

## **Indian Gaming Special Distribution Fund:**

Local Governments Do Not Always Use It to Mitigate the  
Impacts of Casinos, and Its Viability Will Be Adversely Affected  
by Compact Amendments

July 2007 Report 2006-036



**CALIFORNIA  
STATE AUDITOR**

The first five copies of each California State Auditor report are free. Additional copies are \$3 each, payable by check or money order. You can obtain reports by contacting the Bureau of State Audits at the following address:

California State Auditor  
Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, California 95814  
916.445.0255 or TTY 916.445.0033

OR

This report is also available on the World Wide Web <http://www.bsa.ca.gov>

The California State Auditor is pleased to announce the availability of an on-line subscription service. For information on how to subscribe, please contact the Information Technology Unit at 916.445.0255, ext. 456, or visit our Web site at [www.bsa.ca.gov](http://www.bsa.ca.gov).

Alternate format reports available upon request.

Permission is granted to reproduce reports.

Elaine M. Howle  
State Auditor  
Doug Cordiner  
Chief Deputy

# CALIFORNIA STATE AUDITOR

## Bureau of State Audits

555 Capitol Mall, Suite 300

Sacramento, CA 95814

916.445.0255

916.327.0019 fax

www.bsa.ca.gov

July 12, 2007

2006-036

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As required by Chapter 858, Statutes of 2003, the Bureau of State Audits presents its audit report concerning the allocation and use of moneys from the Indian Gaming Special Distribution Fund (distribution fund).

This report concludes that money provided to local governments was used for the statutorily mandated purposes. However, not every project we reviewed was related to an impact from a casino. Although it appears that the intent of the law is that projects are to mitigate the impacts of tribal gaming, there is no specific requirement that they do so. Prior to this year, the Legislature ratified five new compacts and eight amended compacts since the original compacts were ratified in 1999. These post-1999 compacts require tribes to negotiate directly with local governments to mitigate the impacts of casinos, and eliminate the requirement that these tribes contribute to the distribution fund. However, some counties where these casinos are located continue to receive mitigation grant money from the distribution fund for the casinos operated by these tribes as well as from direct negotiations with the tribes. We also noted several instances when local governments did not use the interest earned on unspent grant funds to pay for expenses related to casino mitigation projects. Rather, the interest was deposited into the local government's general fund or other operational accounts.

Finally, amended compacts that were ratified by the Legislature in June 2007 and are pending approval by the federal Secretary of the Interior, along with one other amended compact that has yet to be ratified, may threaten the future viability of the distribution fund. However, we estimate that this same group of compacts will also provide substantial revenues to the Indian Gaming Revenue Sharing Trust Fund (trust fund) and the State's General Fund. Specifically, our estimates indicate the compacts will eliminate \$92 million in contributions to the distribution fund, increase contributions to the trust fund by \$6.9 million, and increase contributions to the General Fund by between \$174.3 million and \$175.1 million for fiscal year 2007-08. However, if required to fund the shortfalls in the trust fund, within four years the distribution fund would be unable to support the programs that depend on it.

Respectfully submitted,



ELAINE M. HOWLE  
State Auditor

# **Indian Gaming Special Distribution Fund:**

Local Governments Do Not Always Use It to Mitigate the  
Impacts of Casinos, and Its Viability Will Be Adversely Affected  
by Compact Amendments

# Contents

<b>Summary</b>	1
<b>Introduction</b>	7
<b>Chapter 1</b>	
Current Provisions in the Law Led to Questionable Uses and an Inequitable Distribution of Funds	21
Recommendations	36
<b>Chapter 2</b>	
Pending New and Amended Compacts May Significantly Affect the Viability of the Indian Gaming Special Distribution Fund and Programs That Depend on It	39
<b>Appendix A</b>	
Number of Gaming Devices Operated by Federally Recognized Indian Tribes in California as of March 2006	49
<b>Appendix B</b>	
Grant Amounts Distributed to Counties for Mitigation Projects	53
<b>Responses to the Audit</b>	
California Gambling Control Commission	55
California State Auditor's Comments on the Response From the California Gambling Control Commission	63
County of Fresno	67
Placer County	69
County of Riverside	71
California State Auditor's Comment on the Response From the County of Riverside	81
County of San Bernardino	85
California State Auditor's Comments on the Response From the County of San Bernardino	89
County of San Diego	91
California State Auditor's Comments on the Response From the County of San Diego	97
Sonoma County	99
California State Auditor's Comments on the Response From Sonoma County	103

