

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

March 19, 1987

The fortieth meeting of the Senate State Administration Committee was called to order by Chairman Jack Haffey on March 19, 1987 at 10:05 a.m. in Room 413/415 of the State Capitol.

ROLL CALL: All committee members were present except for Senator Rasmussen who was excused.

The hearing was opened on House Bill 796.

CONSIDERATION OF HOUSE BILL 796: Representative Jerry Driscoll, House District 92, Billings, was sponsor for the bill entitled, "AN ACT LIMITING THE NUMBER OF BINGO MACHINES IN AN ESTABLISHMENT; PROVIDING FOR HOURS OF PLAY OF BINGO AND VIDEO DRAW POKER MACHINES; AMENDING SECTIONS 23-5-402, 23-5-414, AND 23-5-603, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE." This bill would limit the amount of keno machines in an establishment to ten machines and the hours of operation would be the same as for a bar with closings at 2 a.m. He stated he felt that local authorities should have control over the number of machines and the hours.

PROPONENTS: Representative Bob Pavlovich, House District 70, Butte-Silver Bow, noted that two years ago he was the prime sponsor for the poker machines and that when that bill passed there was no intention of having casinos in the state. There was a limit of five poker machines per establishment. The keno machine owners took advantage of a loophole and started building casinos. He stated if we are going to have gambling it should be wide open like Nevada. The casinos are taking the business away from tavern owners he felt. The loophole that remained in the bill passed last session was that if you served food you could play the machines longer than 2 a.m. in the morning. He stated they were proposing an amendment that would leave this determination up to the local authorities. He stated the tavern owners have to close at 2 a.m. and felt the casinos should have to also.

Mae Jenkins, Yellowstone County Treasurer, who is also chairman of the Yellowstone County Gambling Commission, stated she was in support of House Bill 796. She said that the gambling commission has been faced with more problems in the past six months since the opening of the casinos in the city than they have ever faced before. She felt the county establishments were well run but the problems seemed to be within the city limits. She had received calls from other states concerning the gambling regulations which indicated to her there was interest in expanding gambling. She was concerned about the money that would no longer be available for the tax rolls. She felt the bill was a good bill because it has limitations but does not eliminate the businesses either.

Don Peoples, Chief Executive of Butte-Silver Bow, spoke in support of the proposal. He felt it was time to put on some limits and did not think Montana wanted to see casinos multiply. He felt it was a threat which would eventually eliminate the entire system. He felt limitations were needed for some control.

Patrick D. Novasio, Billings, who represented the Billings Restaurant Association, stated the City of Billings will not allow their council members to limit the numbers of machines per establishment. He noted the police are not enforcing the laws either. He showed the committee advertisements from local papers offering free breakfast or lunch which he stated made it very difficult for the small eating establishments to compete with. They did not want to become victims because of a flaw in the law and felt a small group of businessmen are taking advantage of it. He noted that other cities do have regulations on the numbers of machines. He urged that the bill be concurred in. (EXHIBIT 1)

Bob Durkee, from the Montana Tavern Association, felt the tavern industry was not being greedy in taking a stand against the casinos and that the committee should consider those who are trying to survive in difficult times.

Representative Richard Nelson, House District 6, Kalispell, noted he had received a deluge of letters from people in his district wanting no more gambling or at least that there be a limitation on the hours. He noted many restaurants are having difficulty competing because of the free or cut rate meals that are being offered by the casinos. He felt a lid needed to be placed on gambling in the state.

Ernie Rosecki, from Borries in Great Falls, stated that a week ago the Cascade County Tavern Association had met and polled their members and of the 62 members there 60 voted for support of this proposal. He felt that the smaller establishments just could not compete with the casinos and might be forced to close. He then distributed a copy of the petition they had signed. (EXHIBIT 2)

Mignon Waterman, representing the Montana Association of Churches, supported House Bill 796 with the limitation on gambling.

John Poston, representing the Montana Coin Machine Operators Association, noted statistics that show 87% of the people who own the machines are people other than bar owners. He noted that they support the bill and would definitely support a cap on the numbers of machines per establishment. He suggested a cap of not more than 30 machines.

Richard Goubon, a Billings restaurant owner, stated if this bill does not pass that a number of jobs in local restaurants will be eliminated and it would further deteriorate the economy in the

Billings area and the whole state eventually.

Representative Dorothy Cody, House District 20, Wolf Point, stated she was also in support of the bill.

