



February 19, 2008

***Via Facsimile And  
Electronic Mail – Original to Follow***

Phil Hogen, Chairman  
Norm Des Rosiers, Commissioner  
National Indian Gaming Commission  
1441 L Street, N.W.  
Washington, DC 20005  
Fax: (202) 632-7003

Re: The Potential Economic Impact of the October 2007 Proposed  
Class II Gaming Regulations, released February 1, 2008

Chairman Hogen and Vice Chairman Des Rosiers:

Since its release on February 1, 2008, *The Potential Economic Impact of the October 2007 Proposed Class II Gaming Regulations*, prepared by Dr. Alan Meister of the Analysis Group, Inc. (the Study), has generated a tremendous amount of discussion in Indian Country. Detailing a financial impact of up to \$1.8 billion annually, the study has raised substantial additional concerns about how the National Indian Gaming Commission's (NIGC's) proposed regulations would affect Class II gaming. There is no doubt that the economic impact described in the report would be devastating. As Chairman of the Oklahoma Indian Gaming Association (OIGA), whose members include many tribes who participate in Class II gaming, we are greatly concerned about the potential economic impact of the October 2007 regulations.

The Study's economic impact numbers are certainly significant. We are concerned, however, that they do not tell the whole story. Our review of the study has identified several limitations that we believe have dramatically understated the potential loss that may result from these proposed regulations, and that prevent one from being able to fully determine the impact on Tribes and the local economies where Class II gaming is played.

The fact that the study looks only at the direct impact on Tribal gaming operations; and does not consider the downstream impact on tribal services, local businesses and local governments; creates what we see as an incomplete picture of how the proposed regulations will affect both Tribal and local economies should they become final. The lack of a downstream analysis, that considers the indirect impact of the proposed regulations, ***results in the study potentially missing billions of dollars in potential economic impact.*** The analysis of indirect/downstream impact is common in many economic impact studies, and the fact that such an analysis is not made in the Study is a

glaring omission. Because the potential impact could be in the billions of dollars, we believe this gaping hole in the NIGC's analysis simply cannot stand.

The study also relies heavily on the Grandfathering language contained in the proposed Game Classification regulations to reduce the potential costs to Class II gaming operations. While appropriate if the provision was universally acknowledged to create a five year implementation window, the particular provision is surrounded with controversy, with many respected legal experts arguing that the provision is ineffective. The Study indicates a number of factors that would make it impossible to comply with the standards within the 120 day timeframe that would be required if the proposed regulations do not receive the benefit of the Grandfathering language. We believe that the costs would be significant and that they would devastate smaller gaming operations; but one cannot determine those costs from the data provided by the Study. This missing data in the NIGC's analysis simply cannot stand.

We believe these two issues, with an impact that could result in billions of dollars in additional costs should the proposed regulations become final, must be addressed before the NIGC proceeds. Thus, the OIGA would respectfully request that several actions be taken to address these issues:

- The NIGC should task Dr. Meister with conducting an indirect/downstream economic analysis; asking him to apply the appropriate multipliers to determine the full economic impact of the proposed regulations;
- The NIGC should task Dr. Meister with analyzing the potential economic impact should the Grandfathering provision not apply; and
- The NIGC should extend the comment period on the proposed regulations until such time as updated information can be made available.

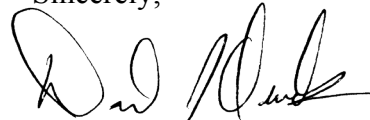
We ask that Dr. Meister be tasked with the additional research for the sake of expediency. Dr. Meister's work, which was essentially an update of a previous study, took almost seven (7) months to be completed. Obviously, it took a significant amount of research to develop an understanding of the industry and complete the initial report – time that any other researcher would have to expend prior to developing and/or applying the appropriate multipliers to measure the indirect/downstream impact of the proposed Class II regulations. It is our understanding that resources exist, like Regional Input-Output Modeling System (RIMS II), created by the Bureau of Economic Analysis of the U.S. Department of Commerce, that can be used to at least do an initial modeling – but at this time only Dr. Meister has the data necessary to do the analysis. Similarly, Dr. Meister seems to have the data necessary to conduct the Grandfathering analysis and he should be able to easily determine the impact should the Grandfathering language not apply and that operators would be forced to comply with the proposed regulations in a 120-day timeframe.

It is our understanding that it would take at least six (6) months to have another party gain a knowledge of the industry and to generate the numbers Dr. Meister already has. Thus, in the interest of speed, it is most appropriate to have Dr. Meister conduct the requested analysis.

With the significance of the potential additional economic impact, the request for additional time is warranted. Until Tribes and local communities fully understand the likely impact of these regulations, it is difficult, if not impossible, to accurately respond to the proposed regulations. It seems appropriate to leave the comment period open to allow the submission of comments once Tribes and local governments understand the full impact on their economies. With an additional impact that could run into the billions of dollars, we believe that fairness and accountability dictate such a conclusion.

We appreciate your consideration, and stand ready to provide additional information if necessary. Should we be able to provide additional assistance, please feel free to contact me at (405) 590-7231, or via e-mail at [djqualls@aol.com](mailto:djqualls@aol.com).

Sincerely,



David J. Qualls, Chairman  
Oklahoma Indian Gaming Association

cc: OIGA Executive Committee  
Chairman Byron Dorgan, Senate Committee on Indian Affairs  
Vice Chairman Lisa Murkowski, Senate Committee on Indian Affairs  
Chairman Nick Rahall, House Natural Resources Committee  
Ranking Member Don Young, House Natural Resources Committee  
Senator James Inhofe  
Senator Tom Coburn  
Representative Frank Lucas  
Representative Tom Cole  
Representative John Sullivan  
Representative Dan Boren  
Representative Mary Fallin