

Senate Committee on Governmental Organization
Informational Hearing
First Amendment to Tribal-State Gaming Compact between the State of California and the
Jackson Rancheria Band of Miwuk Indians
August 9, 2016 – 9:30 a.m.
Room 4203 State Capitol

Compact Overview

SUMMARY

The First Amendment to the Tribal-State Gaming Compact (hereafter “Amended Compact”) between the State of California and the Jackson Rancheria Band of Miwuk Indians (hereafter “Tribe”) was executed on June 22, 2016. The Amended Compact conforms the revenue sharing provisions of the Tribe’s existing compact (ratified in 2015) to those of more recent compacts. All other provisions of the existing compact remain intact.

In 2015, the Tribe entered into a new tribal-state compact [AB 475 (Bigelow, Chapter 8, Statutes of 2015)] that authorized it to operate a maximum of 1,800 gaming devices (slot machines) at no more than two gaming facilities, and only on those Indian lands held in trust for the Tribe as of the execution date of the compact, as described.

Under terms of the 2015 compact, the Tribe agreed to contribute into the Special Distribution Fund (SDF) its pro rata share of the State’s regulatory costs which include programs that provide education, counseling and treatment for Californians affected by problem gambling.

Additionally, the Tribe agreed to contribute 8% of the casino’s net win from its operation of gaming devices in excess of three hundred fifty (350) to the Revenue Sharing Trust Fund (RSTF) or the Tribal Nation Grant Fund (TNGF) to be shared with tribes that are not gaming or that otherwise are not substantially benefiting from gaming. Also, under terms of the 2015 compact, during any quarter in which the Tribe operates less than nine hundred (900) gaming devices the Tribe must pay to the State the sum paid in the most recent quarter in which it operated at least nine hundred (900) gaming devices to ensure the solvency of the RSTF.

Furthermore, the 2015 compact allowed the State to provide the Tribe with annual credits for up to forty percent (40%) of the payments otherwise due to be paid into the RSTF or TNGF for, among other things, the following: incentives for investments in renewable energy projects, non-gaming related economic development projects and health care facilities that provide a mutual benefit to the Tribe and the local community.

The 2015 compact allows the Tribe or the State to request the reopening of negotiations regarding RSFT payments if, among other things, the balance of funds within the RSTF is not expected to fall short of the amount reasonably required to meet the long-term obligations of that fund. The 2015 compact also provides that its terms may be amended at any time by mutual agreement of the parties.

The 2016 Amended Compact modifies the provisions regarding the Tribe's payments to the RSTF and TNGF. Specifically, the 2016 Amended Compact provides for a six percent (6%) of net win, or equivalent, payment instead of eight percent (8%), into the RSTF or the TNGF, and an annual credit for the Tribe of up to sixty percent (60%) instead of forty percent (40%), with no reference to a minimum payment for nine hundred (900) gaming devices. This Amended Compact also makes technical clarifications about the use of credits, as specified.

The vehicle identified for providing the constitutionally required legislative ratification of this Amended Compact is AB 1767 (Bigelow).

EXISTING LAW

Existing law provides, under the Indian Gaming Regulatory Act (IGRA), for the negotiation and conclusion of compacts between federally recognized Indian tribes and the state for the purpose of conducting Class III gaming activities on Indian lands within a state as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments. Existing law expressly authorizes a number of tribal-state gaming compacts between the State of California and specified Indian tribes. Existing law authorizes the conduct of Class III gaming activities to the extent such activities are permitted by state law, a gaming compact has been concluded by a federally recognized tribe and the state, and the compact has been approved by the Secretary of the Interior.

Existing law limits the operation of Class III gaming activities to Indian lands acquired on or before October 17, 1988. Existing law also provides for certain exceptions to conduct gaming activities on Indian lands acquired after October 17, 1988.