OPPONENTS: Representative Barry Stang, House District 52, St. Regis, opposed the bill because of the amendments that had been added in the House. He wanted the local governments to have the option of control in their jurisdictions. He felt it was really a local control issue and should remain that way.

John Alke, a Helena attorney representing the Gold Nugget Casino, offered an amendment for grandfathering in the existing businesses. (EXHIBIT 3) He noted the businessmen he represented had opened the businesses with the concept that they could sell food and beverages centered around a substantial number of keno or bingo machines. He felt this was not wide open gambling when you are talking about only one kind of a machine. The establishments employ between 80-90 people, many who came off the welfare rolls he said. They had borrowed a great deal of money to finance this operation and he felt his clients had acted fairly and in accordance with the way the law was written. He felt the matter should be decided fairly. His proposed amendment would allow those establishments that already have more than ten machines to keep whatever amount they had in place on the first of March, 1987. The tavern owners would like to see changes made retroactive and destroy the casinos he felt.

Bill Peterson, Executive Vice-President of the Western Bank in Billings, stated they had financed the four businesses that would be negatively impacted by passage of this bill. He felt they ought to be given the opportunity to compete and not be legislated out of business.

Charles Gravely, representing a number of operators and owners of bingo machines, noted they were opposed to the bill because they felt it should be a local control issue. He noted he had been a county attorney when the machines first came in and they had not received complaints from people about the operation of the machines. He concurred with an amendment that Rep. Stang had suggested that the hours cannot exceed the hours provided in Section 16-3-304. He felt the language concerning the number of machines ought to be struck also as this should also be a local control issue. If these people are put out of business it would also put a number of people out of work he said. He felt they should not be regulated as to the amount they can charge for food either as that should be a business judgement of each establishment. He would prefer to see the bill killed he said.

Lea Knight, President of Utlar Research from Seattle, Washington, stated she was hired by Poncho Magoos and Flippers Casinos to do an independent research sampling of consumers in the Flathead area about their feelings on gambling and casinos. She noted there were not many people who even realized that it was an issue. Once they were told, 72% of those polled stated they would prefer to have gambling regulated and taxed as a vehicle to increase the state's revenue. Fifty percent of the people preferred not to limit the number of machines in an establishment. She felt it was important to consider the feelings of the people.

Jim Durkin, a lobbyist for Poncho Magoo's in Kalispell, noted he began as a small businessman in Great Falls in the gas station business and they had to learn to compete with service and merchandising and government regulations. He noted those who are employed by Poncho Magoos are afraid of losing their jobs and the businessmen are going to lose their investments. He urged the committee not to abolish what was perfectly legal last year. He also distributed information on the Indian gambling issue. (EXHIBIT 4)

Frank Kroll, General Manager of the Gold Nugget Casino in Billings, spoke on behalf of the 42 employees he supervised. He noted these people do not want to be unemployed. He urged the bill do not pass.

Loretta Bagley, an employee of the Gold Nugget, stated it was a very fine place to work and said she wanted to keep her job.

Janie Heik, an employee of the Gold Nugget Casino, stated she appreciated her job and those she works with and that they want to remain employed.

Alita Kipley, Kitchen Manager for the Gold Nugget, stated it was a very fine place to work and hoped that HB 796 would not pass as it is written. Sid Smith, Helena, submitted testimony in opposition. (EXHIBIT 5)

QUESTIONS ON HOUSE BILL 796: Senator Lynch asked Rep. Stang about the local control issue. Rep. Stang felt this amendment would force the issue to go before the local authorities to determine hours and the numbers of machines. He asked Rep. Stang if he would object to an amendment offering a grace period so the businessmen could have time to get rid of their machines. Senator Harding wondered how many machines there were. Mr. Alke stated if local governments would license on a machine by machine basis it would be easy to keep track. In Billings they do not license this way however. Senator Anderson asked Mr. Durkin about the gambling on the Indian reservations.

Senator Harding asked Rep. Nelson if the Kalispell people had gone to their city commission about their concerns and he stated they had and had and were met with apathy.