## Summary

### Results in Brief

The federal Indian Gaming Regulatory Act authorizes the State to enter tribal-state gaming compacts (compacts) that allow California Indian tribes to operate gaming devices on tribal lands. In anticipation of the passage of Proposition 1A, which was approved by voters in March 2000, amending the California Constitution to permit Indian gaming, 60 tribes agreed to the model compacts ratified in September 1999 (1999 compacts), which were materially indistinguishable from each other. Among the gambling devices allowed under the compacts are those designated as class III, which include off-track wagering, lotteries, certain card games, and slot machines. Only after a tribe and the State have negotiated a compact, which governs the conduct of the gaming activity, can the tribe operate class III gaming devices.

As required by the compacts, in fiscal year 2005–06, 37 of the tribes with compacts deposited money into the Indian Gaming Special Distribution Fund (distribution fund), the Revenue Sharing Trust Fund (trust fund), or both. These funds are administered by the California Gambling Control Commission (gambling commission). State law establishes criteria for disbursing money from both funds. Distribution fund deposits are based on the gross revenues tribes earn from operating class III gaming devices in use before the ratification of the 1999 compacts. Gross revenues, also called net wins, are the amounts players put in the devices less the amounts paid out to winners. Deposits into the trust fund are based on the number of class III gaming device licenses each tribe has acquired since the ratification of the 1999 compacts.

As shown in the text box on the following page, one designated use of the deposits made to the distribution fund is to provide grants for local governments—cities, counties, and special districts—adversely impacted by tribal gaming. State law created an Indian Gaming Local Community Benefit Committee (benefit committee) in each county in which Indian gaming is conducted. The benefit committees award distribution fund grants to local governments according to specified criteria. For instance, state law requires that the distribution fund be used for certain purposes, such as law enforcement, emergency medical services, environmental impacts, and water supplies.

The grants we reviewed were used for the statutorily mandated purposes. However, not every project funded under one of those purposes was linked to an impact from a casino. Specifically, we reviewed 30 grants totaling \$12.1 million made to local governments in six counties and found five instances totaling \$505,000 when the

### Audit Highlights . . .

*Our review of the allocation and uses of the Indian Gaming Special Distribution Fund (distribution fund) money revealed the following:*

- » *Local governments did not always use distribution fund money to mitigate casino impacts.*
- » *The allocation of distribution fund money in some counties is based, in part, on the number of devices operated by tribes that did not pay into the fund because their compacts require them to negotiate directly with the county to pay for the mitigation of casino impacts. However, these counties continue to receive distribution fund dollars from the State.*
- » *In many instances local governments do not use interest earned on unspent distribution fund money for projects related to casino impacts.*
- » *Although all benefit committee members are required to file statements of economic interests, in our sample counties, 11 of the 13 tribal members that were required to file failed to do so.*
- » *The ratification of compacts in June 2007, along with one that is awaiting ratification, may threaten the future viability of the distribution fund and the programs that depend on it, as they eliminate \$92 million in payments to the fund beginning in fiscal year 2007–08. While we estimate that contributions to the State's General Fund would also total at least \$174 million, almost \$40 million per year could be required to pay for the estimated shortfall in the Revenue Sharing Trust Fund.*

### Allowed Uses for the Funds Administered by the Gambling Commission

#### Distribution Fund

- Makes up for any shortfall in the trust fund.
- Funds gambling addiction and awareness programs.
- Pays for the regulatory activities of the gambling commission and the Department of Justice.
- Allocations to support local governments impacted by tribal gaming.

#### Trust Fund

Funds are allocated to non-gaming tribes.  
Each non-gaming tribes receives \$1.1 million per year.

Sources: California Government Code, sections 12012.75, 12012.85 and 12012.90.

money was not used to offset the adverse effects of casinos. For example, Healdsburg District Hospital in Sonoma County received more than \$52,000 for surveillance cameras. Although the hospital claimed it experienced several acts of vandalism in its parking areas and other disturbances, it could not provide evidence showing that those incidents were related to the casino or that the number of criminal incidents on its property had increased since the casino was built.