Existing law defines Indian lands to mean all lands within the limits of any Indian reservation, and any lands title to which is either held in trust by the United States for the benefit of any Indian tribe or individual or held by any Indian tribe or individual subject to restriction by the United States against alienation and over which an Indian tribe exercises governmental power.

Existing law requires the state to negotiate to conclude a compact in good faith with an Indian tribe having jurisdiction over the Indian lands upon which the Class III gaming activity is to be conducted. Existing law also provides the United States district courts with jurisdiction over any cause of action initiated by a tribal government alleging that the state failed to negotiate in good faith to conclude a compact. Furthermore, existing law prescribes the remedy, mediation

supervised by the courts, if it is found that the state failed to negotiate in good faith to conclude a compact.

Existing law authorizes the Governor, under the California Constitution, to negotiate and conclude compacts, subject to ratification by the Legislature.

Brief History and Background – Jackson Rancheria Band of MiWuk Indians

The Jackson Rancheria has been a federally recognized band of Miwuk Indians since 1895 and occupies over 1,400 acres of land near the city of Jackson in Amador County. The Tribe has operated a bingo hall since 1985 and initially entered into a compact with the State of California for Class III gaming in 1999. That compact enabled the Tribe, through revenues generated by its gaming operation, to improve the governance, environment, education, health, safety, and general welfare of its citizens, and to promote a strong tribal government, self-sufficiency, and to provide essential government services to its citizens.

The Jackson Rancheria is a small tribe (18-voting members) that is deeply involved in the community and economic life of Amador County. The Tribe is a responsible steward of its tribal lands, which encompass a diverse ecosystem in the Sierra foothills. The Tribe references that its beautiful RV Park, which is tastefully situated in a secluded forest setting, is a regional attraction and nationally recognized as an elite facility.

The Tribe emphasizes that it has demonstrated its dedication to economic development and public projects benefitting both the Tribe and the community – these include long-standing tribal contributions to law enforcement and other public safety programs in Amador County, such as fire protection, as well as significant contributions to the hospital, recreational facilities (including the Indian Grinding Rock State Park), and the County Fair. Additionally, the Tribe points out that in the past ten years, it has provided millions of dollars to support a host of community programs ranging from schools and the arts, drug and alcohol abuse prevention, care for the elderly, and employment of Native American youth. Furthermore, the Tribe notes that it has invested in programs which have enhanced its workforce (e.g., establishment of a local health clinic and adoption of a minimum wage that exceeds California’s minimum wage).

The Tribe’s current casino operation, known as the Jackson Rancheria Casino Resort, has approximately 1,650 Class III gaming devices (slot machines), offers 36 table games, five restaurants, a hotel with 86 rooms, and both indoor and outdoor entertainment venues. The casino resort complex also employs approximately 1,200 people.

Details of the Amended Compact

Payments to the RSTF or the TNGF: If the Tribe operates more than three hundred fifty (350) gaming devices at any time in a given calendar year, it shall thereafter, including in that calendar

year, pay to the State Gaming Agency, for deposit into the RSTF or the TNGF, six percent (6%) of its “net win” from its operation of gaming devices in excess of three hundred fifty (350).

“Net Win” is defined as the drop from gaming devices, plus the redemption value of expired tickets, less fills, less payouts, less participation fees (e.g., payments made to gaming resource suppliers on a periodic basis by the gaming operation for the right to lease or otherwise offer for play gaming devices), less that portion of the gaming operation’s payments to a third-party wide-area progressive jackpot system provider that is contributed only to the progressive jackpot amount.

