

STATEMENT OF
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CHAIRMAN
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Before the
National Gambling Impact Study Commission

Meeting of the
National Gambling Impact Study Commission

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Arizona Indian Gaming Association

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Good morning. My name is Dale Phillips and I am the Chairman of the Arizona Indian Gaming Association. I am also the Vice Chairman of the Cocopah Tribe of Arizona. Our Reservation is in the extreme southwestern corner of Arizona. I want to thank the National Gambling Impact Study Commission for inviting me to testify today.

The Arizona Indian Gaming Association (AIGA) was formed in 1994 and is a nonprofit organization of Arizona Indian Tribes. AIGA was organized to promote the responsible conduct and regulation of Indian gaming on Indian lands within the State and to promote, protect and preserve Tribal interests through sound policies and practices for the conduct of gaming activities in Indian Country.

I am here today to provide comments on behalf of AIGA concerning Arizona Indian gaming. I would like to discuss briefly each of the matters the Commission has been assigned to study under the National Gambling Impact Study Commission Act.

First, I would like to talk about Arizona Tribal government policies regarding gaming.

There are 21 separate Tribal governments in Arizona. Each Tribal government responds to its own citizens. There are 16 Tribes that have Compacts with the State of Arizona, and of these 14 are currently operating casinos. Two Tribes, the Hualapai Tribe and the Kaibab Paiute Tribe, began operating gaming under a Compact but closed down due to lack of business in their remote geographic locations.

The Havasupai Tribe has not elected to pursue gaming. The Hopi and Navajo people have each voted in referenda to not operate gaming on their Reservations at this time.

"Investing in Progress"

There is a strong natural bond among all Arizona Tribes, but each Tribe is unique. AIGA recognizes that each Tribal government must exercise its inherent sovereignty and independently evaluate whether gaming is best for that Tribe.

Tribes cannot unilaterally establish gaming policy, even within their own jurisdictions. Congress has limited the right of Tribes to control gaming policy in the Indian Gaming Regulatory Act. As a result, Arizona Tribes have Compacts with the State for Class III gaming. These Compacts are the result of a compromise between the State and the Tribes. The Compacts limit Class III gaming in Arizona and insure comprehensive regulation by Tribes with extensive State monitoring. Indian gaming is regulated by three separate levels of government: federal, Tribal and state. Indian gaming in Arizona is the most monitored and regulated gaming in the United States.

The second topic I would like to touch on is the relationship between gaming and levels of crime.

Arizona Tribes have not seen any evidence to suggest that Indian gaming has caused an increase in criminal activity, either on or off reservation. In fact, I believe gaming will reduce crime in Indian Country. Actual gaming crimes have been very minimal due to the intense security and regulation that tribal casinos operate under. However, AIGA recognizes that, to some extent, increased business and economic activity of any kind can provide the opportunity for criminal activity.

For instance, there would be no securities fraud if there was no stock market. There would be no shoplifting or criminal price fixing if there were no stores. Economic enterprise of any kind can create the opportunity for criminal activity. We all know there would be less crime in Phoenix if there were no Phoenix Suns or Arizona Cardinals games. Large crowds will always lead to some criminal acts.

No one would consider getting rid of business as a way to get rid of business crime. The solution for gaming related crimes is strict policing and regulation. Tribal gaming in Arizona is strictly regulated and has not produced any significant increase in criminal activity.

AIGA understands that the gaming business, like all other business, may increase the opportunity for criminal activity, but no more so than many non-gaming business. Because gaming is a cash business, greater precautions are taken to safeguard the assets of the casinos.

Arizona gaming Tribes recognize the absolute and critical importance of active regulation of the business of gaming. Every Arizona gaming Tribe has agreed in its Compact to organize a separate arm of Tribal government whose sole responsibility is the regulation of the gaming business, to ensure that gaming is conducted in compliance with the Indian Gaming Regulatory Act, federal regulations, the Compacts, all tribal laws and regulations, and the extensive internal controls adopted by each gaming business.

Indian Tribal regulation in Arizona includes licensing all gaming employees, licensing all vendors, and enforcing strict and comprehensive controls. You won't find any gaming operations in the United States that are more completely regulated than the Indian casinos in Arizona. Tribes in Arizona actively regulate gaming, with well funded agencies because regulation is a necessary component of the business. In addition, Arizona gaming Tribes recognize the benefit of having an outside agency monitor the Tribes' regulation of gaming. Under each of the Arizona Compacts, the State of Arizona, through the Arizona Department of Gaming, monitors each Tribe's regulation of the gaming business. Tribes pay for all the regulation. Arizona gaming Tribes have agreed to reimburse all reasonable costs incurred by the State of Arizona in monitoring tribal regulation of gaming.

