



STATE OF CALIFORNIA

Gavin Newsom, Governor

GAMBLING CONTROL COMMISSION

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JIM EVANS, CHAIRMAN
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TRANG TO

May 9, 2019

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director

Honorable Philip Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant

Subject: Notification of Anticipated Indian Gaming Revenue Sharing Trust Fund Shortfalls for FY 2019-20

Dear Senator Mitchell and Assembly Member Ting:

Pursuant to Government Code section 12012.90(a), the California Gambling Control Commission (Commission) is providing the anticipated total 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).

In summary, the Commission does not anticipate any shortfalls to be transferred from the SDF to the RSTF for FY 2019-20, as RSTF revenues are sufficient to fully fund RSTF distributions to eligible recipient Indian tribes. RSTF revenues also exceed RSTF distributions. Updated estimates on RSTF revenues and distributions are provided below. In addition, we provide information on the status of the new Tribal Nation Grant Fund (TNGF), as the RSTF is interconnected with the TNGF.

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

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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Procedures for the Rincon Band of Luiseño Indians, North Fork Rancheria of Mono Indians of California, and the Enterprise Rancheria of Maidu Indians of California. Each eligible tribe receives \$275,000 quarterly, for an annual total distribution of \$1.1 million per eligible tribe.

As a result of the renegotiated Compacts, RSTF revenues are sufficient to fully fund RSTF distributions to eligible recipient Indian tribes. The RSTF is expected to remain solvent in the long term. For FY 2018-19, the Commission estimates that the RSTF revenues will exceed RSTF distributions by approximately \$45.5 million. This is based on estimated *revenues* from Compact payments of approximately \$124.7 million and RSTF *distributions* of approximately \$79.2 million for 72 Tribes eligible for distributions of \$1.1 million each.

For FY 2019-20, the Commission estimates that RSTF revenues will exceed RSTF distributions by approximately \$43.3 million. This is based on estimated *revenues* from Compact payments of approximately \$121.4 million and RSTF *distributions* of approximately \$78.1 million for 71 Tribes eligible for distributions of \$1.1 million each. Accordingly, the Commission does not anticipate any shortfalls to be transferred from the SDF to the RSTF for FY 2019-20. 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, 2019.

The recent Compacts require tribes to make payments to the Commission for deposit into the RSTF or the TNGF. The TNGF was established to make discretionary distribution of funds to eligible tribes to facilitate self-governance and improve the quality of life of tribal people throughout the state. These Compacts also provide that if there are insufficient monies in the RSTF to distribute \$1.1 million per year to each eligible tribe, the Commission shall deposit all payments in the RSTF. This ensures that funding the RSTF is the first priority for these Compact payments.

If you have questions or need additional information, please contact Alana Carter, Deputy Director of Administration, at (916) 263-0904.

Sincerely,



STACEY LUNA BAXTER
Executive Director

cc: Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Sub. No. 4
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Honorable Jim Cooper, Chair, Assembly Budget Subcommittee No. 4
Mr. Christopher Woods, Chief Fiscal Advisor, Office of Senate President pro Tempore
Mr. Jason Sisney, Budget Director, Assembly Speaker's Office
Ms. Genevieve Morelos, Consultant, Assembly Budget Committee, Sub. No. 4
Ms. Yong Salas, Consultant, Senate Budget Committee, Sub. No. 4
Mr. Cyndi Hillery, Director, Assembly Republican Office of Policy and Budget
Mr. Kirk Feely, Budget/Fiscal Director, Senate Republican Fiscal Office

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cc: (continued)

Ms. Erika Contreras, Secretary of the Senate
Ms. Diane Boyer-Vine, Legislative Counsel, Office of Legislative Counsel
Mr. Greg Lucas, State Librarian, California State Library
Mr. Gabriel Petek, Legislative Analyst, Legislative Analyst's Office
Ms. Anita Lee, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
Ms. Anna Naimark, Senior Advisor for Tribal Negotiations, Office of the Governor
Mr. Che Salinas, Deputy Legislative Secretary, Office of the Governor
Mr. Vivek Viswanathan, Chief Deputy Director, Budget, Department of Finance
Ms. Amy Jarvis, Program Budget Manager, Department of Finance
Mr. Aaron Edwards, Assistant Program Budget Manager, Department of Finance
Ms. Emma Jungwirth, Principal Program Budget Analyst, Department of Finance