



GAMBLING CONTROL COMMISSION

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JIM EVANS, CHAIRMAN
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TRANG TO

May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Philip Ting, Chair
Assembly Budget Committee

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

Subject: Notification of Anticipated Indian Gaming Revenue Sharing Trust Fund Shortfalls for FY 2016-17

Dear Senator Leno and Assembly Member Ting:

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 Tribes¹, 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.

¹ 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 Tribe 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.

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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 2016-17, 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 2016-17 are projected to total approximately \$64.8 million. Accordingly, the Commission anticipates RSTF shortfalls of approximately \$15.5 million for FY 2016-17 to be transferred from the SDF. It is important to note that RSTF revenues have increased as a result of Compact negotiations and reduced the anticipated amount to be transferred from the SDF.

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, 2016. If you have questions or need additional information, please contact Anna Carr, Deputy Director of Legislation and Regulatory Affairs, at (916) 263-0494.

Sincerely,



STACEY LUNA BAXTER
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 Jay Obernolte, 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
Mr. Steve McCarthy, Director, Assembly Republican Office of Policy and Budget (2)
Mr. Kirk Feely, Budget/Fiscal 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

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cc: (continued)

Mr. Joe Dhillon, Senior Advisor for Tribal Negotiations, Office of the Governor
Mr. Camille Wagner, Legislative Affairs Secretary, Office of the Governor
Mr. Daniel Seeman, 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
Mr. Brendan Murphy, Asst. Program Budget Manager, Department of Finance
Ms. Tiffany Garcia, Staff Budget Analyst, Department of Finance