

Navajo Nation Speaker Bates Testimony

- Good Morning Chairman and members of the Committee. I am Lorenzo Bates, Speaker of the Navajo Nation.
- First, the President is disappointed he is unable to attend due to the weather conditions, but I have spoken with him and he would like for me to inform the Committee of his support for this Compact and respectfully for the Committee approval of the 2015 proposed Gaming Compact.
- Thank you for the opportunity to address the Committee on this very important issue.
- We are pleased to be before the Committee this morning and we are pleased to be **united** with 4 other tribes: Acoma, Jicarilla, Jemez and Mescalero; and with the State of New Mexico, Governor's Office.
- This has been a long negotiation for the Navajo Nation and the State of New Mexico.
- In these past few months, the Tribes united in negotiations for this Gaming Compact with the Governor's Office.
- I would like to thank each of the Tribes and your teams for your commitment, time and efforts.
- I would also like to thank Governor Martinez, and her team: Jessica Hernandez, Jeremiah Ritchie and Wade Jackson for their time and commitment to make this Compact a priority

- Together, we have produced a Gaming Compact that is fair, reasonable and will continue to benefit all of us, in the form of jobs and revenue for the Tribes and the State.
- As stated before, this Compact expires this year on June 30. We **must** be successful in an approved Compact before the expiration date.
- Currently, our Casinos have created over 1000 jobs with 90% of these employees being Navajo.
- As stated, at the Committee on Compacts on Tuesday, we followed the Committee's direction from last year and entered into a Compact that includes all the other 2001 tribes that need a compact. We also included the Jemez Pueblo, for whom this will be their first Compact.
- As united tribes, we negotiated a Compact that not only addresses the unique conditions of each tribe's gaming industry, but balanced with the State's interest and keeping in mind the limitations set forth in the Indian Gaming Regulatory Act.
- As you know, the number of facilities has always been an important issue for the Navajo Nation.
 - The 2001 Gaming Compact provides for an unlimited number of Gaming facilities and moving to a cap on those facilities is a huge concession made by the Tribes.
 - For two (2) years, the Navajo Nation's proposed Gaming Compact allowed for five (5) Gaming Facilities, but has agreed to reduce this number by one (1) to address the concerns made by the Legislature last year.

- The 2015 proposed Gaming Compact has a two (2) facility cap, except for a tribe with more than 75,000 tribal members in the State.
- In addition, the tribes have the ability to grandfather one (1) gaming facility called a “Legacy Gaming Facility”.
- This means for the Navajo Nation, we will be allowed to operate up to four (4) Class 3 Gaming Facilities.
 - The Navajo Nation has approximately 115,000 tribal members in the State of New Mexico and therefore is granted a 3rd facility but will not be able to open the 3rd facility for 6 years, until 2021.
 - For the fourth facility, the Navajo Nation intends to convert its small Class 2 gaming facility Flowing Water into a Class 3 gaming facility. Flowing Water is located in Tse da’ Kaan , formerly Hogback near Farmington.
 - As such, the Navajo Nation will designate Flowing Water as its Legacy Gaming Facility.
 - This Legacy Gaming Facility will be limited to 130 Class III gaming machines and may be moved once **within** 17 miles from its designated location. The Navajo Nation intends to move this facility to lands located in Shiprock, New Mexico just west of Tse da’ Kaan.

- While there may be concerns regarding the number of facilities, this a business decision by the Navajo Nation. The Navajo Nation will only develop the 3rd unrestricted facility if the market allows for it and the Navajo Nation determines it is in our best interest. We will not make this decision hastily as we our investing into our future.
- There are other provisions in the Compact that will be covered by the other tribes but to highlight some important issues.
 - The Navajo Nation will increase its revenue sharing payment to the State. Currently the Nation pays 8% of net win to the State. On the effective date of this Gaming Compact, the Navajo Nation will pay an increased amount to 9%. In 2018, the revenue sharing amount will increase to 10.00% and in 2030 to 10.75%.
 - This means more revenue to the State.
 - The compact is extended for 22 years, until 2037.
 - There is more industry standards available in the Compact that will only further gaming operations for tribes and bring in more revenue for the State such as:
 - Comps for food and lodging, with discretionary comps allowable not greater than 3% of Adjusted Net Win per year.
 - We will be able to stay open 24 hours, 7 days a week; and
 - Offer a line of credit for qualified patrons, however, it should be noted, the Navajo Nation does not intend to participate in this particular industry standard.
 - The Nation also agreed to participate in the State's self-exclusion program, continue to contribute to problem gambling programs that the Tribe will select and report back to the state the use of those funds.
 - The Nation also agreed to increase the State Regulatory Fees paid to the State at \$182,500 per year.

- **We are aware of outside interests, such as the race tracks, the 2007 tribes and other non-gaming tribes and we have worked to address those interests, but I remind the Committee, unlike any of these outside entities, the Navajo Nation, Acoma, Jicarilla and Mescalero are facing termination of our Compact on June 30, 2015**
 - **We are facing closure of our facilities, loss of jobs, hardships for our people, loss of revenue and a long financial impact to all of our governments. It will place all of us in a difficult position.**
 - **I don't think anyone wants to see this happen, but it will be reality should the Compact terminate.**
- Plus, there are other ways to address the concerns of these outside interests, at Tuesday's meeting, there were comments regarding whether racetracks should receive the same industry standards as the Tribal Casinos and whether to incorporate the industry standards as being applicable to the racetracks in this Gaming Compact.
 - We would like to note that currently, a separate bill, SB 706, has been introduced to allow the racetracks to receive the same industry standards as the Tribe. This is where these terms are being appropriately addressed and supported by the legislators and should not be part of the tribes Compact.
- I ask that you please respect the terms and conditions that have been reached between the Tribes and the Governor's Office and I ask that no amendments be proposed or approved.

- All the Tribes and the Governor's Office have worked very hard to address all issues posed by the Tribes, State and other outside interest.
 - Any amendment would delay the process.
 - After approval by the Legislature, the Tribes still require the approval of the Department of Interior.
 - While June 30th appears to be months away, there could be a delay in publishing the Gaming Compact in the Federal Register.
- As Speaker of the Navajo Nation, it is my responsibility and duty to ensure that the Navajo Nation's economic development and future **prosperity** is protected.
- Therefore, I respectfully ask this Committee to:
 - **Approve** the 2015 Gaming Compact **as is** to be **moved to the Senate floor**; and
 - **Support** the Navajo Nation on the **Senate and House floor** for this 2015 Legislative session.
 - Thank you.