Credits applied to the RSTF or the TNGF: The State agrees to provide the Tribe with an annual credit for up to sixty percent (60%) of the payments otherwise due to be paid into the RSTF or TNGF for the following:

- 1) Payments by the Tribe to the County of Amador and local jurisdictions operating facilities or providing services within the County for purposes of improved fire, law enforcement, public transit, education, tourism, and other services and infrastructure improvements intended to serve off-reservation needs of County residents – such payments shall be subject to approval by the County or local jurisdiction in the County and at least twenty percent (20%) of the annual credits must be utilized for the above stated purposes;
- 2) Payments by the Tribe to reimburse Amador County for any loss of sales tax revenues to the County that would otherwise be due for retail sales at the Tribe’s gaming facility or transient occupancy tax at the Tribe’s hotel if it was not located on Indian lands. Such reimbursements shall be subject to approval by the County;
- 3) Payments to support operating expenses and capital improvements for non-tribal governmental agencies or facilities operating within Amador County;
- 4) Non-gaming related capital investments and economic development projects by the Tribe on tribal trust lands that the State or State designated agency agrees provides mutual benefits to the Tribe and the State because, for instance, they have particular cultural, social or environmental value, or diversify the sources of revenue for the Tribe’s general fund;
- 5) Investments in, and any funds paid to the State in connection with, renewable energy projects that, in part, serve the gaming facility, to include facilities that incorporate charging stations for electric or other zero-emission vehicles that are available to patrons and employees of the gaming facility; and,
- 6) Payments (not including direct or indirect state or federal funding) to support capital improvements and operating expenses for facilities within California that provide health care services to tribal members, Indians, and non-Indians.

All excess authorized credits that cannot be applied in any one year because they would exceed the sixty percent (60%) may be applied as an annual credit in all following years that this Compact is in effect, in the same percentages, until completely exhausted.

ADDITIONAL BACKGROUND INFORMATION

Indian Gaming Regulatory Act (IGRA)

In 1988, Congress enacted the Indian Gaming Regulatory Act (IGRA) to provide a statutory basis for the operation and regulation of gaming on Indian lands. IGRA provides that an Indian tribe may conduct gaming activity on Indian lands if the activity “is not specifically prohibited by federal law and is conducted within a State which does not prohibit such gaming activity.”

IGRA distinguishes between three classes of gaming (Class I, Class II, and Class III) and provides for different forms of regulation for each class. Class I gaming includes “social games” for minor prizes or “traditional forms of Indian gaming.” Class II gaming is defined to include bingo and card games that are explicitly authorized by the laws of the state, or that are not explicitly prohibited by the laws of the state and are played at any location in the State, so long as the card games are played in conformity with those laws and regulations. Class III gaming includes such things as slot machines, casino games and banked card games such as black jack and baccarat. Class III gaming may only be conducted under terms of a compact negotiated between an Indian tribe and a State.

IGRA was enacted against a legal background in which Indian tribes and individuals generally are exempt from state taxation within their own territory. IGRA provides that with the exception of assessments permitted under the statute, to defray the State’s costs of regulating gaming activity, IGRA shall not be interpreted as conferring upon a State authority to impose any tax, fee, charge, or other assessment upon an Indian tribe to engage in Class III activity. Nor may a State refuse to enter into negotiations based on the lack of authority to impose such a tax, fee, charge, or other assessment.

When a tribe requests negotiations for a Class III compact, IGRA requires the State to negotiate with the Indian tribe in good faith. IGRA provides a comprehensive process to prevent an impasse in compact negotiations, which is triggered when a tribe files suit alleging that the State has refused to negotiate or has failed to negotiate in good faith.

Before 2000, the California Constitution prohibited Class III gaming. In 2000, California voters approved Proposition 1A which had been proposed by the Governor and passed by the Legislature. Proposition 1A amended the California Constitution to permit the State to negotiate compacts with federally recognized Indian tribes for certain Class III gaming activities. Because non-Indian parties were still forbidden from operating gaming facilities, Proposition 1A granted

Indian tribes a “constitutionally protected monopoly on most types of Class III games in California.”

Rincon Decision

The U.S. Supreme Court in July 2011 refused to consider the decision of the Ninth Circuit Court of Appeals rejecting a Class III Tribal-State Gaming Compact negotiated by then Governor Schwarzenegger with the Rincon Band of Luiseno Mission Indians. The issue of this case's impact on Indian gaming throughout the country has been a topic of great debate.

