CHAIRPERSON JAMES: Mr. Scheppach?

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

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

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

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

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

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

We are willing -- however, in some unique areas if there were some minimum federal standards, we would be happy to
sit down and talk with the Congress about that if it were in the
interest of all states. But right now we don’t think that’s
appropriate.

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

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

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

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