

Chairman Herman A. Williams, Jr.
Tulalip Tribes of Washington
Written Testimony-Senate Committee on Indian Affairs
July 9, 2003

Thank you Chairman Nighthorse-Campbell , Vice Chairman Inouye and committee members. I am Herman Williams, Jr., chairman of the Tulalip Tribes of Washington. I thank you for the invitation to testify today about Indian gaming in Washington State.

Washington State has one of the most robustly competitive gaming environments in the United States. In addition to several successful tribal casinos, Washington citizens can choose from commercial gaming houses, thoroughbred horse racing, punchboard / pull tab operators, and an extensive and heavily promoted State lottery system.

The commercial gaming houses, locally referred to as “mini-casinos”, greatly outnumber the tribal casinos and continue to open new locations. These establishments offer most of the same games as tribal casinos but they tend to be smaller in size and located much more conveniently in communities throughout the state.

In addition to these mini-casinos and a long-standing horse racing presence in the state, the State has been aggressively marketing its lottery games as well as expanding its range of options, including joining a multi-state lottery drawing last year.

Since Washington State does not have tribal-state revenue sharing per se, I am asked from time-to-time whether the tribes ought to be giving the State a percentage off the top from our casinos.

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The Tulalip Tribes have always had a simple answer to this question; Tribes should share with their communities and we already do – quite generously I might add. Mandated revenue-sharing with the State only makes economic sense if the tribes have exclusivity in the gaming market.

The competition is tough in Washington. Horse racing is barely taxed by the State and mini-casinos are not taxed by the State at all. The State itself is a gaming vendor in nearly every grocery store and market with a stated plan to add another 2,000 outlets in the next two years.

While it is true that the tribal gaming compacts in Washington do not have a direct revenue-sharing component, these pacts do mandate charitable and community giving by the tribes. Needless to say, no equivalent mandate for charity is placed upon the non-tribal gambling establishments.

And, these non-tribal gaming opportunities account for a great deal of money in the State.

In 2002:

- Over 2,000 punchboard and pull-tab operators, which are located in restaurants, bars, taverns, and bowling alleys, collectively grossed over \$480,000,000.
- Thoroughbred horse racing grossed over \$140,000,000.

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- The over 300 bingo facilities in Washington State grossed in excess of \$128,000,000.
- Over 70 commercial amusement operators together grossed more than \$25,000,000.
- Over 500 raffle licensees grossed over \$6,500,000

In addition to all that, the over 100 “mini-casinos” that engage in class III table games such as blackjack and pai gow poker grossed over \$250,000,000 in 2002, up 8.3% from the previous year. Since its inception in 1997, the mini-casino industry in Washington State has increased its gross revenue over 700%.

Many owners of these commercial operations are out-of-state or even out-of-country investors with little incentive to reinvest in our communities. Nor are they satisfied with their good fortune. In the past 3 years, this industry lobbied the Washington State legislature to further expand their share of the gaming market, claiming it is time to “level the playing field” with Indian Tribes. In a cynical ploy, this coalition attempted to justify expanding of gaming as a revenue source for the cash-strapped State general fund.

Washington State is also a major player in gaming. With over 3,600 retailers, the State has 6 different lotteries, 2 of which are run daily. There are also over 60 types of scratch ticket games in play with millions of tickets within the various games. Last year, the State brought in over \$435,000,000 in total lottery sales.

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Clearly, tribal gaming represents only a fraction of the total market in Washington State. With a wide array of non-tribal gaming opportunities already in place and continuous press on policy makers to allow more, it is difficult to imagine how tribes in the State could be guaranteed anything approaching an exclusive market.

To be candid, Mr. Chairman, Indian nations have quite enough experience at giving up things of value only to get little or nothing in return. When people suggest that we give up a share of our revenues, it means something different to Indian tribes than it does to other gaming operators.

Thanks to the opportunities presented by IGRA, tribes are now able to offer services to their members which simply did not exist before tribal gaming. And, in my state, almost without exception, gaming tribes have also extended the benefits of their success to their surrounding communities and to the State itself.