We also identified 10 instances totaling \$2.3 million when the purposes of the grants as stated in the applications might have been somewhat relevant to the effects of the casinos but appeared primarily to address needs that were unrelated. For instance, the sheriff's department in San Diego County received over \$149,000 to purchase a device to analyze chemicals from arson and other crime scenes and suggested that in the future some of these investigations may occur in the area around the casino. Use of this device is not intended to be limited to casino-related incidents; it will be used for cases throughout the county.

The intent of the law establishing the uses of distribution fund money allocated to local governments is to support those impacted by the operation of casinos within their jurisdictions. The law declares that the intent of the Legislature is that tribal governments participate in the process of identifying and funding mitigation of the impacts of tribal gaming and the funding for local governments is for the purpose of mitigating impacts from tribal casinos. However, there are no specific requirements that local governments must ensure that the funds are used for projects that directly address an impact from the casinos. As a result, local benefit committees have allocated funds to projects that have no direct relationship to casinos. Even though the money was not used to mitigate the impact of casinos, the grants appear to adhere to the explicit requirements of the law.

Prior to 2007 the Legislature ratified five new compacts and amendments to eight others (post-1999 compacts) with various terms or requirements different from those in the original compacts. The post-1999 compacts require tribes to negotiate directly with local governments to mitigate the impacts of casinos rather than requiring them to contribute to the distribution fund. However, although the post-1999 compacts bypass the distribution fund when negotiating for mitigation projects, some counties with tribal casinos and amended compacts continue to receive money from the distribution fund. For example, in fiscal year 2005-06 two

counties received roughly \$850,000 from the distribution fund in addition to the funding they received directly from the tribes. As a result, that money was unavailable for other local governments that do not negotiate directly with tribes for funds to offset the effects of casinos in their counties. Existing law allows these counties to receive funding for mitigation projects from both the tribes and the distribution fund.

Counties generally awarded all the funding they were allocated each year. However, in some cases, such as large capital improvement projects, it can take months or even years before spending on a casino mitigation project begins, leaving a significant amount of distribution fund money deposited in local government accounts that may earn interest for many years. We noted several instances when local governments did not use the interest earned on grants to pay expenses related to the projects for which the grants were intended, or for other casino mitigation projects.

Several local governments asserted that state law authorizes the use of interest earned on the grants for general purposes. However, our legal counsel advised us that given the nature of the grant funds, the interest on those grant funds must be used for the purposes established in the compacts and state law. We identified interest totaling \$175,000 that local governments generated from two capital improvement projects and used to pay general county operational costs rather than applying it to mitigation projects or returning it to the benefit committee for allocation to other projects intended to offset the impacts of Indian gaming. We also identified numerous instances in which local governments placed funds in accounts earning no interest.

Allocations from the distribution fund follow a formula intended to establish a fair and proportionate system to award grants to local governments impacted by casino operations. We found that a sample of counties generally identified all eligible governments and granted amounts as required. However, although state law limits the types of local governments eligible to receive funding to counties, cities, and special districts, the benefit committees in two counties provided a total of \$325,000 to school districts, which are ineligible entities because they are specifically excluded from the statutory definition of *special districts*.

Further, members of benefit committees do not always make the financial disclosures required by state law. The Political Reform Act of 1974 (political reform act) requires state officials and employees with decision-making authority to file statements of economic interests. These statements are intended to identify conflicts of interest that an individual might have. Counties were unable to provide 11 of the 13 statements we requested for benefit committee tribal representatives



active in fiscal year 2005–06. The California Fair Political Practices Commission has advised that members of benefit committees are subject to the political reform act. When designated individuals do not file statements of economic interests, benefit committees may be unaware of conflicts of interest and cannot ensure that members are aware when they should remove themselves from making decisions that could pose conflicts of interest.

We also found that some counties lacked transparency and accountability in their distribution fund spending. Counties are required to report to the Legislature and the gambling commission annually on the projects they financed through the distribution fund. However, according to information provided by the gambling commission and various legislative committees, for the most recent fiscal year, nine counties failed to submit their reports to all the committees and agencies required and six counties failed to submit their reports at all. Our audit also revealed that one county submitted incomplete information for one of the fiscal years required. Failure to complete or submit the required reports makes it difficult for legislators and other decision makers to determine whether local governments are using the funds as intended.

