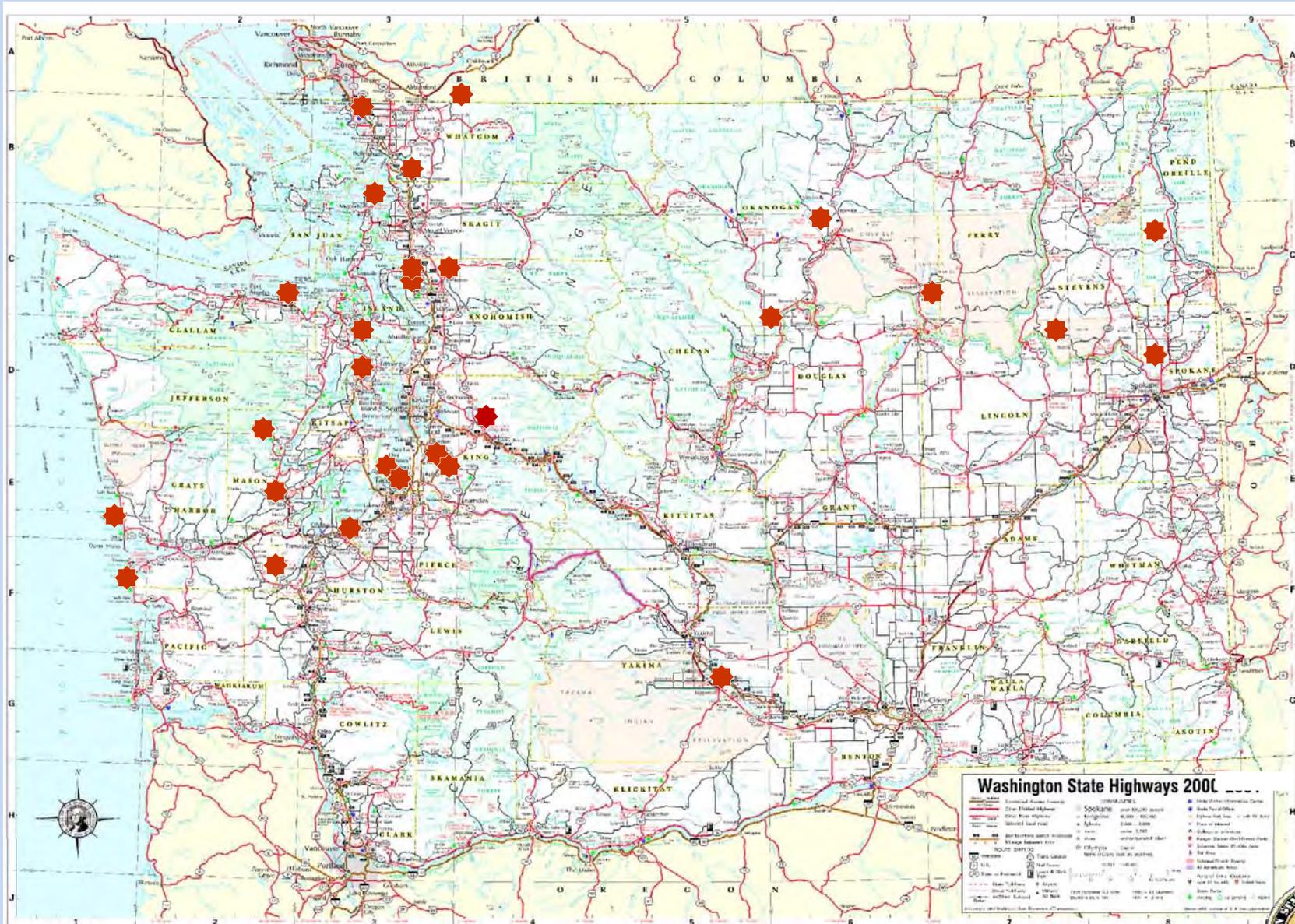
Existing Compacts



- First Compact – August 1991
- Compacts with all 29 recognized Tribes
- 22 Tribes operate 28 Tribal casinos
- Tribal Lottery System (TLS) approved in February 1999 (Appendix X)
- Revisions to Appendix X (Appendix X2) approved in 2007



Tribal Casino Locations



★ Casinos (28 in operation)



State's Public Protection Interests

Respect-Based Regulatory Partnership

- No criminal involvement
- Gaming conducted fairly and honestly
- Gaming limited to authorized activities
- Minimize negative community impacts on local law enforcement and emergency services



Appendix X (1998)



- Each Tribe received an allocation of 425 player terminals
- After one year, the allocation could be increased to 675
- Each Tribe may operate a maximum of 1,500 player terminals per facility by leasing them from another Tribe's unused allocation



Appendix X2 (2007)

- Negotiated between the State and 27 of the 29 Tribes (excluding the Spokane and Cowlitz Tribes who did not have Compacts at the time)
- The Compacts were amended simultaneously
- Each Tribe received an allocation of 975 Player Terminals
- Each Tribe may operate additional player terminals by leasing them from another Tribe's unused allocation



**Today's Proposed
Compact
Amendment**

1. Restriction on Electronic Benefits Cards



All cash dispensing outlets & point of sale machines within a Tribe's gaming facilities must not accept electronic benefits cards.

The Tribes have been following this requirement since it was enacted.



2. Smoking Cessation & Problem Gambling Contribution Payments

All contribution payment timeframes will match.

Appendix X2 required contribution payments by the *15th day of the month* following the close of the Tribe's fiscal year.

Amendment would require each Tribe to pay within *one year* of the close of the Tribe's fiscal year, matching other required contribution timeframes.



3. Annual Regulatory Fees

Appendix X2 required:

- Tribes to reimburse actual costs that are reasonably incurred
- State to provide an estimate to the Tribes each year based on prior year's incurred costs
- However, Appendix X and X2 allowed credits and a 10% discount for payment in advance, and Appendix X2 allowed for alternative fee agreements

Amendment:

- Eliminates the alternative regulatory fee agreement, credits, and 10% pre-payment discount options
- Regulatory fees return to actual cost reimbursement



3. Annual Regulatory Fees (continued)

Cost Allocation – Regulatory fees shall be set by the State’s current cost allocation model.

Revisions to the Cost Allocation Model – The State will provide 90 day’s notice before revising its cost allocation model.

Audit – The State shall give each Tribe an audited accounting of its actual costs by April 30th of the following year.



4. Player Terminal Allocations

Appendix X2 authorized each Tribe
975 Player Terminals

Proposed Amendment allows each Tribe an
allocation of 1,075 Player Terminals

*The proposal does not change the maximum
number of machines allowed at a facility.*



5. Appendix X2 Addendum

Each Tribe may increase its allocation by 50 player terminals when 500 or fewer player terminals are available for lease, as follows:

- A Tribe provides the State written notice and a certification from an independent accounting firm confirming the number of player terminals available.
- Within 30 days, the State shall review the certification, verify the player terminals available for lease in the state, and provide written notification the allocation of player terminals can be increased.
- The allocation increase is limited to 1 per 12 month period.
- When a Tribe increases its allocation under this section, any other compacted Washington Tribe may receive the same increase.



Next Steps

Today:

- Hold required public hearing
- Answer questions

At the February 13, 2015, public Commission meeting:

- Commissioners and Legislative Ex-Officios will vote. Options are to:
 - Forward proposed amendment to the Governor for review and final execution; or
 - Return the proposed amendment to the Director with instructions for further negotiation.



Questions?

Gambling Commission Mission:



*“Protect the Public by Ensuring that
Gambling is Legal and Honest”*