

Michigan Legislators, Tribes Divided Over Casinos in State

At issue: Romulus, Port Huron sites

Detroit Free Press

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June 22, 2008

WASHINGTON -- A fight over proposed American Indian casinos in Romulus and Port Huron may reach the floor of Congress this week, where two Michigan political heavyweights find themselves on opposite sides of the issue.

The proposals -- which could be on the floor as early as Wednesday -- have a fair shot at passing, despite loud objections from Detroit politicians who fear new casinos could cut into the take of the city's three gaming emporiums and undercut investments their owners have made.

Even if the House approves, however, the proposals face a big obstacle in the Senate -- Majority Leader Harry Reid (D-Nev.), who is said to be opposed to the legislation that has been simmering in Washington for at least six years.

The difference now is the strong support for the Romulus casino from Rep. John Dingell, a Dearborn Democrat who is the longest-serving active member of the House and chairman of the powerful Energy and Commerce Committee.

He argues that a casino in Romulus, which is in his district, would help the state and city with jobs and money. His backing is a key signal to many majority Democrats to get on board. In turn, it has bolstered the chances for the companion bill, which would clear the way for the Port Huron casino.

"I'm not crazy about gambling," said Romulus Mayor Alan Lambert, "but, damn it, it's 3,000 jobs."

The forces arrayed against the bill include another long-serving Democratic committee chairman -- John Conyers of Detroit, chairman of the House Judiciary Committee. With fellow Detroit Democratic Rep. Carolyn Cheeks Kilpatrick, he has been actively working to block the bills in the House -- he even held a vote against the legislation, though it may have been largely symbolic since the Natural Resources Committee, which has jurisdiction over Indian legislation, voted overwhelmingly in favor.

On Thursday, Conyers, Kilpatrick and 51 other legislators from both parties circulated a letter asking colleagues to reject what they called an "unprecedented expansion of off-reservation gambling."

Essentially, the state's delegation is split over a matter on which Congress would usually look to a state's members for guidance on how to vote.

One side says the bill authorizing land swaps for the Sault Ste. Marie tribe of Chippewa Indians and the Bay Mills Indian Community does no more than what it purports -- settle claims to tribal land in the eastern Upper Peninsula going back to the mid-1800s. As such, they contend, it's not off-reservation gambling -- it's a swap of new land for old.

The other side says not only are the claims bogus, drummed up by non-Indians as a way to develop lucrative gaming halls in areas with no ties to the tribes, but they are hurtful to the Indian cause.

If the bills pass as is (and there will likely be an attempt to water them down via amendment), opponents say, any tribe in the nation -- with Congress' approval -- could circumvent the federal government's process for awarding casinos and get one where they want it, even hundreds of miles from ancestral lands.

That, says Washington lobbyist Larry Rosenthal, is why you see many tribes nationally actively opposing the bills, including his clients, the Saginaw Chippewa, who own Soaring Eagle Resort and Casino in Mt. Pleasant. A former chief of staff at the National Indian Gaming Commission -- the regulatory agency which oversees Indian gaming -- Rosenthal says there would be a backlash against tribal gaming if the bills are approved and tribes look to Congress to settle claims.

"They recognize the dangerous precedent it sets for off-reservation gambling," he said. "These are tribes that are greedy."

The proponents say that's unfair -- noting the Saginaw Chippewa already have a huge casino (Bay Mills has gaming halls in the Upper Peninsula; the Sault tribe has several operations and is an owner of Greektown Casino in Detroit, though that is not through a tribal compact).

But it's not just the tribes that are caught up in the debate.

One of the fiercest opponents -- and biggest contributors to Kilpatrick's campaign in the first quarter of this year, as the issue came to a head -- is MGM Grand, a huge Las Vegas concern which has invested \$800 million in a new casino in downtown Detroit. It has been sending letters to members of Congress asking them to reject the bills.

Complicating the debate has been the shadow of disgraced Washington lobbyist Jack Abramoff, now serving time for fraud and tax evasion. He once represented the Saginaw Chippewa and tried to derail the proposal now under consideration.

When MGM money was traced to antigambling flyers put out by a group calling itself Gambling Watch, Dingell, in February, called it "shady lobbying tactics reminiscent of Jack Abramoff."

There are other complications.

Michael Malik, the developer who has been working with Bay Mills for years on the Port Huron project, is an associate of Marian Ilitch, who owns Motor City Casino. The Port Huron project is clearly getting Ilitch family support, if not direct involvement -- since that wouldn't be allowed under Detroit's agreement with Motor City.

Malik has hired Washington lobbyist Richard Alcalde, who also works for Daniel Aronoff, a Birmingham developer. Newspaper reports have linked Aronoff and Alcalde to the controversial \$10-million Coconut Road earmark in Florida -- promoted by Alaska Republican Don Young -- which may benefit one of Aronoff's developments.

Young is the ranking Republican on the Natural Resources Committee and supported the casino bills when they were passed by the committee in February. Malik contributed \$4,600 -- the limit -- to Young's re-election committee on March 31.

For Detroit and Michigan, the question may come down to money -- and competition.

Detroit officials, including Mayor Kwame Kilpatrick, argue against the casinos, saying they will draw people from the city. But Dingell argues otherwise -- and has studies to show there is still room for growth in the market. It also doesn't hurt the proponents' case that principals in two of Detroit's casinos -- the Sault tribe and the Ilitches -- are either actively or tacitly in favor of the new casinos. Of the Detroit operators, only MGM is complaining.

Two Michigan governors, Republican John Engler (who negotiated the original settlements before he left office) and Democrat Jennifer Granholm, have signed on to the deal, negotiating agreements with both tribes that could add millions of dollars in state revenue, Dingell notes.

The UAW also is on board, even though the union had initially been opposed, worried about the impact new casinos would have on Detroit. The UAW represents about 3,000 casino workers in the city.

On Friday, the union sent a letter to members of Congress, saying, "on closer examination we believe there would not be an adverse impact."

Proponents even hope to get Detroit officials on board, suggesting a cash share for the city might be up for negotiation.

The proponents' key strategy if the bills head to the Senate calls for getting both Michigan senators behind both bills -- they have spoken in support of only the Port Huron casino so far -- and pushing Reid -- a former chairman of the Nevada Gaming Commission -- to let it move forward as a state matter.

"I know it's an uphill battle. My hope is Sen. Reid is respectful to the U.S. senators from Michigan and allows this to be scheduled," said Aaron Payment, the Sault tribe's chairman.

In Port Huron, the hope is for some good economic news in a place where city manager Karl Tomion says unemployment is about 14%, there's a 30% vacancy rate downtown and the city-owned marinas, once a money-maker, are losing \$300,000 a year.

Gamblers drive across the Blue Water Bridge to Sarnia, to a Canadian casino. Port Huron is the only Canadian border town in Michigan without a nearby casino.

A casino of its own might provide 2,000 new jobs and get the local economy rolling again, said Tomion.

"The casino," he said, "would be a great shot in the arm for us."