In June 2007 the Legislature ratified one new compact and four of five amendments to existing compacts. To take effect, the newly ratified compact and four amendments still require approval by the federal Secretary of the Interior. Therefore, we refer to the compact and amendments (including the one amendment that has yet to be ratified) as “pending compacts” throughout our report. These pending compacts may threaten the future viability of the distribution fund. The pending compacts will change the method of calculating contributions to the trust fund and require tribes to begin contributing to the General Fund instead of the distribution fund. It is difficult to determine the precise impact these pending compacts might have because the contribution formulas largely depend on the tribes’ future economic conditions and expansion decisions. We conservatively estimate that annual contributions to the trust fund from these compacts will increase by about \$6.9 million, while annual contributions to the distribution fund will decrease by \$92 million. Further, we estimate that contributions to the State’s General Fund from these compacts will total between \$174.3 million and \$175.1 million for fiscal year 2007–08. Further, as casino operations expand, General Fund revenues will increase.

Despite the significant decrease in contributions to the distribution fund, the Government Code currently requires its continued use to pay for any shortfall in the trust fund—which we estimate will total \$39.6 million per year—enabling the gambling commission to continue paying each noncompact tribe \$1.1 million per year, as required by law. We anticipate that if these payments continue

at their current level, by fiscal year 2010–11 the distribution fund will be unable to support the current level of expenditures for its other obligations. However, because of differences in existing law, a provision in the pending compacts, and language in pending legislation, it is unclear whether the distribution fund or the General Fund would be the source first required to pay for future trust fund shortfalls.

**Recommendations**

To ensure that local governments receive maximum benefit from the distribution fund and comply with applicable provisions of state law, the gambling commission should seek the following legislative changes:

- Amend the California Government Code (Government Code) to provide direction to local governments to ensure that they use distribution fund grants only to purchase goods and services that directly mitigate the adverse impacts of casinos on local governments and their citizens.
- Revise the allocation methodology outlined in the Government Code so that the allocation to counties is based only on the number of devices operated by tribes that do not negotiate directly with local governments to mitigate casino impacts.
- Amend the Government Code to require that all funds be deposited into interest-bearing accounts and that any interest earned is used on projects to mitigate casino impacts.
- Amend the Government Code to allocate distribution fund money only to counties that submit annual reports as required.

To ensure that local governments comply with state laws related to the distribution fund, benefit committees should do the following:

- Require local governments to submit supporting documentation that clearly demonstrates how proposed projects will mitigate the effects of casinos.
- Ensure that local governments spend the interest earned on project funds only on mitigation projects, or return the money to the county for allocation to future mitigation projects.
- Grant distribution fund money only to eligible entities.
- Ensure that all benefit committee members follow the political reform act and file the required statements of economic interests, and inform the appropriate agency if they fail to do so.

✓  
✓  
✓  
ok  
✓  
✓  
✓  
✓

- Submit annual reports to all required legislative committees and the gambling commission.

### **Agency Comments**

Four of the six counties we visited—Riverside, San Bernardino, San Diego, and Sonoma—disagreed with our conclusion that the Legislature intended that distribution fund grants be used to mitigate the impacts of Indian casinos in their respective counties. Additionally, Riverside and San Diego counties disagreed with our conclusion that interest earned on unspent grant money should be used for casino mitigation projects.

Finally, the gambling commission suggested that we add language to the report to provide more technical details about certain aspects of Indian gaming.

## Introduction

### Background

Indian gaming on tribal lands within California has experienced extensive growth over the past eight years. As of March 2006, Indian tribes operated more than 58,000 electronic gaming devices such as slot machines and other electronic games of chance. According to the National Indian Gaming Commission, revenues from Indian gaming in California have grown from \$2.9 billion in fiscal year 2001–02 to \$7 billion in fiscal year 2005–06. Recognizing the significant impact casinos can have on the areas in which they are located, the tribal-state gaming compacts (compacts) ratified in 1999 include language that provides funding to support local government jurisdictions—cities, counties, and special districts—that are impacted by tribal gaming. For example, the presence of a casino can increase the level of traffic, pollution, and crime as patrons are drawn to the area.

Because of the sovereignty of tribal lands, the operation of casinos on those lands does not fall under the normal jurisdiction of the State. Therefore, relationships between the State and tribal casinos are regulated through the provisions of the compacts authorized by the federal Indian Gaming Regulatory Act (IGRA). The compacts ratified in 1999 establish license and operation fees that provide money for two funds: the Revenue Sharing Trust Fund (trust fund), which is used to fund distributions to tribes that do not have compacts or operate fewer than 350 gaming devices, and the Indian Gaming Special Distribution Fund (distribution fund), which is used to finance various state and local government activities.

