

1 CHAIRPERSON JAMES: Mr. Scheppach?

2 MR. SCHEPPACH: Yes. Thank you, Madam Chair.

3 I appreciate being here on behalf of the nation's  
4 governors. I testified previously, I think in Arizona, on  
5 governors' concerns on Indian gaming across the board. And I've  
6 submitted testimony.

7 I'd like to now just make basically two points. First,  
8 by and large, the governors are opposed to additional federal  
9 regulation in this particular area.

10 An appropriate example is the recent rules that have  
11 been promulgated by the Secretary Babbitt, which would  
12 essentially bypass governors' authority in terms of the  
13 compacting process.

14 That would allow the tribe to cut a compact basically  
15 with the federal government, with cutting out the governors'  
16 rule. Therefore, citizens in that particular state would have  
17 very, very little impact on it. That's the type of thing that  
18 can happen when the federal government gets into this regulatory  
19 area.

20 The second point I'd like to make is that this is, by  
21 and large, a state area of jurisdiction. I think, as you have  
22 heard previously, the states do a reasonably good job of it.  
23 Each state has its own unique gaming rules and regulations. And  
24 I think they should be able to tailor the regulation to their  
25 particular needs.

26 We are willing -- however, in some unique areas if  
27 there were some minimum federal standards, we would be happy to

1 sit down and talk with the Congress about that if it were in the  
2 interest of all states. But right now we don't think that's  
3 appropriate.

4 I also might make a comment about the so-called  
5 Louisiana experience. Let me just say for the record that every  
6 time I testify in front of the Congress, there is a particular  
7 state that becomes Louisiana. It happens to differ. I have a  
8 certain state in Medicaid who some people believe is not doing a  
9 good job or in welfare or insurance regulation or health  
10 regulation.

11 And I don't say that every state is, in fact, always  
12 100 percent responsible. But one of the things I can say is in  
13 the Congress' attempt to get at that one or two states that  
14 perhaps could do a better job, they oftentimes create substantial  
15 problems for 20 or 25 states in terms of the cost of additional  
16 regulation and even biasing regulations because of the cost and  
17 burdens of federal components of it.

18 So I would say that you need to be very careful at  
19 moving towards federal government intervention in this particular  
20 area because although you may correct one or two states'  
21 problems, you may create significant burdens for a number of  
22 other ones.

23 With that, I'd be happy to answer any questions.