As noted, IGRA authorizes states to receive compensation for costs related to tribal gaming such as regulation and gaming addiction, and to offset the effects of casinos on surrounding communities. However, states are prohibited from assessing taxes on tribal casino revenues, so unjustified payments to a state's General Fund are no longer permissible unless the tribes are getting something in return for the required payments, such as those authorized by IGRA.

Any payments to the State, above those needed to mitigate impacts of gaming must be in exchange for a benefit deemed "exclusive" to the tribe.

The Rincon Band challenged the legality of California's "second generation" compacts pursuant to which the signatory tribes would be entitled to increase their slot machine count in return for paying percentages of the new slot machine revenue to the state's General Fund. The Ninth Circuit had affirmed a lower court decision that the new financial concessions were nothing more than a state tax on tribal casino revenues which is prohibited by IGRA.

Rincon refused to sign the amended compact which had already been executed by several other tribes choosing instead to demand that it be given the expanded gaming opportunity without making the new financial concessions. The Ninth Circuit Court of Appeals concluded that a “non-negotiable, mandatory payment of 10% of net win into the State treasury for unrestricted use yields public revenue, and is [therefore] a tax, and that the court was therefore required to consider the State’s demand as evidence of bad faith under IGRA’s statutes.”

The court noted that “the State could rebut the presumption of bad faith by demonstrating that the revenue demanded was to be used for the public interest, public safety, criminality, financial integrity, and adverse economic impacts on existing activities, but the State’s need for general tax revenue was insufficient to demonstrate good faith.”

Special Distribution Fund (SDF)

Existing law creates the SDF in the State Treasury for the receipt of revenue contributions made by tribal governments pursuant to the terms of the 1999 model Tribal-State Gaming Compacts and authorizes the Legislature to appropriate money from the SDF for the following purposes: (a) grants for programs designed to address gambling addiction; (b) grants for the support of

state and local government agencies impacted by tribal government gaming; (c) compensation for regulatory costs incurred by the California Gambling Control Commission (CGCC) and the Department of Justice (DOJ) in connection with the implementation and administration of compacts; (d) payment of shortfalls that may occur in the RSTF; (e) disbursements for the purpose of implementing the terms of tribal labor relations ordinances promulgated in accordance with the terms of the 1999 compacts; and, (f) any other purpose specified by law. (Pursuant to compact renegotiations that took place with several of the larger gaming tribes during the Schwarzenegger administration, revenue from those tribes is directed into the state General Fund, instead of the SDF.)

The law establishes a method of calculating the distribution of appropriations from the SDF for grants to local government agencies impacted by tribal gaming. This method includes a requirement that the State Controller, in consultation with the CGCC, deposit funds into County Tribal Casino Accounts and Individual Tribal Casino Accounts based upon a process that takes into consideration whether the county has tribes that pay, or do not pay, into the SDF. The distribution formula "sunset" on January 1, 2021.

Existing law also establishes an Indian Gaming Local Community Benefit Committee in each county in which gaming is conducted, specifies the composition and responsibilities of that committee, and requires that committee to make the selection of grants from the casino accounts. Among other things, the committee is responsible for establishing all application policies and procedures for grants from the casino accounts. Additionally, existing law requires the State Auditor to conduct an audit every three years and report its findings to the Legislature regarding the allocation and use of SDF grant monies.

Revenue Sharing Trust Fund (RSTF)

Existing law creates in the State Treasury the RSTF for the receipt and deposit of moneys derived from gaming device license fees that are paid into the RSTF pursuant to the terms of specified tribal-state gaming compacts for the purpose of making distributions to non-compacted California tribes (e.g., federally-recognized non-gaming tribes and tribes that operate casinos with fewer than 350 slot machines). Revenue in the RSTF is available to CGCC, upon appropriation by the Legislature, for making distributions of \$1.1 million annually to non-compact tribes. The RSTF was created as part of the 1999 compacts, which, in conjunction with the passage of Proposition 1A, created gaming compacts with approximately 60 California tribes. Non-compact tribes are considered third-party beneficiaries of the 1999 compacts.

