CHAIRPERSON JAMES: Next we'll hear from Senator Bryan. Welcome.

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

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

Nevada is a world class tourist destination with world class shopping, restaurants and entertainment, and yes, we have casinos. The message is clear. People like to live here. People like to visit here. I tell you this simply to underscore what a tremendous success story we have in Nevada. I've lived in Nevada for six decades now. I've been privileged to serve
November 10, 1998  N.G.I.S.C. Las Vegas Meeting

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

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

Gaming, like any other business, results in both benefits and costs. In Nevada it is very clear that the benefits outweigh the costs. Hundreds of thousands of good jobs have been created here. Creative, visionary leadership in the gaming industry has put us on the map as the premier tourist
destination in the world. Nevada's gaming regulatory structure recognized as the global standard for effective gaming control.

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

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

Number one, decisions on allowing legal gaming should be made at the local and state level in each jurisdiction. As a Nevadan, I am not an advocate for the spread of gaming to other jurisdictions. Let me repeat that. As a Nevadan, I'm not an advocate for the spread of gaming to other jurisdictions. That may come as a surprise to some of you. It is certainly not the view of many in Nevada's gaming industry. For me I like the old days when Nevada had a monopoly. But it's not up to me to make that decision, nor should it be up the Federal Government to make that decision. The residents of each state should decide if and what forms of gaming they want in their respective states.
Number two, dedicated gaming taxes and licensing fees have historically been the prerogative of state and local governments, not the Federal Government. That is a matter of public policy which should continue in those states which decide to allow gaming. In many jurisdictions with gaming, those funds are earmarked for specific state or local functions such as education. Nevada using its gaming taxes to help to build its public education budget. Many state lotteries do the same. The cost associated with gaming regulations, infrastructure needs, and community services, are borne at the state and local level and the taxes and fees to pay for them are crucial to those jurisdictions.

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

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

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

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

Number six, Indian gaming. There are currently 300 Tribes with gaming operations involving 186 Tribes in 25 states. Annual revenue from Indian gaming is 7.4 billion dollars. The total staff nationally of the Indian Gaming Commission -- the total staff -- the total staff nationally consists of 40 people. Now, let's put that in some context. Nevada's Gaming Control Board has a staff of approximately 430 people, and contrary to what you may have been told, there is no comprehensive and effective regulatory structure in place for Indian gaming. As a former State Attorney General this situation is an invitation...
for major problems, and gaming unlike other businesses, has as its inventory cash. I urge you to talk at length with the general accounting office and the National Indian Commission.

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

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

Again, Madame Chair, I thank you for the opportunity to appear before you today.
CHAIRPERSON JAMES: Thank you, Senator Bryan.