Most of the Commission's study of gaming and crime will focus on the allegations that gaming increases crime. The widespread

poverty that has plagued Indian Country for over a century has resulted in very high rates of criminal activity. Unfortunately, violent and property crimes have been a part of everyday life in Indian Country, for long before we knew about gaming. Indian gaming has really begun to improve life in Indian Country and crime in Indian Country will be reduced as a result. Indian gaming provides jobs for our people. As unemployment goes down and our economies improve, crime in Indian Country will be reduced.

The Commission is also assigned the task of evaluating the problem gambler throughout the Country, including at Tribal casinos.

AIGA and its member Tribes recognize that a small percentage of individuals participating in gaming, both at Tribal casinos and at off-reservation gaming facilities, have a problem with gaming. We recognize this and believe that all Tribes engaged in gaming, and all horse tracks and dog tracks and OTB centers throughout Arizona and the State Lottery, have a responsibility to address this problem, by supporting programs that counsel and help problem gamblers. Many of our member Tribes regularly support Gambler's Anonymous and similar organizations. AIGA urges each member Tribe to devote a share of net revenues to non-profit institutions that assist individuals experiencing problem gaming. We believe that all gaming facilities throughout Arizona should share this responsibility.

Next, I would like to discuss the role of advertising and promotion of gambling in Arizona.

Gaming in Arizona is a competitive business. Many Arizona Tribal casinos are in remote rural communities. As I have mentioned, two Arizona tribal casinos did not survive as businesses, due in part to their remote locations.

In Arizona, Tribal casinos must compete with non-Indian bingo halls, horse tracks, dog tracks, OTB centers, the State lottery, and many other forms of entertainment. Tribal casinos advertise, just like horse tracks and dog tracks, and the State lottery. It has been reported that the Arizona State Lottery is the largest single advertiser in the State. Advertising is needed to secure a share of the entertainment business for Tribal casinos.

AIGA acknowledges the positive role advertising can play in promoting tribal gaming businesses, but we are not aware of any data that suggests that advertising leads people to visit our casinos that don't already enjoy gambling. Advertising secures market share. Advertising has also helped Arizona's citizens learn about Tribes in this State, often for the first time. We think Indian gaming and good marketing has helped foster a much improved relationship between the Tribes and the non-Indian community.

For the most part, Arizona Tribes are receiving desperately needed government revenues from gaming that is now providing badly needed services, infrastructure, and a source of capital when other federal sources are drying up.

Prior to the onset of Tribal gaming in Arizona, Arizona Reservation communities were some of the poorest communities in this Nation. Unemployment on Arizona Reservations, in some instances, exceeded 70 percent.

While gaming is not a panacea, it has done a great job of starting to alleviate the economic depression on many Arizona Reservations.

For many Arizona Reservations there are no viable alternative revenue sources available for Tribal governments. Due to extremely depressed economic activity, and limited natural resources, most Arizona Tribes do not have real options, other than gaming, for increasing revenues for Tribal government.

Indian gaming revenue has achieved the goals of IGRA, promoting tribal self-government and enhancing economic self-sufficiency. The results can be seen in our communities: new fire stations, police cars, ambulances, juvenile detention centers, Boys and Girls Clubs, nursing homes, elder adult recreation centers. You may not even be able to understand the pride and hope we have seen in our communities as a result of Indian gaming. I know you will want to keep our hope alive.

Finally, I would like to comment on the interstate and international affects of gaming by electronic means.

Arizona Tribes have tried, and will continue, to take advantage of technological advances in gaming to compete for a share of entertainment business. For example, some Arizona Tribes have sponsored bingo games over satellite conducted at multiple locations. This technology allows rural bingo operations to compete with the larger prizes that can be offered in larger cities. In addition, slot machines that are electronically linked at Tribal casinos within Arizona allow Indian casinos to offer a large progressive jackpot that can compete with the Arizona Lottery and with Power Ball.

We feel that Tribes should be able under federal law to enter into joint gaming ventures with other Tribes and with other states, on a voluntary basis, on the same conditions that states can enter into multi state gaming ventures. No Arizona Tribes have yet ventured directly into Internet gaming. But, if and when Internet or online gaming becomes a reality in the parimutuel, lottery, or non-profit gaming world, then Tribes should have the same opportunities.

In closing, the Arizona Indian Gaming Association would like to thank each and every member of the National Indian Gaming Study Commission for their hard work to date. I want to especially thank each of you for your willingness to spend the time and resources to seriously investigate the effects of Indian gaming.

I would be happy to try to respond to any questions of the Commission.