Tribal Nation Grant Fund (TNGF)

This particular fund (referenced in recent compacts) was created to complement the RSTF and provides for the distribution of funds to non-gaming tribes, upon application of such tribes for purposes related to effective self-governance, self-determined community, and economic

development. Payments from this fund are intended to be made to non-gaming tribes on a “need” basis, upon application.

SUPPORT

Jackson Rancheria Band of Miwuk Indians; California Labor Federation and, UNITE-HERE, AFL-CIO

OPPOSITION

None received

PRIOR and CURRENT LEGISLATION

SB 1426 (Hall, 2016) would ratify the tribal-state gaming compact entered into between the State of California and the Yocha Dehe Wintun Nation, executed on August 4, 2016. (Pending referral to Assembly floor)

SB 404 (De León, 2016) would ratify the tribal-state gaming compact entered into between the State of California and the Viejas Band of Kumeyaay Indians, executed on June 22, 2016. (Pending referral to Assembly floor)

SB 187 (Hall, 2016) would ratify the tribal-state gaming compact entered into between the State of California and the Jamul Indian Village, executed August 4, 2016. (Pending referral to Assembly floor)

AB 2358 (Waldron/Gonzalez, 2016) would ratify the tribal-state gaming compact entered into between the State of California and the Pechanga Band of Luiseno Indians, executed August 4, 2016. (Pending referral to Senate floor)

AB 1977 (Wood, 2016) would ratify the first amendment to the 2006 tribal-state gaming compact entered into between the State of California and the Yurok Tribe, executed August 4, 2016. (Pending referral to Senate floor)

AB 1767 (Bigelow, 2016) would ratify the first amendment to the 2015 tribal-state gaming compact entered into between the State of California and the Jackson Rancheria Band of Miwuk Indians, executed on June 22, 2016. (Pending referral to Senate floor)

AB 1282 (Gray, 2016) would ratify the tribal-state gaming compact entered into between the State of California and the Buena Vista Rancheria of Me-Wuk Indians, executed on June 28, 2016. (Pending referral to Senate floor)

AB 629 (Gonzalez/Waldron, 2016) would ratify the tribal-state gaming compact entered into between the State of California and the Pala Band of Mission Indians, executed on May 6, 2016. (Pending on Assembly floor)

AB 291 (Atkins/Gonzalez, 2016) would ratify the tribal-state gaming compact entered into between the State of California and the Barona Band of Mission Indians, executed on June 22, 2016. (Pending referral to Senate floor)

AB 795 (Atkins, Chapter 520, Statutes of 2015) ratified the tribal-state gaming compact entered into between the State of California and the Sycuan Band of Kumeyaay Nation, executed on September 2, 2015.

AB 1540 (Gray, Chapter 531, Statutes of 2015) ratified the tribal-state gaming compact entered into between the State of California and the Santa Ynez Band of Chumash Indians, executed on August 26, 2015.

AB 315 (Bigelow, Chapter 512, Statutes of 2015) ratified the amended and restated tribal-state gaming compact entered into between the State of California and the United Auburn Indian Community, executed on August 14, 2015.

AB 475 (Bigelow, Chapter 8, Statutes of 2015) ratified the tribal-state gaming compact entered into between the State of California and Jackson Rancheria Band of Miwuk Indians, executed on February 1, 2015.

SB 1356 (De León, Chapter 314, Statutes of 2014) ratified the amendment to the tribal-state gaming compact entered into between the State of California and the Viejas Band of Kumeyaay Indians, executed on August 12, 2014.

SB 1224 (Correa, Chapter 300, Statutes of 2014) ratified the tribal-state gaming compact entered into between the State of California and the Karuk Tribe, executed on December 4, 2013.

