

SB 582: Authorize Indian Gaming/Revenue  
Senate Appropriations/Base Budget Committee  
*May 16, 2012*  
*Edited for clarity and grammar*

**Chair Richard Stevens:** Would everyone come to order please. Members, take your seats. Guests in the back, please find a seat, if you can. I call to order the meeting of the Appropriations Base Budget committee. We have two bills to take up this afternoon....

[SB 797 was taken up first]

...Next we have Senate Bill 582, "Authorize Indian Gaming/Revenue." Senator Apodaca.

**Staff attorney Hal Pell:** Mr. Chair...Mr. Chair, the 2<sup>nd</sup> edition is currently on the way up from printing, so we're handing out the PCS that was acted favorably upon in Rules earlier.

**Chair Richard Stevens:** They're identical?

**Staff attorney Hal Pell:** Yes, sir.

**Senator Apodaca:** Thank you, Mr. Chairman. Members, looking around the room, I think most of us heard this earlier in the Finance Committee in the building...the Rules Committee. But we'll go over it again and hit the high points. This is Senate Bill 582. It is the gaming bill for the Cherokee Reservation, and it's pretty well a simple, straightforward bill. What this does, it allows the Cherokee Reservation to have and implement live dealers in the casino with the games that are currently video and automated games. This will be a huge economic impact for Western North Carolina. It can bring in the neighborhood, within a few months, of 400 jobs. It can generate – conservatively generate - in the life of the compact anywhere from 60 to 90 million dollars. It will also bring in tremendous amount of payroll withholdings and State income taxes because these will be high paying, high benefit jobs. We in the west have some of the highest unemployment rates of anywhere in the State of North Carolina. And this is something we feel, whether you believe in gambling or not, will benefit us tremendously. I'll be happy to go through more details, but in essence that's what this does. It allows the Governor to sign a compact with the Cherokee Nation to have live, Las Vegas casino style gambling at the current reservation and perhaps future, no more than four slots that have already been owned by the Cherokees since 1988. And I don't think you're going to see a proliferation of gambling in Western North Carolina, but if we could build it in Atlanta and take their money and bring it up, that would be fine, too. So, in essence I'll be happy to [answer] questions, but that's what this bill does and I ask for your support.

**Chair Stevens:** Senator Apodaca, as you promptly pointed out, the substance of the bill was discussed in the Rules Committee earlier. The reason the bill is before the Appropriations Committee is to deal with Section 1, the first part. And that has to do with the creation of the Indian Gaming Education Revenue Fund and the appropriation of those funds to the school

system to be allocated on a per-pupil basis. That's really the narrow issue that's before this committee, so if questions and comments could be addressed to that portion of the bill. Questions and comments. Members first. Senator Pate.

**Senator Pate:** Thank you, Mr. Chair. Senator Apodaca, how will the winnings be distributed, the revenue realized from this be distributed to the State public school fund. Will it be by per-pupil or by the formula that we currently have?

**Senator Apodaca:** It's my understanding, Senator Pate, number one that we cannot obligate a future General Assembly. So we have set up this fund for the moneys to go into to be earmarked for education. These funds initially, and what we will do, will be distributed to LEAs based on enrollment. That's the simple answer, from my understanding. Is that correct?

**Unknown Speaker:** That is correct.

**Senator Apodaca:** So it will be going to LEAs per-pupil.

**Chair Stevens:** Further questions from members of the committee. Senator Tucker.

**Senator Tucker:** Senator Apodaca, I haven't had an opportunity to ask you about it. As I review the bill again, and this is concerning Section 1 on the funding...

**Senator Apodaca:** Yes, sir.

**Senator Tucker:** Is any of the revenue funds that are here, are any of those being set aside for those people who end up being problem gamblers?

**Senator Apodaca:** Senator Tucker, I believe, well I know...Let me back up here and I can tell you this. Under the lottery we do have earmarked funds for problem gambling. And it's funny that you mention that because I checked with the Lottery Commission to see where the growth in our problem gambling was coming from and it seems to be significantly from the 777 video sweepstakes that we're seeing proliferate throughout the State. They tell me that this type gambling is staying pretty consistent and they have not seen a spike.

**Senator Tucker:** Alright, sir. Thank you.

**Chair Stevens:** Senator Brock.

**Senator Brock:** Thank you, Mr. Chairman, just a question. I'm trying [to go] back on the lottery issue. I know money will be spent on technology like technology in the classroom. Could money from this fund be spent on technology in the classroom, if the State Board of Education so deems it?

**Chair Stevens:** Senator?

**Senator Apodaca:** Well, Senator Brock, the short answer is: I guess it could. But it would go to the LEA and I guess they can decide which direction they want to spend it. And future General Assemblies could, you know, as long as it's within the education parameters, decide where it would go.

**Chair Stevens:** Senator Apodaca, in this bill doesn't it limit, in lines 30-31, spending to classroom teachers, teachers' assistants, classroom materials – which I guess could be technology – or supplies or textbooks? And again, as you said, future General Assemblies could change that, but that's the way it would be for this General Assembly. Further questions, comments from members of the committee. Senator Hunt.