Senator Hofman asked Mr. Novasio how many machines they felt a casino could be limited to before it would not impact them. He stated he would like to see it limited to five poker and five keno machines. Senator Lynch asked what type of license one needed to open up a casino and was told just a license to sell consumable products. The taxes are strictly up to the local governments. In Billings the current rate is \$750 for however many machines you have. Senator Haffey asked how many casinos there were presently in the state and was told 8 to 10. He asked Rep. Driscoll if he would be agreeable to the grandfathering amendment and he stated this would be a problem. He felt the laws needed to be clarified so local authorities knew where they stood. Senator Haffey asked Mae Jenkins how many machines there were in Yellowstone County and she said 100 and in the city there are perhaps 250. In Butte the largest number in any one establishment is 10 Rep. Pavlovich stated.

Senator Farrell asked if the tavern association had looked at the laws on gamblin on the Indian reservations. Mr. Durkee felt the recent Supreme Court decision would take the state entirely out of any attempt to regulate gambling on the reservations. The Flathead tribe had recently made a statement they wanted no part of legalized gambling it was noted. Senator Farrell wondered if the Indians decided to buy some property in a town and open up a casino if the state would regulate this and Mr. Gravely felt that they could. He felt the opinion applied to reservation grounds only. Rep. Cody pointed out there are two types of Indian land, trust and deeded. She noted in her area that the tribal council will not allow Indians to sell liquor on trust land and on deeded land they have to go through the state to apply for a liquor license. Currently in Wolf Point they only allow live bingo on reservation lands. She did not feel that as a rule the reservations were encouraging gambling or alcohol.

Rep. Driscoll felt we had a hodgepode of laws on regulating the gambling currently and felt it should be made clear that the local authorities have control. He stated the laws are going to have to be changed regarding gambling regulations eventually in order to have sensible laws. They need to be written in such a way that people will not find loopholes he said. He CLOSED the hearing on HB 796.

GOVERNOR'S APPOINTMENTS: A new set of Governor's appointments had been received by the committee and these were distributed to the members. Senator Haffey noted there will be separate votes on the nominees on the Senate floor. A hearing has been scheduled for Friday, March 27 for these.

Senate State Administration
March 19, 1987
Page Six

The meeting was adjourned at 11:10 a.m.

cd



SENATOR JACK HAFFEY, Chairman

ROLL CALL

SENATE STATE ADMINISTRATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date MARCH 19, 1987

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACK HAFLEY	X		
SENATOR WILLIAM FARRELL	X		
SENATOR LES HIRSCH	X		
SENATOR JOHN ANDERSON	X		
SENATOR J. D. LYNCH	X		
SENATOR ETHEL HARDING	X		
SENATOR ELEANOR VAUGHN	X		
SENATOR SAM HOFMAN	X		
SENATOR HUBERT ABRAMS	X		
SENATOR TOM RASMUSSEN	X		

Each day attach to minutes.

DATE MARCH 19, 1987

COMMITTEE ON SENATE STATE ADMINISTRATION

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo.
CHRISTY JOHNSON	FLIPPERS	796		X
Janara Anton-Norskov	Slipper's Casino	796		X
Barbara Foster	1st Red Deer Park	796	X	
Gene Spornheim	Sporns Salmon Mt Falls	796	X	
Markin Troe	Hangout Mt Falls	796	X	
John Toman	Loughorn Lounge	796	X	
Alan Tandy	City of Billings	796	X	
Tommy Veslin	Playground Zuchal	796	X	
Richard Manning Senator	Senate Dist 18 H. J.	796	X	
Carl Stewie	Black Eagle MT.	796	X	
Eugene M. M.	Great Falls Rd.	796	X	
James D. Simonson	Great Falls Rd.	796	X	
Orville Adams	St Falls mt	796	X	
John M. Schellen	Billings MT	796	X	
Eugene L. M. M.	Billings MT	796		X
Richard W. G. G.	Billings, MT	796	X	
Lorri A. G. G.	Billings MT	796		X
Charles K. G. G.	Helena, MT Independent Operators	796		X
James J. G. G.	Missoula MT	796	X	
John J. G. G.	Missoula MT	796		X
Nathaniel Caldwell	Flippers mch. MT	796		X
Paul J. G. G.	Billings MT			X
Dwaine E. B. B.	Billings MT	796		X
John B. B.	Blg. MT.	796		X
Pat J. B. B.	Whisper, MT	796		X

(Please leave prepared statement with Secretary)