AB 1245 (V. Manuel Perez, Chapter 462, Statutes of 2013) ratified the tribal-state gaming compact entered into between the State of California and the Ramona Band of Cahuilla Indians located in Riverside County, executed on June 10, 2013.

AB 277 (Hall, Chapter 51, Statutes of 2013) ratified two new compacts entered into between the State of California and the following tribes: North Fork Rancheria, executed on August 31, 2012 and the Wiyot Tribe, executed on March 20, 2013.

AB 1267 (Hall, Chapter 6, Statutes of 2013) ratified the amended tribal-state gaming compact entered into between the State of California and the Shingle Springs Band of Miwok Indians, executed on November 15, 2012.

SB 668 (Fuller, Chapter 67, Statutes of 2013) ratified the tribal-state gaming compact entered into between the State of California and the Fort Independence Indian Community of Paiute Indians, executed on February 28, 2013.

AB 517 (Hall, Chapter 12, Statutes of 2012) ratified the tribal-state gaming compact entered into between the State of California and the Federated Indians of Graton Rancheria of Sonoma County, executed on March 27, 2012.

AB 787 (Chesbro, Chapter 340, Statutes of 2012) ratified the amendment to the tribal-state gaming compact entered into between the State of California and the Coyote Valley Band of Pomo Indians, executed on July 25, 2012.

AB 1418 (Hall, Chapter 412, Statutes of 2011) repealed those provisions ratifying the tribal-state gaming compact entered into between the State of California and Pinoleville Pomo Nation, executed on March 9, 2009 and instead ratified the tribal-state gaming compact entered into between the State of California and the Pinoleville Pomo Nation, executed on August 8, 2011. Ratification of this revised compact authorized the Tribe to operate up to 900 slot machines with up to 15% of the casino's net win from the slots designated for local communities, gambling mitigation and regulation, instead of requiring revenue contributions be made to the General Fund as provided by the 2009 compact.

AB 1020 (Chesbro, Chapter 27, Statutes of 2011) repealed the ratification of the tribal-state gaming compact entered into between the State of California and the Habematolel Pomo of Upper Lake, executed on September 2, 2009, and instead ratified a new tribal-state gaming compact entered into between the State of California and the Habematolel Pomo of Upper Lake, executed on March 17, 2011. Ratification of this revised compact authorized the Tribe to operate up to 750 slot machines with up to 15 percent of the net-win from those gaming devices being paid to the SDF and the RSTF, instead of requiring revenue contributions be made to the General Fund as provided by the 2009 compact.

SB 89 (Budget Committee, Chapter 1, Statutes of 2010) ratified the tribal-state gaming compact entered into between the State of California and the Habematolel Pomo of Upper Lake, executed on September 2, 2009.

AB 122 (Coto, Chapter 3, Statutes of 2009) ratified the tribal-state gaming compact entered into between the State of California and the Pinoleville Pomo Nation, executed on March 10, 2009.

AB 3072 (Price, Chapter 334, Statutes of 2008) ratified the first amendment to a tribal-state gaming compact entered into between the State of California and the Shingle Springs Band of Miwok Indians, executed on June 30, 2008.

SB 106 (Wiggins, Chapter 37, Statutes of 2007) ratified a new compact between the State of California and the Yurok Tribe of the Yurok Reservation (Yurok).

SB 174 (Ducheny, Chapter 39, Statutes of 2007) ratified the first compact amendment to the compact between the State of California and Sycuan.

SB 175 (Ducheny, Chapter 38, Statutes of 2007) ratified the first compact amendment to the compact between the State of California and Morongo.

SB 903 (Padilla, Chapter 40, Statutes of 2007) ratified the first compact amendment to the compact between the State of California and Pechanga.

SB 941 (Padilla, Chapter 226, Statutes of 2007) ratified the first compact amendment to the compact between the State of California and San Manuel.

