

1 CHAIRPERSON JAMES: Next we'll here from Senator
2 Bryan. Welcome.

3 SENATOR BRYAN: Thank you very much, Madame Chair.
4 Welcome to my hometown, to you and the Commissioners. I know
5 you're here on work, but I hope you'll have a chance to see
6 southern Nevada. I know you've already been on some tours, and
7 we're going to have an opportunity to have dinner together this
8 evening as well.

9 At the turn of the century Nevada's economy was in
10 steep decline with the exception of a short lived mining boom in
11 the Tonapaugh Gold Field area. For nearly a half a century
12 Nevada wandered through the economic wilderness. As late as
13 1940 every Nevadian could be comfortably situated in the Rose
14 Bowl in Pasadena. The economic miracle that we enjoy in Nevada
15 today began in the aftermath of World War II when we in Nevada
16 discovered our economic niche; tourism fueled by a legalized and
17 strictly regulated gaming industry. Today Nevada is a national
18 pace setter for economic growth and Las Vegas alone offers more
19 than 100,000 hotel rooms and hosts more than 30 million visitor
20 annually.

21 Nevada is a world class tourist destination with
22 world class shopping, restaurants and entertainment, and yes, we
23 have casinos. The message is clear. People like to live here.
24 People like to visit here. I tell you this simply to underscore
25 what a tremendous success story we have in Nevada. I've lived
26 in Nevada for six decades now. I've been privileged to serve

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 Nevada in a number of public offices, including Governor of this
2 state. Nevada isn't just some abstract gambling mecca. Nevada
3 is a home to 1.8 million people. We live here. We raise our
4 children here. We work here. We go to school here. We go to
5 church here, and yes, like citizens everywhere there is good and
6 bad things that happen in Nevada.

7 I would be less than candid if I did not share with
8 you my concern about the genesis of this Commission. As each of
9 you know, state and local government officials did not clamor
10 for its creation. Rather it was a product of a national
11 crusade, and my fear was that my state's primary industry,
12 gaming, the bedrock upon which our economic success has been
13 built, would become a political football. As each of you know,
14 I have been critical of some of the Commission's actions. I do
15 not apologize for that, because I consider defending Nevada when
16 defense is necessary my responsibility. Your challenge is to
17 disregard the history of the creation of the Commission and to
18 move forward. The people of Nevada need to feel that they can
19 trust your judgment, and that the Federal Government will treat
20 us in Nevada fairly.

21 Gaming, like any other business, results in both
22 benefits and costs. In Nevada it is very clear that the
23 benefits outweigh the costs. Hundreds of thousands of good jobs
24 have been created here. Creative, visionary leadership in the
25 gaming industry has put us on the map as the premier tourist

NEAL R. GROSSCOURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 destination in the world. Nevada's gaming regulatory structure
2 recognized as the global standard for effective gaming control.

3 I am not unmindful of the fact that gaming is not
4 for everyone. There are societal implications in dealing with
5 problem gamers. In Nevada the gaming industry is fully engaged
6 and committed in addressing this problem. Your colleague on the
7 Commission, Nevada's former Chairman of the Gaming Control
8 Board, played a leadership role in securing this effort.

9 May I take this opportunity, as I did on a previous
10 occasion when you extended the opportunity, Madame Chair, for me
11 to appear, to suggest some recommendations that you might
12 consider as you proceed with your work and before making your
13 final report to the President, to the Congress and other state
14 officials.

15 Number one, decisions on allowing legal gaming
16 should be made at the local and state level in each
17 jurisdiction. As a Nevadan, I am not an advocate for the spread
18 of gaming to other jurisdictions. Let me repeat that. As a
19 Nevadan, I'm not an advocate for the spread of gaming to other
20 jurisdictions. That may come as a surprise to some of you. It
21 is certainly not the view of many in Nevada's gaming industry.
22 For me I like the old days when Nevada had a monopoly. But it's
23 not up to me to make that decision, nor should it be up the
24 Federal Government to make that decision. The residents of each
25 state should decide if and what forms of gaming they want in
26 their respective states.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 Number two, dedicated gaming taxes and licensing
2 fees have historically been the prerogative of state and local
3 governments, not the Federal Government. That is a matter of
4 public policy which should continue in those states which decide
5 to allow gaming. In many jurisdictions with gaming, those funds
6 are earmarked for specific state or local functions such as
7 education. Nevada using its gaming taxes to help to build its
8 public education budget. Many state lotteries do the same. The
9 cost associated with gaming regulations, infrastructure needs,
10 and community services, are borne at the state and local level
11 and the taxes and fees to pay for them are crucial to those
12 jurisdictions.

