

Testimony of Sheila Morago
Senate Committee on Indian Affairs
Oversight Hearing on the National Indian Gaming Association
Thursday, August 28, 2011

Good afternoon Chairman Akaka, Vice Chairman Barrasso, and distinguished members of the Committee.

On behalf the Oklahoma Indian Gaming Association and its 22 member tribes, allow me to extend my deepest appreciation for this opportunity to provide testimony to you today. My name is Sheila Morago and I am a proud member of the Gila River Indian Community. I am the Executive Director of the Oklahoma Indian Gaming Association, a position I have held for the last two months. While my tenure at OIGA has really just begun, I have been in the business of Indian Gaming since 1994. Most recently I spent 8 years as the Executive Director of the Arizona Indian Gaming Association.

Tribal Governmental Gaming in Oklahoma has come a long way from our first days as bingo halls in the early 1980's, to now being the fourth largest gaming jurisdiction in the United States doing over \$3 billion in business. We are surpassed only by Nevada, California and New Jersey in size of total gaming revenues generated. In 2009 the growth rate of gaming in Oklahoma led the nation.

Oklahoma is home to 39 tribes, 33 of whom engage in gaming as a form of economic development. These 33 tribes operate 111 gaming facilities, which range in size from fuel stops with a few machines, to large full-scale destination resorts. While many may think that we have become large overnight our growth has been slow and deliberate.

Since it's earliest day's tribes in Oklahoma have used their gaming revenues to better the lives of their tribal members. Gaming revenues have been used to back-fill ever shrinking federal funds and we have used these revenues to educate our children, take care of our elders, improved our infrastructure and taking to heart the true meaning of IGRA.

The first tribal state compacts were signed in 1992, which allowed horseracing wagers at tribal casinos. The current compacts in Oklahoma were approved by the citizens of the state through a referendum in 2004. Through these compacts, for the first time, the tribes shared their revenues from compacted games with the state. This revenue sharing with the state of Oklahoma has grown to now exceed \$100 million annually.

While the 2005 compacts expanded the Class III gaming options available to our customers, Oklahoma remains a very strong Class II gaming market. For that reason we occupy a unique niche in the Indian gaming industry. And we understand our business very well, as is evidenced by the continued strong growth in our gaming businesses. We have applied our lessons learned to each expansion we have done.

We also understand how to regulate our gaming very effectively. While I say this with pride, it is not a meaningless boast. The tribal gaming regulators from Oklahoma are among the most highly regarded regulators in the country. In fact, many state regulators have come to visit with our regulators seeking to benefit from their expertise.

One of the reasons the Oklahoma tribes have developed such a strong regulatory pedigree, is they recognized early on that to develop “smart” and effective regulations, our tribal regulators had to work closely with our facility operators. This process has worked very effectively for years in jurisdictions like Nevada. It has enabled them to promulgate regulations that are workable because the regulations are based on the real business operations that take place in the casino.

This regulatory development process has been very important in Oklahoma. Because our tribes have been the leaders in advancing Class II gaming to where it is today, including the tremendous technological innovations we have made, there are many unique features to our games. To be smart and effective in our regulatory efforts, we have had to develop processes and procedures that are specifically tailored to Class II gaming.

So to be honest, our tribes were disappointed when the prior NIGC chairman and his staff did not respect our many years of expertise and refused to consider the opinions we offered on how the NIGC can best write effective regulations, particularly with regard to Class II games. We never expected the NIGC to agree with us on all matters all the time. However, we merely asked for respectful consideration of our views.

We are very pleased now to say that, from our perspective, the current NIGC chair and her staff have taken the time to hear our views, and to carefully deliberate on how to develop the most effective regulations. Again, we do not anticipate that the NIGC will agree with us on all matters all the time. However, we greatly appreciate the respectful consideration of our opinions.

The OIGA member tribes have been pleased with the deliberate pace with which the NIGC has proceeded in its regulatory review. It has always been our desire to have the most efficient and effective regulation, and we believe that it is important to take the time to get it right.

Unlike commercial gaming, Oklahoma tribes use their gaming revenues for governmental purposes. We are responsible to our tribal members to operate our gaming facilities in the most efficient and effective manner possible, in keeping with sound business practices and good regulatory practices. Every dollar that is not wisely spent in our gaming operation and regulation, is a dollar that does not go to educate our children, provide healthcare to our elders, build safer roads, or any other of the myriad governmental responsibilities we have.

This current consultation and regulatory promulgation schedule we believe will result in the “right” regulations. Furthermore, it will provide the NIGC with the time to insure they will be able to fulfill their federal trust responsibilities under IGRA. And finally, having regulations that are drafted so they fit our unique industry will end the constant redrafting and reworking of Class II federal regulations that has taken so much time and exhausted tribal resources that are badly needed elsewhere.

Thank you members of the committee for the opportunity to present the views of the OIGA member tribes, and I stand ready to answer any questions you may have.