



STATE OF ARIZONA

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JANET NAPOLITANO
GOVERNOR

October 4, 2005

The Honorable John McCain
United States Senate
241 Russell Senate Office Building
Washington, DC 20510

Dear Chairman McCain, Senator Dorgan, and Members of the Senate
Committee on Indian Affairs:

I write concerning the Federal District Court's recent decision in *Colorado River Indian Tribes v. National Indian Gaming Commission*, 2005 WL 2035946 (D. D.C. Aug. 24, 2005) ("CRIT decision"), and the Committee's recent hearings concerning the regulation of Indian gaming.

In the *CRIT* decision, the Court concluded that Congress intended Indian tribes to work cooperatively with states to develop the framework for regulating Class III Indian gaming through the Tribal-State Compact Process. The Minimum Internal Control Standards regulations ("MICS") issued by the National Indian Gaming Commission ("NIGC") were held to be beyond the agency's statutory authority. In light of the *CRIT* decision, the NIGC is seeking legislation to authorize it to issue Minimum Internal Control Standards regulations.

In Arizona, both the State and Tribes recognize the critical role that strong internal controls play in the operation and regulation of casinos. As part of our compact process, the State and Tribes agreed to a set of Minimum Internal Control Standards that are patterned after, and in many areas exceed the requirements of, the NIGC's MICS.

I believe that the oversight of Indian gaming in Arizona reflects the proper balance of the roles of Tribal, State and federal regulators. This balance was achieved through the compact process, approved by the voters, and is consistent with NIGC's role in adopting and enforcing its MICS.

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If the NIGC's role or authority had been different when our current compacts were negotiated, we likely would not have achieved the proper balance of the roles of the Tribal, State and federal regulators. Likewise, if Congress amends the Indian Gaming Regulatory Act ("IGRA") to change the role and authority of the NIGC from what it was when our compacts were negotiated, the roles of the three regulatory arms may no longer be in the proper balance in Arizona today.

I would encourage the Committee to give serious thought and deliberation before undertaking any amendment to IGRA that would alter the role or authority of the NIGC. At a minimum, I would strongly encourage the Committee to provide ample opportunity for consultation with Indian tribes and affected State governments.

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano", with a long horizontal flourish extending to the right.

Janet Napolitano
Governor