

**PUEBLO OF ACOMA  
STATEMENT BEFORE THE COMMITTEE ON  
COMPACTS**

**February 28, 2015**

**GOVERNOR FRED VALLO**

Good morning Mr. Chairman and Members of the Committee, my name is Fred Vallo, Governor of the Pueblo of Acoma. Thank you for the opportunity to address the Committee this morning. The Pueblo of Acoma and four other tribes have completed negotiations with the State and supports the compact sent by Governor Martinez for the Committee's consideration. It will replace the current compact between the State and several tribes including my Pueblo which expires June 30, 2015. Waiting for this day has been a very long and demanding process, covering almost four years. We knew negotiations wouldn't be easy, they never are. But we also knew that Indian Gaming in the last three decades has evolved into a very complex and sophisticated industry. We were aware that stringent state, federal, and tribal laws have come to govern and regulate every aspect of gaming in New Mexico, and rightly so. We also knew that we had to consider existing policies and arrive at an agreement that was carefully crafted, strongly worded and even handed, one that would measure up to the standard of good faith negotiations. I believe we have done that, Mr. Chairman.

The document before you is the result of countless hours spent in discussions and negotiations, in person and on the phone. We pushed hard to get what we wanted and so did the state. We made proposals that we thought had merit and so did the state. We demanded and the state gave in. The state demanded and we gave in. We both made concessions. We both looked at what we could live with, what was fair and reasonable, and what was allowable under the Indian Gaming Regulatory Act (IGRA), the overarching federal law governing Indian Gaming across the country. That law requires an agreement between the State and a tribal government, which must also be approved by the U.S. Department of Interior.

**Revenue from gaming must primarily benefit the Tribe. They are not for the benefit of private entities or individuals.**

In the end, after numerous proposals and counter-proposals, we both compromised on key points and arrived at an agreement that we think should be recommended by the Committee for approval by the full legislative body, and should **not** be amended. The compact before you contains new provisions we believe will benefit my tribe and the State not only in the immediate future, but also for the next 22 years, until 2037, when this compact will

expire. By then Mr. Chairman, I will gladly give up my seat at the negotiating table and watch from the sidelines.

Just few more comments Mr. Chairman, if you will permit me.

- The Pueblo of Acoma entered into its negotiations with the sole purpose of coming away with a compact that protected our gaming operations, preserved jobs, reduced regulatory fees, better defined key issues and terms and one that allowed us to keep more revenue in order to improve our operations, regulate effectively, create additional jobs, and maintain our market share.
- In addition, Acoma agreed to revenue sharing rates that will assure a continued flow into the state's coffers. The rates are lower than those contained in the 2007 gaming compact, but are more than what we are currently paying. In fact, there will be three step increases in the revenue we share with the state based on the new rates. The state will receive more dollars from the 2015 compact compared to the ones expiring this June if it agrees to the revenue share terms and tiers outlined in the compact. In exchange, the state has promised exclusivity and protections, including limits on the number of racinos, the number of slot machines they can operate, and assurances that any expansion of non-Indian gaming will cause tribal revenue sharing to the state to stop.

- We understand there might be concerns should all of New Mexico's gaming tribes sign onto to this compact. But let me assure you Mr. Chairman and members of the committee that the Governor's office and the five negotiating tribes were very aware of the possible fiscal impact to the State and all 5 tribes agreed to rates which will increase revenues to the State from current levels over the 22 years our compact will be in effect. Even if all gaming tribes sign onto the 2015 compact, we understand revenues from Indian gaming to the State in the coming year will increase, compared to the most recent estimates by state experts, and compared to Fiscal Year 2014 actual payments from gaming tribes to the State.
- We have agreed to place limits on the number of facilities on tribal lands. Right now, we have no limit. In exchange we get enhanced industry standards, including comps, limited credit for wealthy players, and a removal of the limit on hours of operation.
- The Compact contains a better definition and calculation of so-called "net win" which uses Generally Accepted Accounting Principles (GAAP) as the foundation. As a result, the so-called "Free Play" issue has been resolved going forward. We incorporated a process and a time frame to resolve past and future disputes.

- Another major provision agreed to is the amount the Pueblo will pay in regulatory fees. The IGRA limits these payments to "the amounts necessary to defray the costs of regulating" gaming. Tribes are the regulators in New Mexico. The State has oversight opportunities under the compacts, but no regulatory responsibilities. We reduced the annual amount for smaller gaming operations to \$75,000 from the current level. We believe that new amount, which will increase by 5% every 5 years, is a fair amount based on the current level of State oversight under the expiring compact, with room for additional oversight allowed in the 2015 compact. Larger gaming operations will pay more. Let me remind the Committee that we are paying the state to double check our tribal regulators. I don't know of any other industry in the state that does that.
- What we came away with, once we completed our negotiations, was an agreement that contains terms and provisions favorable both to the Pueblo and to the state. It is an agreement that fulfills the primary purpose of the IGRA as stated by the U.S. Congress and that is "to provide a statutory basis for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments." This compact will continue

to provide the economic development we desire. It will fund tribal governmental operations, tribal programs that protect our elderly, educate our young, build our infrastructure, maintain our roads, and protect the health, welfare and safety of our People. But more than anything we will preserve and provide jobs - jobs created solely by the Pueblo with gaming revenue.

- Our gaming and business operations have matured over the years and include a hotel and a travel center. Our contribution to the state's economy has been deep and wide. We pay a large amount in gross receipts taxes on products, goods, and services on purchases made off the reservation. We also collect and pay a special fuels tax to the State. Last year, we sent the state \$2 million dollars in taxes collected on the sale of diesel fuel at our travel center. In addition, we paid another almost \$2 million dollars in revenue share from our gaming operation. Expect that amount to increase once the new negotiated revenue share rates go into effect.
- Finally, revenue derived from gaming has helped make life on tribal lands a little more bearable with more jobs and personal income not only for tribal members in our own Pueblo but also for families in nearby communities. Gaming

revenue has stabilized tribal government and has moved us closer to economic self-sufficiency.

- Let me close by stating that gaming has created jobs in very rural parts of our state. And that is one of the most important factors when it comes to Indian Gaming –jobs paying decent wages. Because from that comes prosperity and stronger communities. We want both and I am certain this Committee wants that too.
- With that Mr. Chairman, the Pueblo of Acoma joins the other four tribes and the Governor’s Office and respectfully asks this Committee to recommend approval of our Compact and move it forward to the full legislative body, without any changes or amendments.
- Less than half of this Legislative session remains. We need both Senate and House approval. Your favorable recommendation today for approval will help secure revenues from Indian gaming to the State and our Pueblo for years to come.
- Thank you Mr. Chairman and Committee members.  
Da’wa’eh.