



GAMBLING CONTROL COMMISSION

JIM EVANS, CHAIRMAN
PAULA LABRIE
GARETH LACY
TRANG TO

2399 Gateway Oaks Drive, Suite 220
Sacramento, CA 95833-4231
(916) 263-0700 Phone
(916) 263-0499 Fax
www.cgcc.ca.gov

May 14, 2020

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 (2)

Subject: Notification of Anticipated Indian Gaming Revenue Sharing Trust Fund Shortfalls for Fiscal Year 2020-21

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).

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 Luiseno Mission Indians of the Rincon Reservation, 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.

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.

Honorable Holly Mitchell, Chair
Honorable Philip Ting, Chair
May 14, 2020
Page 2 of 3

The recent Compacts require tribes to make payments to the Commission for deposit into the RSTF or the Tribal Nation Grant Fund (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.

For FY 2019-20, the Commission estimates that the RSTF revenues will exceed RSTF distributions by approximately \$26.9 million. This is based on estimated *revenues* from Compact payments of approximately \$103.9 million and RSTF *distributions* of approximately \$77 million for 70 Tribes eligible for distributions of \$1.1 million each.

On March 4, 2020, Governor Newsom proclaimed a State of Emergency to help the State of California prepare for and respond to the COVID-19 pandemic. Recognizing the immediate health and safety risks COVID-19 presents, California Tribes have temporarily closed their gaming facilities.

While the FY 2019-20 estimates show approximately \$26.9 million in excess RSTF revenues, the Commission anticipates revenues to decrease in the foreseeable future due to the unprecedented economic impact resulting from COVID-19. The Commission may use the excess RSTF revenues to offset the anticipated loss of revenues in the upcoming fiscal year. Therefore, the Commission cannot at this juncture predict whether funds will be transferred into the TNGF and if so, how much will be available for transfer.

For FY 2020-21, the Commission estimates that 70 Tribes will be eligible for RSTF distributions of \$1.1 million each, for total estimated RSTF payments of \$77 million. RSTF revenues for FY 2020-21 are currently projected to total approximately \$76 million. Accordingly, the Commission anticipates RSTF shortfalls of approximately \$1 million for FY 2020-21 to be transferred from the SDF. However, the amount of the transfer could change depending on actual RSTF revenues received. 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 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, 2020. If you have questions or need additional information, please contact Alana Carter, Deputy Director of Administration, at acarter@cgcc.ca.gov.

Sincerely,



STACEY LUNA BAXTER
Executive Director

Honorable Holly Mitchell, Chair
Honorable Philip Ting, Chair
May 14, 2020
Page 3 of 3

cc: Honorable Anna Caballero, 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 Policy Advisor, Office of Senate President pro Tempore
Mr. Jason Sisney, Budget Director, Assembly Speaker's Office
Ms. Yong Salas, Consultant, Senate Budget and Fiscal Review, Sub. No. 4
Ms. Genevieve Morelos, Consultant, Assembly Budget Committee, Sub. No. 4
Mr. Cyndi Hillery, Budget Director, Assembly Republican Office of Policy and Budget
Mr. Kirk Feely, Budget/Fiscal Director, Senate Republican Fiscal Office
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, Tribal Negotiations Advisor, Office of the Governor
Mr. Stuart Thompson, Chief Deputy Legislative Affairs Secretary, Office of the Governor
Ms. Jacque Roberts, Deputy Cabinet 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
Mr. Timothy Weber, Budget Analyst, Department of Finance