



STATE OF CALIFORNIA

Edmund G. Brown, Jr., Governor

GAMBLING CONTROL COMMISSION

2399 Gateway Oaks Drive, Suite 220
Sacramento, CA 95833-4231

(916) 263-0700 Phone
(916) 263-0499 Fax
www.cgcc.ca.gov

RICHARD J. LOPES, CHAIRMAN
TIFFANY E. CONKLIN
LAUREN HAMMOND
RICHARD SCHUETZ

May 14, 2014

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Nancy Skinner, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Subject: Notification of Anticipated Indian Gaming Revenue Sharing Trust Fund
Shortfalls for FY 2014-15**

Dear Senator Leno and Assemblymember Skinner:

Pursuant to Government Code section 12012.90(e)(1), the California Gambling Control Commission (Commission) hereby provides to the committee in the Senate and Assembly that considers the State Budget the anticipated total amount of shortfalls in payment likely to occur in the Indian Gaming Revenue Sharing Trust Fund (RSTF) to be transferred from the Indian Gaming Special Distribution Fund (SDF) for the upcoming fiscal year (FY).

The RSTF serves as the depository for payments made by tribes that acquire and maintain gaming device licenses and provides disbursements to eligible, Non-Compact Indian tribes (federally-recognized tribes that are operating fewer than 350 Gaming Devices). The Commission, as the trustee of the RSTF, is required to make quarterly distributions from the RSTF in accordance with the Tribal-State Gaming Compacts (Compacts) pursuant to Section 4.3.2.1 and Government Code section 12012.90(e)(2). Each eligible tribe receives \$275,000 quarterly, for an annual total distribution of \$1.1 million per eligible tribe.

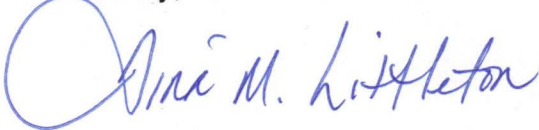
Since 2001, when the Commission first commenced RSTF distributions, annual RSTF revenues have been insufficient to fully fund eligible Non-Compact tribes. Government Code sections 12012.85 and 12012.90 authorize moneys in the SDF to be used to make payments to eligible Non-Compact tribes for shortfalls that occur in the RSTF, in addition to other authorized purposes.

Honorable Mark Leno, Chair
Honorable Nancy Skinner, Chair
May 14, 2014
Page 2 of 3

For FY 2014-15, the Commission estimates that 73 Tribes will be eligible for RSTF distributions of \$1.1 million each, for total estimated RSTF payments of \$80.3 million. RSTF revenues for FY 2014-15 are projected to total approximately \$53.5 million. Accordingly, the Commission anticipates RSTF shortfalls of approximately \$26.8 million. The 2014-15 Governor's Budget includes a transfer of up to \$25 million from the SDF to the RSTF to address a portion of the RSTF shortfall; however, based on updated revenue data, it is unlikely that the SDF will have sufficient resources to make up the entire RSTF shortfall. For additional information on the status of the SDF, please refer to the Available Fund Balance in the Special Distribution Fund report issued by the Department of Finance in May, 2014. Please refer to the 2014-15 May Revision which addresses the remaining RSTF shortfall.

If you have questions or need additional information, please contact Anna Carr, Deputy Director of Legislation and Regulatory Affairs, at (916) 263-0494.

Sincerely,



TINA M. LITTLETON
Executive Director

cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Sub. No. 5
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
Mr. Craig Cornett, Chief Fiscal Advisor, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Budget Director, Assembly Speaker's Office (2)
Ms. Julie Salley-Gray, Principal Consultant, Senate Budget and Fiscal Review, Sub. No. 5
Ms. Genevieve Morelos, Consultant, Assembly Budget Committee, Sub. No. 4
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Richard Mersereau, Staff Director, Assembly Republican Fiscal Office (2)
Mr. Seren Taylor, Staff Director, Senate Republican Fiscal Office (2)
Mr. Gregory Schmidt, Secretary of the Senate, Senate Rules Committee
Ms. Diane Boyer-Vine, Legislative Counsel, Office of Legislative Counsel
Mr. Bill Riddle, Senior Librarian, California State Library (3)
Mr. Mac Taylor, Legislative Analyst, Legislative Analyst's Office
Ms. Anita Lee, Fiscal and Policy Analyst, Legislative Analyst's Office
Mr. Brian Brown, Managing Principal Analyst, Legislative Analyst's Office
Ms. Nancy McFadden, Executive Secretary, Office of the Governor
Mr. Joe Dhillon, Senior Advisor for Tribal Negotiations, Office of the Governor

Honorable Mark Leno, Chair
Honorable Nancy Skinner, Chair
May 14, 2014
Page 3 of 3

cc: (continued)

Mr. Gareth Elliott, Legislative Affairs Secretary, Office of the Governor
Ms. Jacqueline Roberts, Deputy Legislative Secretary, Office of the Governor
Mr. Todd Jerue, Chief Operating Officer, Department of Finance
Ms. Lisa Mangat, Program Budget Manager, Department of Finance
Ms. Madelynn McClain, Staff Budget Analyst, Department of Finance