DATE MARCH 19, 1987

COMMITTEE ON

SENATE STATE ADMINISTRATION

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Beel Clark	Gold Nugget	796		X
Lisa Reid	Gold Nugget	796		X
Linda L. Evans	Gold Nugget	796		X
Joe Daniels	Gold Nugget	796		X
Shirley Sherman	Gold Nugget	796		X
Bob Lee	Gold Nugget	796		X
Terri Fish	Gold Nugget	796		X
Judy Jackson	Gold Nugget	796		X
Terri Lindell	Gold Nugget	796		X
Kim Sauer	Pancho Magoo's	796		X
Bob Taylor	Kalispell	796		X
Cheryl Sisson	Pancho Magoo's Kal.	796		X
Tim McDaniel	Pancho Magoo's Kalispell	796		X
Merrill McDaniel	" " "	796		X
Ronan D. Conner	Pancho Magoo's Kalispell	796		X
Susan French	Pancho Magoo's Kalispell	796		X
Robert Bos	Pancho Magoo's Kal.	796		X
Kathy Lewis	Gold Nugget	796		X
LaDonna Holland	Gold Nugget	796		X
Bob McCall	Butte-Liberty Bros. Party Alaska	796	X	
Don Sauer	Billings NW. Lumber	796		X
Gianm. M. Kuchel	Billings Gold Nugget	796		X
Lorraine Lawton	Billings Gold Nugget	796		X
Doris Amis	Billings Gold Nugget	796		X
Kathryn Billmeyer	Pancho Magoo's Kalispell	796		X
Sandy Lindley	Pancho Magoo's Kalispell	796		X

(Please leave prepared statement with Secretary)

DATE MARCH 19, 1987

COMMITTEE ON SENATE STATE ADMINISTRATION

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Helon Wenzel	Rancho Nagras	796		X
Scott Cobble	Rancho MAGOOS	796		X
Art Lindell	Rancho MAGOOS	796		X
Jackie David	Flippers	796		X
Linda Jivens	Flippers	796		X
H.G. Billner	FLIPPERS	796		X
Jamie Pennington	Flippers	796		X
Wayne L. Vossburgh	Rancho MAGOOS	796		X
Della Vossburgh	Rancho MAGOOS	796		X
Ethel Bittner	Flippers	796		X
Mel Drew	Flippers	796		X
Frank Paul	Flippers	796		X
Laura Hantula	Flippers	796		X
Rick Kalavick	Flippers	796		X
Carol & Dennis	Flippers	796		X
Angie Gonderman	Flippers	796		X
Brenda Fisher	Flippers	796		X
Tina Andrews	Flippers	796		X
William SANDERS	Gold Nugget	796		X
Paul A. Caylor	Gold Nugget	796		X
Ann E. Gregory	Gold Nugget	796		X
Janet Harmon	FLIPPERS	796		X
Kathy Allen	FLIPPERS	796		X
Wanda A. Walther	Flippers	796		X
Jack Wolf	Flippers	796		X

(Please leave prepared statement with Secretary)

(This sheet to be used by those testifying on a bill.)

NAME: PATRICK D. NOVASIO DATE: 3/19/89

ADDRESS: 1822 BELLEVUE BLVD

PHONE: 652-2254

REPRESENTING WHOM? REP. ASSOC. OF BILLERS

APPEARING ON WHICH PROPOSAL: 796

DO YOU: SUPPORT? X AMEND? OPPOSE?

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

We, the undersigned Tavern owners from Cascade County urge your consideration and support for House Bill 796.

We feel strongly that the limits placed on machines in HB 796 are adequate for the State of Montana. We also concur with closing hours in this bill.

NAME

ESTABLISHMENT

NAME William L. G. Digby
William L. G. Digby

Rose Room Bar & Lounge

Shenrock Bar 1

Cartwheel L BAR

Sports Room.

GABBY'S

Barrie's

Village 2

homophones

Side Track

SAIL BOAT

8-11-19

~~Spencer Dalton~~
11 Dalton

The Red Bull Gang

17/11/2011

1111000000

Lagles Lodge

Radio Free UK
Philly Philly

Eagles Feeds - 14
Cold Duck

GOLD RUSH
1849-1855

Club Usher

DATE 2
DATE 3-19-87
BILL NO. HB 796

We, the undersigned Tavern owners from Cascade County urge your consideration and support for House Bill 796.

We feel strongly that the limits placed on machines in HB 796 are adequate for the State of Montana. We also concur with closing hours in this bill.

NAME

ESTABLISHMENT

Owen M. Anderson

Owen Tavern, Inc.

