



November 16, 2021

Dear Tribal Leader:

We hope this letter finds you well. We write to provide an update on the National Indian Gaming Commission's Fiscal Year 2022 (FY22) annual fee rate assessment and annual fingerprint processing fee. We also include information related to the NIGC Fiscal Year 2022 Budget Briefing Video, posted this past September.

FY22 fee rate

The National Indian Gaming Commission (NIGC) is a fee-based agency charged with federal regulation and oversight for over 520 tribal gaming operations licensed by approximately 245 tribes on Indian land in 29 states. The Agency's budget is funded solely by quarterly fees paid by tribal gaming operations. NIGC regulations¹ require that the amount of annual fees owed shall be computed using the most recent fee rate adopted by the Commission multiplying with the gaming operation's Assessable Gross Revenue (AGR) for the "assessed fiscal year." "Assessed fiscal year" is defined as the gaming operation's fiscal year ending prior to January 1 of the year the Commission adopted fee rate. Thus, FY22's NIGC fee payment is calculated using the fee rate the Commission adopts in 2021² and the gaming operation's AGR for FY20.

As the NIGC shared in its recent release of Indian gaming's FY20 Gross Gaming Revenue (GGR), the COVID pandemic had a significant impact on tribal gaming revenues. FY20's GGR of \$27.8B was 19.5% less than FY19's GGR of \$34.6B. Because the GGR is significantly reduced in FY21, the Commission must raise the fee rate to collect sufficient fees to ensure the continuous funding of the agency's operations throughout FY22.

It is important to note that the Agency has used a portion of its "transition balance" to fund some of the operational expenditures, therefore, the Commission was able to maintain the fee rate as low as 0.062% since 2016. Because of the agency's unique funding structure, we must maintain a transition balance to cover cash flow between the time of operational payments and the receipt

¹ 25 C.F.R. § 514.4.

² NIGC regulations at 25 C.F.R. § 514.2 require that the NIGC adopt the fee rate by November 1 of each year.

of fees. This transition carryover balance is essential for the agency's continuity of operations. Even during the pandemic, the Commission continued to set a fee rate that relied on using the carryover to fund the agency's operational needs as it had done in past years. The NIGC anticipates it will end this fiscal year with less than half of the transition balance the agency has consistently identified as prudent.

In the past, the Commission considered multiple factors including the industry's GGR trending, the agency's budget, and our existing carryover balance to determine the fee rate each year. For FY22 the Commission has determined that the fee rate will increase by .018%, to 0.08%. Based on FY20 GGR, the Commission anticipates receiving approximately \$21M in fees in FY22, which represents an approximately increase of \$0.8M over the total budget fees of \$20.2M received in FY21. This additional \$0.8M will cover the NIGC's FY22 budget, allowing the Agency to fill positions that were frozen during FY21, resume necessary travel, and ensure that the Agency is able to fully meet its statutory and regulatory responsibilities as the gaming industry continues to emerge from the pandemic.

This is the first fee rate change in over five years. The NIGC has done everything in its power to fulfill its statutory duties and provide necessary training and services while being mindful of how we utilize the fees we collect. We recognize the unique regulatory challenges that face tribal lawmakers, tribal gaming regulatory authorities, and gaming operations. The NIGC will continue to be good stewards of the revenue we collect that makes it possible for us to meet our mission and serve tribal gaming.

Fingerprint fees

For FY22, the Commission has adopted its annual fingerprint processing fee at \$35 per card, which represents a decrease of \$10 per card from the current fee of \$45. This decrease is a result of a one-time capital investment made in Fiscal Year 21 to modernize our fingerprint system. The system is currently in its design stage and anticipated to be deployed in 2022. The FY22 costs allocated for processing fingerprints continue to reflect the Commission's commitment to taking additional measures necessary to ensure compliance with Federal Bureau of Investigation (FBI) requirements. This includes funding compliance efforts by hiring new Criminal Justice Information Services (CJIS) Auditors/Officers in FY22 in order to meet the FBI CJIS requirements and to remediate findings from an FBI CJIS audit. Taking these necessary measures are not only required but critical to ensure the NIGC and participating tribes can continue to utilize the FBI's criminal history report information (CHRI) to determine a key employee or primary management official's eligibility for a gaming license.

Budget briefing follow-up

To provide Tribal leaders with information as to how the NIGC is balancing its responsibilities, since FY21, the Commission has offered periodic updates on its operations and opportunities for tribal feedback on budget objectives. This new outreach effort helped to communicate and

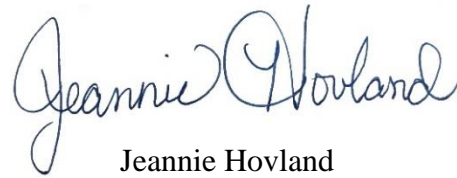
explain the pandemic's impact on the Agency, how the Agency manages ongoing uncertainty, and how we will address emerging needs. As we communicated to Tribal leaders during our recent [NIGC Fiscal Year 2022 Budget Briefing Video](#), the Commission made strategic cost deferrals in approving the FY22 budget to keep the budget consistent with agency budgets from recent years. The Commission is dedicated to good governance practices when carrying out its planning and assessing or communicating its operational focus. Well-regulated Indian gaming supports tribal communities' ability to improve members' lives, build government infrastructure, and contribute to strong regional economies.

Should you have any questions, please contact Yvonne Lee at fee_questions@nigc.gov.

Sincerely,



E. Sequoyah Simermeyer
Chairman



Jeannie Hovland
Vice Chair