



**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, 2015**

Honorable Mark Leno, Chair  
Senate Budget and Fiscal Review Committee

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

Honorable Shirley Weber, Chair  
Assembly Budget Committee

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

**Subject: Notification of Anticipated Indian Gaming Revenue Sharing Trust Fund Shortfalls for FY 2015-16**

Dear Senator Leno and Assembly Member Weber:

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).

Pursuant to the various Tribal-State Gaming Compacts (Compacts), tribes are required to make payments to the RSTF. The Commission, as the trustee of the RSTF, is required to make quarterly distributions from the RSTF to eligible recipient Indian tribes that include Non-Compact Tribes or Non-Gaming and Limited-Gaming Tribes<sup>1</sup>, as specified in the various Compacts and the Secretarial Procedures for the Rincon Band of Luiseño Indians. Each eligible tribe receives \$275,000 quarterly, for an annual total distribution of \$1.1 million per eligible tribe.

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<sup>1</sup> A Non-Compact Tribe is a federally recognized tribe that is operating fewer than 350 Gaming Devices. A Non-Gaming Tribe is generally defined as a federally recognized tribe in California with or without a Class III gaming Compact that has not engaged in, or offered, Class II or Class III gaming in any location within or outside of California, as of the date of distribution to such Tribe from the RSTF or the Tribal Nation Grant Fund, or during the immediately preceding 365 days. A Limited-Gaming Tribes is generally defined as a federally recognized tribe in California that has a Class III gaming Compact with the State but is operating fewer than a combined total of 350 Gaming Devices in all of its gaming operations wherever located, or does not have a Class III gaming Compact but is engaged in Class II gaming, within or without California, during the immediately preceding 365 days.

Honorable Mark Leno, Chair  
Honorable Shirley Weber, Chair  
May 14, 2015  
Page 2 of 3

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

For FY 2015-16, 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 2015-16 are projected to total approximately \$51.3 million. Accordingly, the Commission anticipates RSTF shortfalls of approximately \$29 million for FY 2015-16.

The 2015-16 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. If it is determined that the RSTF will not have sufficient funds to distribute the quarterly payments described in Section 12012.90 of the Government Code during the 2015-16 fiscal year after consideration of the funds authorized for transfer from the SDF, the Commission has the authority to redirect General Fund tribal gaming revenues to the RSTF to fulfill the quarterly payment obligations to eligible Indian Tribes.

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, 2015. 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 Loni Hancock, Chair, Senate Budget and Fiscal Review Sub. No. 5  
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee  
Honorable Adrin Nazarian, 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

Honorable Mark Leno, Chair  
Honorable Shirley Weber, Chair  
May 14, 2015  
Page 3 of 3

cc: (continued)

Ms. Denita Ng, Policy and Fiscal Director, Assembly Republican Leader's Office  
Mr. Eric Swanson, Staff Director, Assembly Republican Fiscal and Policy Office (2)  
Mr. Seren Taylor, Staff Director, Senate Republican Fiscal Office (2)  
Mr. Daniel Alvarez, 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, Senior Fiscal and Policy 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  
Mr. Camille Wagner, 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  
Mr. Chris Ryan, Program Budget Manager, Department of Finance  
Ms. Tiffany Garcia, Staff Budget Analyst, Department of Finance