Shirley Denomise

Skyway Bowl & Club Lounge

Robin Coleman

Koon Bar

J. L. Murphy

Murphy's Bar

Frances Matchett

Pen n Cue

P. L. H.

Wine Mill

Jim Barber

Taco Truck

Tom Barber

TJ's Lounge

Carmel Nelson

TJ's Lounge

Ray E. Jones

H. H. Tavern

Kathleen M. Fadden

Merry-Co-Round Bar

Donald Spohn

Spohn's Saloon

Jack Benson

J. Ballou

Hinda Sewell

Wallis World

Sue Fullbright

Rainbow Hotel

Marilyn Lu

Culley's Bar

Ernie Moe

Hampart

Kathy Gallagher

Caboose

Holly Miller

Village Inn

Bob Carson

Bar-D-

Bessie K. Carney

Red Don Lounge

Therese Mae

The Herodot

We, the undersigned Tavern owners from Cascade County urge your consideration and support for House Bill 796.

We feel strongly that the limits placed on machines in HB 796 are adequate for the State of Montana. We also concur with closing hours in this bill.

NAME

ESTABLISHMENT

Harry Fraser
Catherine Lents

Iron Pine Lounge
Iron Pine Lounge

Lawrence D. Schott

Office Bar Vaughn, MT

E. L. O'Hara

Really unique merchandise

Margaret Ehnor

Leads Bar 91 Falls Mt.

Tom Heisler

Playground

Carla Jan Wood

The Other Place

Jan Swanson

Sky Line Bar

NAME

Mark Lee
John Pungge

3-D International

SHERATON HOTEL

Earl Lenci

Earls Bar Black Eagle

Don Gibson

Black Eagle (Gibson's Club)

Kenneth Palagi

It's So' (Great Falls)

John Paul

The Outpost (Great Falls)

John Thomas

Longhorn Lounge

John Thomas

Fourth Air

John Thomas

RIVERVIEW LOUNGE

HB 796

THIRD READING

1. Page 4

Following: Line 10

Insert: New Section. Section 4. The limitation of ten bingo machines specified in Section [2] shall not apply to an establishment that had more than ten bingo machines actually available for play prior to March 1, 1987. The limitation for such establishment shall be the number of bingo machines actually available for play on that date.

Renumber

(This sheet to be used by those testifying on a bill.)

NAME: John alk DATE: 3/19

ADDRESS: 1406 Filler Ave

PHONE: 447-8690

REPRESENTING WHOM? Gold Nugget

APPEARING ON WHICH PROPOSAL: 794

DO YOU: SUPPORT? _____ AMEND? X _____ OPPOSE? _____

COMMENT: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

DATE 3-19-87BILL NO. HB 796

MARCH 19 1985

HB 796
MEMBERS OF THE COMMITTEE
JIM DURKIN

I'm lobbying for Pancho Magoo's in Kalispell, that employs more than 80 people.

I've been a small businessman for over 30 years in Great Falls. I started in a 3 pump service station in 1955. We have watched the service station industry go from 3 & 4 pump stations to over 26 pump stations and now back to 2 pump convenient stores. Still my 3 pump operation-today-is still in operation doing better than ever. I can remember our Petroleum Retail Assoc. coming to Helena, lobbying to try and control the competition. Today that service station is better off because cool heads prevailed in those years and we learned to compete with service and merchandising. The market continually changes and business adjusts with out government controls and regulations.

The fear confronting these people employed by Pancho Magoo's today, IS THE LOSS OF THEIR JOBS, a total of over 80 of them in the Kalispell area, jobs that were hard to come by, and that were generated by vote of the people, to have more open gaming in this state. Now these employees may be on the streets trying to locate other work or be put on welfare.

The need now in Montana is to increase jobs and employment but this bill will cost us both. Poncho Magoo's presently has an investment of almost \$900,000.00 in capital improvements with an annual payroll of \$650,000.00. This is no small business.

This business has a positive effect on drawing tourists to the Flathead valley.

I have all types of information on the Indian gambling issue, Indian gaming news notes, new legal developments, and the proposal for the Lake Superior Chippewa development of the Fond-du-Luth gaming casino. A whole downtown block of property, 129 East Superior Street, placed in trust by the Indian tribe for the specific purpose of gaming. Now in 1987 a multi million dollar development. This is where the dollars will be going. Their will be no revenue developed for our state, from the activities, which have already started on tribal land in Montana.