SB 957 (Torlakson, Chapter 41, Statutes of 2007) ratified the first compact amendment to the compact between the State of California and Agua Caliente.

SB 470 (Ducheny, Chapter 527, Statutes of 2006) ratified the first amendment to the compact between the State and the Quechan Tribe of the Fort Yuma Reservation (Quechan).

SB 1117 (Burton, Chapter 856, Statutes of 2004) ratified two new and two amended compacts entered into between the State and the following tribes: Coyote Valley Band of Pomo Indians (new compact); Fort Mojave Indian Tribe (new compact); Buena Vista Rancheria of Me-Wuk Indians (amended compact); and, Ewiiapaayp Band of Kumeyaay Indians (amended compact).

AB 687 (Nuñez, Chapter 91, Statutes of 2004) ratified amendments to five compacts entered into between the State and the following tribes: Pala Band of Mission Indians; Pauma Band of Luiseno Mission Indians of the Pauma and Yuima Reservation; Rumsey Band of Wintun Indians; United Auburn Indian Communities; and, Viejas Group of Kumeyaay Indians. Also, provided for the issuance of bonds in an amount not to exceed \$1.5 billion by the California Infrastructure and Economic Development Bank and required the net proceeds of the sale of the compact assets to be deposited in the Traffic Congestion Relief Fund and the Transportation Deferred Investment Fund.

SB 930 (Burton, Chapter 802, Statutes of 2003) ratified a compact between the State of California and the Torres-Martinez Desert Cahuilla Indians.

SB 411 (Ducheny, Chapter 790, Statutes of 2003) ratified compacts between the State of California and the La Posta Band of Diegueno Mission Indians and the Santa Ysabel Band of Diegueno Mission Indians in San Diego County.

Proposition 1A (Adopted by the People of California on March 7, 2000) modified the prohibition against casinos and lotteries in the California Constitution to authorize the Governor to negotiate compacts, subject to legislative ratification, for the operation of slot machines, lottery games, and banking and percentage card games by federally recognized Indian tribes on Indian lands in

California, in accordance with federal law. Authorized slot machines, lottery games, and banking and percentage card games to be conducted and operated on Indian lands subject to the compacts.

AB 1385 (Battin, Chapter 874, Statutes of 1999) designated the Governor as the state officer responsible for negotiating and executing compacts between the state and federally recognized Indian tribes located in the state. Also, ratified 57 compacts and created two special funds in the State Treasury (SDF and RSTF), as specified.

Proposition 5 (Adopted by the People of California on November 3, 1998) specified the terms and conditions of mandatory compacts between the State and tribal governments for class III gambling on Indian lands; amended California law to allow slot machines and banked card games at tribal casinos; provided for contributions to trust funds benefiting non-gaming tribes, statewide emergency medical care programs, and programs benefiting communities near tribes; and, allowed tribes to retain a monopoly on authorized gambling. Proposition 5 was found to be unconstitutional because it amended a provision of the Government Code and did not amend the Constitution. The proposition was invalidated in its entirety, save the final sentence of Government Code Section 98005, containing the state's consent to federal suits brought by California tribes pursuant to IGRA.

SB 287 (Burton, Chapter 409, Statutes of 1998) ratified 11 compacts negotiated between the State of California and Indian tribes that permitted class III video gaming devices on tribal lands and established a process for ratifying other compacts.

SB 8 (Lockyer, Chapter 867, Statutes of 1997) repealed the Gaming Regulation Act and enacted the Gambling Control Act of 1997. Established CGCC and charged it with, among other things, the authority to issue, deny, revoke, suspend, or impose conditions, restrictions, or limitations on licenses, permits, or approvals to ensure that unsuitable or unqualified persons are not involved in the operation of gambling. Established the Bureau of Gambling Control (formerly known as the Division of Gambling Control) within the Department of Justice and charged it with specified investigative and enforcement duties.