There are 29 federally recognized Indian Tribes in the State of Washington, 27 of which have compacts with the state. Only 18 of those compacted engage in gaming with 22 facilities in operation. Compacted tribes in Washington can operate Class III games such as card games (blackjack, poker, and baccarat), roulette and craps as well as machines that are fashioned after the state run scratch tickets games. These are not slot machines.

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Each tribal compact allows for 675 machines to be directly owned and operated by the tribe. However, in order to share the revenue opportunities between tribes with good casino locations and more rural tribes, the compacts allow tribes to lease their machines to another tribe, thereby sharing the benefits of IGRA with more rural tribes. This year alone, Tulalip will contribute over \$1.1 million to other tribes through such arrangements.

In a broader sense, gaming tribes share their revenues through other means. Nearly 60% of all Tulalip tribal employees are non-Indian. Last year, Tulalip alone paid approximately \$45,000,000 in salaries, the majority of which go off reservation and back into the surrounding communities. In 2002, our gaming facility alone paid out over \$100,000,000 for goods and services to vendors, 75% of which are in the State of Washington.

From the year 2000 to the end of 2003, it is estimated that Tulalip will have donated over \$1,000,000 in contributions for charitable purposes. In 2003 alone, Tulalip will make another \$1,000,000 in payments to local city and county governments for community impacts. Tribes in the state of Washington truly already share their revenue.

Of the net proceeds that Washington State tribes generate, 100% goes back into investing in the tribal communities. Social and human services such as education, housing, health care, elder care, child care, drug and alcohol treatment as well as cultural restoration, law

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enforcement, fire suppression, emergency medical and many other services which did not exist or barely existed prior to gaming are now funded by gaming revenues.

Nor do we only fund services for Indians. For several years, Tulalip has operated one of the most successful Boys & Girls Clubs in the region. Senators, if you ever want to see the “melting pot” in action, come to Tulalip and visit this facility. You’ll see children of every race and color playing together in the gym, working together in the computer lab, and eating together in the cafeteria – all built with tribal revenues.

And if you come to Tulalip, you’ll take an overpass from Interstate 5 which the tribe paid the majority of the costs to build – despite the fact that over 70% of the traffic using it goes not into Tulalip but our neighboring community.

Additionally, Tulalip has reinvested into much needed infrastructure for our reservation. Infrastructure such as the building, expansion and maintenance of roads and utilities that modernized our reservation to the level that most take for granted. Besides bringing modern services to our people, updating the local infrastructure is allowing Tulalip to diversify our economy by attracting business and industry to our lands.

Isn’t this is the real purpose and spirit of IGRA – promoting economic opportunity and diversity for Indian tribes?

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At Tulalip, we are taking the steps necessary to establish a true economy, beyond just a “revenue source.” We have used lands adjacent to Interstate 5 to develop a tribal city – Quil Ceda village. Quil Ceda is home to our gaming facility but it also contains many retailers such as Home Depot and Wal-Mart. Perhaps in proof of our dedication to improving life for our entire community, Quil Ceda Village is also home to the offices of the regional Chamber of Commerce.

The future development of the Village will include a hotel, convention center, more retail stores, office space, tribal administration buildings, manufacturing and distribution, and possibly a university. Tulalip will develop this project while being good stewards of the land and being environmentally friendly to the surrounding eco-system.

All of this development, all of this growth, and all of this largesse is ultimately the legacy of the wisdom of Congress in passing IGRA. After centuries of failed federal policy toward Indian nations, gaming has finally provided tribes with a path to meaningful self-sufficiency. You gave us the opportunity and we have endeavored to make the most of it.

A large part of making the most it has been to recognize that we must give back to the land and ALL of its people. We are doing this by investing in resources, creating good jobs, and supporting our community’s needs.

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In Washington State, tribes already share revenue. Our tribes have lived up to the spirit of IGRA and then some. Thank you.