I ASK YOU NOT TO ABOLISH, WITH A STROKE OF A PEN, WHAT WAS LEGAL LAST YEAR AND MAKE IT ILLEGAL THIS YEAR. CAUSING A GREAT LOSS OF JOBS AND INVESTMENT FOR THE OWNERS. WOULD ANY BANKER HAVE THE CONFIDENCE TO LOAN MONEY UNDER THESE CONDITIONS.

NATIONAL INDIAN GAMING ASSOCIATION

105 UNIVERSITY ROAD, CLOQUET, MINNESOTA 55720 .

Telephone (218) 879-1251

CHAIRMAN

William J. Houle, Chairman
Fond du Lac Band of Minnesota,
Lake Superior Chippewa

VICE CHAIRMAN

Purcell Powless, Chairman
Oneida Tribe of Wisconsin

SECRETARY

Josephine Jackson, Council
Saginaw Chippewa Tribe
of Michigan

TREASURER

Fred Thomas, Chairman
Kickapoo Tribe of Kansas

The National Indian Gaming Association was founded on February 6, 1986 in Miami Beach, Florida. The founding tribes were Fond du Lac Band of Lake Superior Chippewa; Oneida and Winnebago Tribes of Wisconsin; Saginaw Chippewa Tribe of Michigan; Hoopa Valley Tribe and Rumsey Indian Rancheria of California; the Kickapoo Tribe of Kansas; Tulalip Tribe of Washington State and the Seminole Tribe of Florida. The most recent addition is the Hannahville Indian Community of Michigan.

The Association is a voluntary organization whose membership is open to all federally recognized tribal governments and those tribal entities which are eligible for federal services.

The primary purpose of the Association is to protect tribal gaming interests by advocating for pre-emptive federal legislation.

The Association elected William Houle as the first Chair of the organization. Chairman Houle had been active in the National Indian Gaming Task Force and while Chairman of the Fond du Lac Band of Lake Superior Chippewa has one of the most successful tribally owned and managed bingo operations in Minnesota.

The Association's most recent activities has been spearheading the effort to pass H.R. 1920, the Udall Bill, which has passed the House of Representatives on April 21, 1986. The Association effectively opposed an amendment which would have placed all Class III gaming activities under the jurisdiction of the respective states. This amendment was proposed by Congressman Tony Coelho -D- Calif. After five weeks of negotiation a compromise was reached. The Bill will now be forwarded to the Senate.

The Senate has its own gaming bill that it is considering. The Association is making plans to fully participate in accomplishing its goal of pre-emptive federal legislation by also participating in the Senate process.

The Association will also begin to establish a network for dissemination of information on all future gaming related activities. It will set up technical assistance workshops on managing and financing games owned and run by tribal governments. The development of these activities are for the future and will be shaped by the membership.

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3-19-87
HB 796

REQUEST FOR PROPOSAL FOR
VIDEO ELECTRONIC GAMING MACHINES

FOND DU LAC BAND OF
LAKE SUPERIOR CHIPPEWA
FOR
FOND-DU-LUTH GAMING CASINO

1. INTRODUCTION.

The Duluth-Fond du Lac Economic Development Commission ("Commission") was created pursuant to a Commission Agreement dated as of April 1, 1986 ("Commission Agreement") between the City of Duluth, Minnesota ("City") and the Fond du Lac Band of Lake Superior Chippewa ("Band"). Under the Commission Agreement the Commission is authorized, directed and empowered to regulate and control all activities conducted in the building located at 129 East Superior Street, Duluth, Minnesota, and to operate the bingo and gaming operation known as Fond-du-Luth Gaming Casino.

The Commission has appointed the Fond du Lac Band of Lake Superior Chippewa ("Band") as the Managing Agent of the Fond-du-Luth Gaming Casino by a Gaming Management Agreement dated June 6, 1986, and amended by First Amendment dated July 22, 1986, and by an Agreement dated September 2, 1986 ("Gaming Management Agreement"). The Band's authority to act on behalf of the Commission is specifically subject to and limited by the provisions of the Gaming Management Agreement. The Band has no authority to act on behalf of the Commission or with respect to the Fond-du-Luth Gaming Casino except as provided in the Gaming Management Agreement. No action by the Band, in connection with this Request for Proposal or with respect to the Fond-du-Luth Gaming Casino, will be binding on the Commission or the Fond-du-Luth Gaming Casino unless such action is approved by the Commission.

The Band, as Managing Agent of the Fond-du-Luth Gaming Casino, desires to obtain proposals for the provision of video electronic gaming machines ("Machines").