**Senator Hunt:** Senator Apodaca...back here. Can you tell us a little bit about the revenues that the State is going to get from these operations? I know previously I believe there were zero revenues from those operations. Can you talk a little bit about what we're going to get now?

**Senator Apodaca:** Yes, Senator Hunt. Thank you for that question. That is a very good question. Currently we receive no revenues from the gaming part. We do from, you know, employment taxes from the folks that work there. Going forward, any new gaming we will get 8% - up to 8%. It is a graduated system starting at 4 and it climbs to a maximum of 8%. And that's where the guestimate over the life of the compact is somewhere conservatively between 60-90 million dollars, Senator Hunt.

**Chair Stevens:** Follow-up, Senator Hunt?

**Senator Hunt:** Senator Apodaca, can you tell us why in the past we didn't get any revenues? Why was it zero?

**Senator Apodaca:** Senator Hunt, I would love to tell you that I don't think it was negotiated properly so that would be my short answer, but with the new general assembly we have here I think we're a little more [*audio intelligible*].

**Chair Stevens:** Other questions, comments from members?

If not, I do have a request from Reverend Creech to make a comment. Again, Reverend Creech, this body is dealing with the finance, the appropriations portion of the bill.

**Reverend Creech:** Mr. Chairman, since you have narrowed it in that way – I had looked forward to speaking to the rules committee in the morning in a general sense, and so I would not be speaking as you have ordered it to be if I were to speak.

**Chair Stevens:** With the indulgence of the committee and the bill sponsor, I think you might have a few minutes to speak to the bill. Is there any objection to that?

**Reverend Creech:** If I may speak in general...

**Chair Stevens:** Sure, any objection to Reverend Creech speaking in general?

Proceed.

**Reverend Creech:** Thank you, Mr. Chairman. Ladies and gentlemen of the committee, I'm Dr. Mark Creech, I'm executive director of the Christian Action League. I could talk at length with you today about all of the problems associated with allowing Class-3 Las Vegas style gambling on the Cherokee reservation. But I'll just take a few minutes to bring out some fundamental reasons why this proposed legislation ought not to be approved.

Taylor Branch, who was the Pulitzer Prize winning historian of the Civil Rights movement and biographer of Martin Luther King argued that government's facilitation of gambling is essentially a corruption of democracy because it violates the most basic premise that makes a democracy unique – that we can be self-governing, that we can be honest and open about our disagreements as well as our agreements, and that we can trust other people that we are in this together. That's what a real compact of citizens is. And the first step away from that is to play each other for suckers. We're going to trick people into thinking that we can buy hope, that they may very well get rich, but in reality the vast majority of them are going to be losers.

Getting state government further involved in the gambling enterprise by striking a deal with the Cherokees for a portion of the profits is wrong for this state. When government seeks to profit from gambling it becomes the house, which means it has a vested interest against its own people. For government to win, citizens must lose, and therefore, we bet against ourselves.

And now I know that there are some here that are going to respond to these remarks by saying that casinos and the kind of gambling that goes on there are simply matters of personal freedom, but the business model of this industry itself is dependent on addicted or heavily indebted citizens, and it only works by taking away the freedom of people.

Harrah's Casinos across the country make 90% of their gambling profits from 10% of the gamblers addicted to the forms of gaming that they offer. And by definition, someone who is an addict, someone who's deep in debt is not free. And in a country where everyone is considered equal, where all blood is considered royal, where freedom is paramount and something to be vigorously protected I respectfully ask all: How can our state actively endorse, facilitate, or profit from an industry that renders some of its fellow citizens as expendable?

Moreover, to attach the proceeds from these games to education, I believe, is the greatest error. I draw your attention to something Bill Friday, former president of the UNC system, once said, and I quote, "I don't think the state should set the example to its young people saying 'we've got to resort to gambling to finance your education.' I don't think it's a good economic policy for the deprived citizen, and I don't think in the end it proves itself to be what it's alleged to be."

I suggest to all committee members – we made this mistake once before when we approved the state-authorized lottery. Why must we further our guilt as well as contribute to a failed government policy? Fundamentally speaking, I cannot apologize for saying that this a predatory industry, and regardless of all the accolades it receives by those whose pocketbooks are benefitted thereby. Regardless of who well-ordered the machine runs – it is inherently wrong.

And for these reasons the Christian Action League believes that this is legislation that you should reject. Thank you, Mr. Chairman.

**Chair Stevens:** Thank you, Reverend Creech. Are there any others in the audience who would like to speak to the bill? Seeing none, we will proceed to actual [*audio indistinguishable*] of the committee. Is there a motion? Senator Rucho?

**Senator Rucho:** Yes sir, I move.

**Chair Stevens:** Senator Rucho has moved a favorable motion of the committee substitute. Is there further discussion? If not those in favor say aye, those opposed say no. Ayes seem to have it. Ayes have it. It is ruled favorable. I thank you, that concludes the business of the Appropriations Committee.