The doctrine of Indian sovereignty is central to the debate and controversy surrounding Indian gaming. Indian sovereignty is based on well-established principles of law that protect sovereignty by limiting the jurisdiction of state governments over Indian affairs taking place on Indian lands. As one court stated, “In modern times, even when Congress has enacted laws to allow a limited application of [state] law on Indian lands, the Congress has required the consent of tribal governments before [state] jurisdiction can be extended to tribal . . . lands.” The doctrine of Indian sovereignty plays an important role in defining the relationship between tribes and states and limits the extent to which California can regulate tribal gaming.

### Federal Indian Gaming Regulatory Act

Partly in response to the U.S. Supreme Court’s decision in *California vs. Cabazon*, which held that California did not have the authority to enforce its “bingo statute” or prohibit gaming on tribal lands when gambling activities were allowed in other parts

of the State, Congress enacted the IGRA in 1988. Congress stated that the purpose of the IGRA was to provide “a statutory basis for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments” and “to shield [tribal gaming] from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation.” A federal court described the IGRA as an example of “cooperative federalism” in that it seeks to balance the competing sovereign interests of the federal government, state governments, and Indian tribes by giving each a role in the regulation of gaming by Indian tribes.

#### Classes of Gaming

**Class I**—social games played solely for prizes of minimal value or gaming connected to traditional tribal ceremonies or celebrations.

**Class II**—certain games of chance in which wagers and winnings are limited, such as bingo.

**Class III**—all other forms of gaming that are not class I and II, such as high-stakes gaming, including off-track wagering, lotteries, certain card games, and slot machines.

Source: United States Code, Title 25, Section 2703.

The IGRA establishes three classes of gaming activity, as described in the text box, each subject to differing jurisdiction: the tribe, the State, or the federal government. The tribes themselves generally have regulatory authority over class I and class II gaming. Our audit is limited to class III gaming devices. As a California appellate court noted, class III Indian gaming is considered the most important part of the regulatory scheme imposed by the IGRA because it includes high-stakes casino-type games that may be a substantial source of revenue for the Indian tribes. The regulation of class III gaming has been the most controversial aspect of the IGRA and has been the subject of numerous lawsuits. For class III gaming to be permissible on federally approved tribal lands, those lands must be located in a state that permits that form of gaming. In addition, under the IGRA,

class III gaming can be conducted only after a tribe negotiates a compact with the state governing the conduct of gaming activities, the federal secretary of the interior approves the compact, and the tribe adopts an ordinance or resolution approved by the chair of the National Indian Gaming Commission.

The compact is the key to class III gaming under the IGRA. In approving a compact, federal law permits states and Indian tribes to develop joint regulatory schemes through the compact process. In this way a state gains the civil regulatory authority it might otherwise lack, and a tribe gains the ability to offer class III gaming. The IGRA permits the compact to include provisions relating to several issues that arise once class III gaming begins, including the assessment of fees by the State in amounts necessary to defray the costs of regulating gaming activities. It is important to note, however, that the extent of a state’s regulation over class III gaming on tribal lands is limited to the authority granted by the IGRA and by the federally approved tribal-state gaming compact.

## Tribal-State Gaming Compacts in California

At the March 2000 primary election, Proposition 1A received voter approval. Proposition 1A amended the California Constitution to give the governor the authority to negotiate and enter into compacts, subject to ratification by the Legislature, and to give federally recognized Indian tribes the authority to operate slot machines, lottery games, and certain types of card games on Indian lands in California consistent with the IGRA. In 1999, anticipating voter approval of Proposition 1A, the State entered into 61 compacts (1999 compacts) with 60<sup>1</sup> of the 106 federally recognized Indian tribes in California at that time. The 1999 compacts later received final federal approval, as required by the IGRA. These compacts are effective until December 31, 2020, and are generally identical. Between 2003 and 2006 the governor negotiated and the Legislature ratified five additional compacts and amendments to eight of the original compacts (post-1999 compacts), with federal approval.