All such proposals must be accompanied by a nonrefundable certified check in the amount of \$100.00 made payable to the Commission.

All such proposals must be duly executed by a person authorized to execute the proposal on behalf of the party submitting the proposal and such person's signature must be notarized.

All such proposals must also contain, at a minimum, the information specified in Parts 3, 4, 5 and 6 of this Request for Proposal. Separate proposals are requested for 28 Machines and 98 Machines. Proposals for coin-operated Machines or Machines that have payouts other than in credits will not be considered.

All proposals must be received by the Managing Agent and by Commission by 4:00 p.m. on Monday, October 13, 1986.

IV. NEW DEVELOPMENTS

A. Introduction

The purpose of this section is to provide information concerning the recent developments relating to gambling on Indian reservations. The section provides an update on the case law, on Department of the Interior guidelines, and on pending legislation.

B. Case Law Update

Substantively, the civil/regulatory versus criminal/prohibitory doctrine formulated in the foundation "Bingo" case, Seminole Tribe of Florida v. Butterworth, p. 35 supra, Cert. denied, 103 U.S. 1020 (1982), remains the current state of the law. In short, Indian tribes may engage in a gambling activity without regard to state regulatory limitation, so long as it is not against the public policy of the state and prohibited.

Since Butterworth and its companion cases, litigation in the federal district courts has centered around the application of 25 USC 81 as opposed to the continued refinement of the "civil/regulatory versus criminal/prohibitory" doctrine, except for Cabazon, infra. In pertinent part, section 81 provides:

No agreement shall be made by any person with any tribe of Indians, or individual Indians not citizens of the United States, for the payment or delivery of any money or other thing of value, in present or in prospective, or for the granting or procuring any privilege to him or any other

4
3-19-87
AB 796

Union Calendar No. 284

99TH CONGRESS
2D Session

H.R. 1920

[Report No. 99-488]

To establish Federal standards and regulations for the conduct of gaming activities on Indian reservations and lands, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 1985

Mr. Udall (for himself, Mr. McCain, Mr. Richardson, and Mr. Bates) introduced the following bill; which was referred to the Committee on Interior and Insular Affairs

NOVEMBER 5, 1985

Additional sponsors: Mr. Snowe, Mr. Seiberling, Mr. McKernan, and Mr. Fazio

MARCH 10, 1986

Additional sponsor: Mr. Bosco

MARCH 10, 1986

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italics]

[For text of introduced bill, see copy of bill as introduced on April 2, 1985]

A BILL

To establish Federal standards and regulations for the conduct of gaming activities on Indian reservations and lands, and for other purposes.

2

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 That this Act may be cited as the "Indian Gaming Regula-
4 tory Act".

5 SEC. 2. (a) The Congress finds that—

6 (1) numerous Indian tribes have become engaged
7 in or have licensed gaming activities on Indian lands
8 as a means of generating tribal governmental revenue;

9 (2) Indian tribes have the exclusive right to regu-
10 late gaming activity on Indian lands which is not spe-
11 cifically prohibited by Federal law and which is con-
12 ducted within a State which does not, as a matter of
13 criminal law and public policy, prohibit such gaming
14 activity;

15 (3) there are no existing statutes which require
16 approval of management contracts dealing with Indian
17 gaming;

18 (4) existing Federal law does not provide clear
19 standards or regulations necessary to insure the orderly
20 conduct of gaming activities on Indian lands;

21 (5) a principal goal of Federal Indian policy is to
22 promote tribal economic development, tribal self-suffi-
23 ciency, and strong tribal government; and

24 (6) tribal operation and licensing of gaming ac-
25 tivities is a legitimate means of generating revenues.

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(This sheet to be used by those testifying on a bill.) 5

STATE OF IDAHO
DATE 3-19-87
HB 796
BILL NO.
DATE: 3-19-87

NAME: Sidney D Smith

ADDRESS: 3425 Highway 12 E

PHONE: 442-4721

REPRESENTING WHOM? Self - Bingo Palace

APPEARING ON WHICH PROPOSAL: HB 796

DO YOU: SUPPORT? AMEND? X OPPOSE? X

COMMENT: DELENA Addressed this Issue - Several
Years Ago - & we don't have the
Problem that - Billings seems to
have - I feel local government should
have the control on this issue -
& if they have a problem LET them
Address it.

Thank you.

Sid Smith

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.