13 Number three, likewise regulation of specific
14 functions like gaming has historically been administered at the
15 state level. The federal role for gaming should occur only when
16 decisions on regulation are beyond the jurisdictional capability
17 of states. An example of this is Internet gaming.

18 Number four, state jurisdictions which allow gaming
19 must have a proper regulatory structure in place, and I believe
20 your Commission can play an important role in helping the states
21 to understand the need for strong commitment and the basic steps
22 to proper regulation. The evolution of Nevada's industry and
23 the state's regulatory role holds many lessons other states
24 should note.

25 Number five, the Federal Government should ban
26 Internet gaming. Senator Kyle and I in a bi- partisan effort in

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 the last session of the Congress as joined by my colleague,
2 Senator Reid, sought that legislation. It passed in the Senate.
3 Unfortunately our bill did not become law. An Internet gaming
4 ban will be a priority when Congress reconvenes in January. And
5 the reason for this bill is simple. There is no way to regulate
6 Internet gaming. That is why the States' Attorneys General have
7 come to us in the Congress and appealed to us for our help.
8 There is no way to prevent access to children in their homes.
9 Whatever one's view of gaming may be, we do not want every
10 family room in America to be turned into a gaming parlor. There
11 is no way to access and to prevent access to problem gaming. No
12 one really knows who owns or operates Internet companies. There
13 are no background checks. No one sees their financial data or
14 can even guarantee that they will pay winners. They operate in
15 some hazy world where each company essentially makes its own
16 rules free from regulation.

17 Number six, Indian gaming. There are currently 300
18 Tribes with gaming operations involving 186 Tribes in 25 states.
19 Annual revenue from Indian gaming is 7.4 billion dollars. The
20 total staff nationally of the Indian Gaming Commission -- the
21 total staff -- the total staff nationally consists of 40 people.
22 Now, let's put that in some context. Nevada's Gaming Control
23 Board has a staff of approximately 430 people, and contrary to
24 what you may have been told, there is no comprehensive and
25 effective regulatory structure in place for Indian gaming. As a
26 former State Attorney General this situation is an invitation

NEAL R. GROSSCOURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 for major problems, and gaming unlike other businesses, has as
2 its inventory cash. I urge you to talk at length with the
3 general accounting office and the National Indian Commission.

4 In closing I would like to ask the Commission to
5 reconsider a decision you recently made; namely, that you are no
6 longer going to be bound by the Freedom of Information Act and
7 Federal Advisory Commission Act, which includes open meeting
8 laws. These are two important federal laws which have
9 historically governed Federal Advisory Commissions. I
10 understand that your legal counsel has advised you that you are
11 not bound by either law. But I think a fair question must be
12 asked. What public policy is served by not complying with open
13 meeting and freedom of information laws? A decision not to
14 abide by the Open Meeting Law, in my judgment, needlessly
15 undermines the credibility of the Commission and whatever its
16 ultimate work product may be. Congress clearly intended, as
17 Senator John Glenn said on the floor of the Senate, that this
18 Commission be covered by those laws. The General Services
19 Administration has opined to the same effect. Again, I hope
20 that you will reconsider your efforts to exempt yourself.

21 And let me conclude by again thanking you for the
22 opportunity to be here today. I hope that when you leave that
23 you'll have the same feeling about Nevada as those of us who
24 live here; a good feeling about the state and its people.

25 Again, Madame Chair, I thank you for the opportunity
26 to appear before you today.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1

CHAIRPERSON JAMES: Thank you, Senator Bryan.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com