In June 2007 the Legislature ratified one new compact and four of five amendments to existing compacts. To take effect, the newly ratified compact and four amendments still require approval by the federal Secretary of the Interior. Therefore, we refer to the compact and amendments (including the one amendment that has yet to be ratified) as “pending compacts” throughout our report. As shown in Table 1 on the following page, the provisions in the 1999 compacts related to contributions to state-administered funds are significantly different from those in the post-1999 and pending compacts.

Subsequent to the ratification of the 1999 compacts, the governor directed the California Gambling Control Commission (gambling commission) to allocate gaming licenses to Indian tribes for the number of devices allowed in the original compacts, as described in the textbox. The gambling commission is also responsible for ensuring that the number of licenses issued statewide for certain compacts does not exceed the total number authorized by the compacts. In consideration for the State’s willingness to enter into these compacts, the tribes have agreed to provide to the State, on a sovereign-to-sovereign basis, a portion of their revenues from gaming devices. The terms of the compacts also recognize that the State has a “legitimate interest in promoting the purposes of the IGRA for all federally recognized Indian tribes in California, whether

### Gaming Devices Allowed by the 1999 Compacts

#### Authorized Gaming Devices (no licenses required)

A tribe may operate the larger of the following without a gaming device license:

1. Grandfathered gaming devices, which are the devices a tribe had in operation on September 1, 1999.
2. Entitlement gaming devices, which are the first 350 gaming devices operated by the tribe.

#### Licensed Gaming Devices

A tribe may acquire licenses to use gaming devices in excess of the number the compact authorizes it to use, but cannot operate more than 2,000 gaming devices.

Source: 1999 Tribal-state gaming compacts.

<sup>1</sup> The Capitan Grande Band of Diegueno Mission Indians is a federally recognized tribe consisting of the Barona and Viejas groups, each of which signed a compact with the State.

**Table 1**  
**Summary of Revenue Provisions for Ratified and New Tribal-State Gaming Compacts**

	ORIGINAL COMPACTS	POST-1999 COMPACTS			PENDING COMPACTS*	
	1999 COMPACT	2003 COMPACT	2004 COMPACT	2004 AMENDMENT	RATIFIED COMPACT†	RATIFIED 2006 AMENDMENT‡
NUMBER OF CLASS III DEVICES ALLOWED PER COMPACT	Up to 2,000 devices	From 350-2,000 devices per tribe	From 1,500-2,000 devices per tribe	Unlimited number of devices	Up to 39 devices	From 5,000-7,500 devices per tribe
CONTRIBUTIONS TO THE REVENUE SHARING TRUST FUND	Payments on a per-device basis	None	Payments on a per-device basis and contingent upon net wins	Payments of \$2 million annually per tribe; payment based on a per-device fee or flat fee based on the year of operation	None	Payments of \$2 million to \$3 million annually per tribe
CONTRIBUTIONS TO THE INDIAN GAMING SPECIAL DISTRIBUTION FUND	Payments based on percentage of net wins from devices operated as of September 1999	None	None	None	None	None
CONTRIBUTIONS TO THE GENERAL FUND	None	Payments of 5 percent of net wins	Payment based on total number of devices in operation at the percentage of net wins	Payments based on total number of devices in operation or percentage of net wins Payments of \$5.75 million to \$33.8 million for certain tribes§	Payments based on percentage of net wins	Payments of 15 percent to 25 percent of net wins from devices in excess of 2,000 Payment of \$20 million to \$45 million annually

Sources: 1999 compacts, post-1999 compacts, and pending compacts.

\* Though ratified, until approved by the federal Secretary of the Interior, the one new compact and four amended compacts cannot take effect and are therefore considered pending.

† This is a new compact with the Yurok Tribe.

‡ One amendment remains unratified by the Assembly.

§ A portion is designated for annual transportation bond payments made by five tribes totalling \$100.8 million per year.

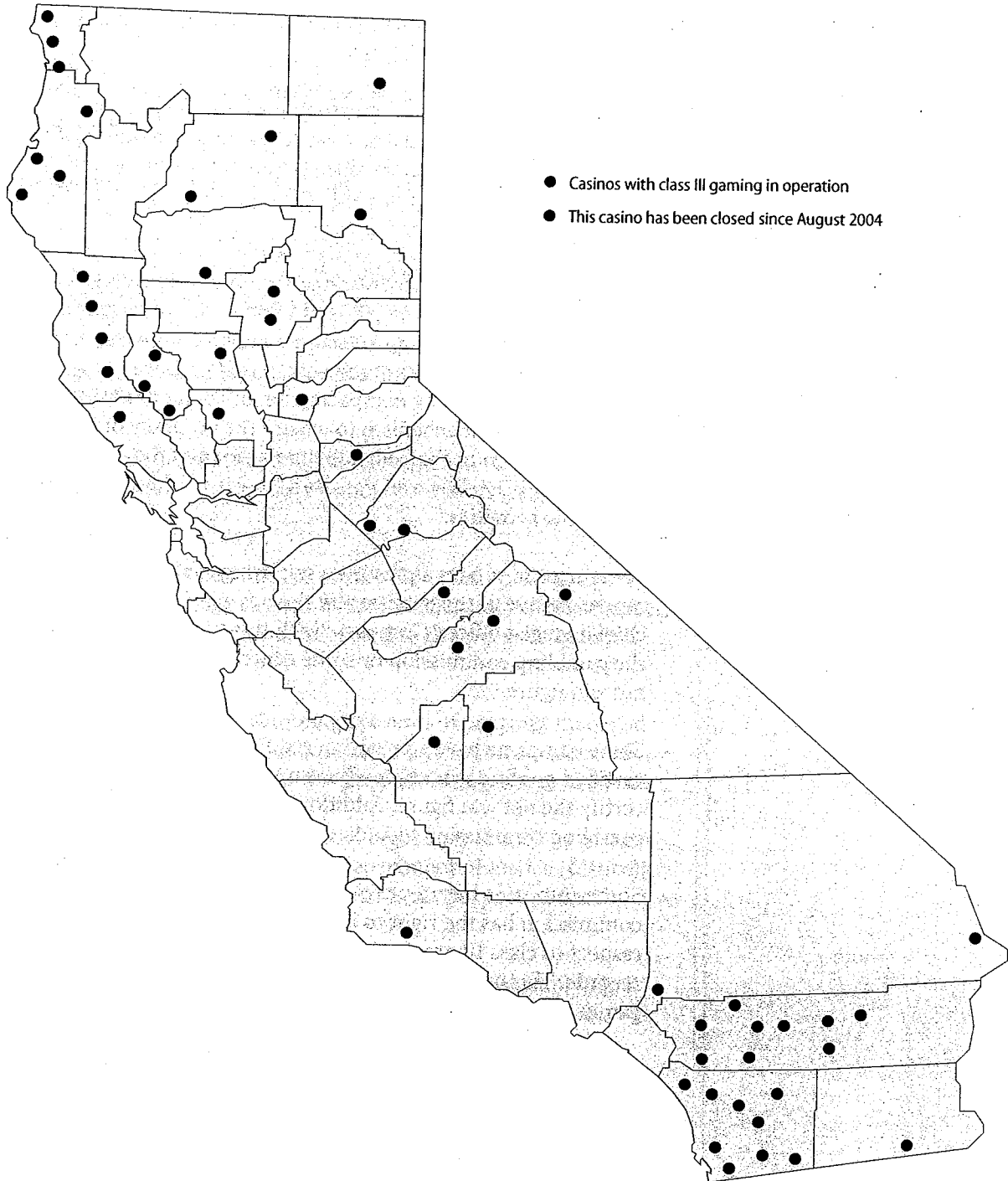
gaming or non-gaming.” To accomplish this goal, the compacts indicate that each of the State’s tribes without compacts or operating fewer than 350 devices (noncompact tribes) may receive distributions of \$1.1 million each year from the trust fund.

As of February 2007 California had ratified compacts with 66 of the federally recognized tribes in California, 56 of which operate a total of 57 tribal casinos. Figure 1 shows the casinos operating class III gaming devices by federally recognized Indian tribes in California. Appendix A lists the tribes with compacts and indicates the number of gaming devices each is currently allowed to operate.

**California Gambling Control Commission**

The gambling commission was created by the 1997 Gambling Control Act to serve as the regulatory body over gambling activities in the State, including Indian gaming. It has jurisdiction over the operation, concentration, and supervision of gambling establishments. A commission consisting of five appointed

**Figure 1**  
Location of Indian Casinos Operating Class III Gaming Devices in California



Source: California Gambling Control Commission, December 2006.

Note: Map is an approximation and not drawn to scale. Icons are representative of approximate locations.



