



CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101
Sacramento, CA 95814
(916) 327-7500 • FAX 441-5507

CSAC Fact Sheet on the New Tribal/State Compacts
June 21, 2004

Financial Aspects

On June 21, 2004, the Governor signed new State/Tribal Compacts with 5 tribes, all of which currently operate casinos. These include the following: United Auburn (Placer County), Rumsey Band (Yolo County) and three San Diego Tribes: Viejas, Pala, and Pauma. The financial aspects include payment of \$97 million annually from the 5 tribes to finance a \$1 billion bond for 2004-05 transportation projects to be repaid over 18 years. The specific information on how the transportation funds will be spent will be outlined in a trailer bill.

In addition to this annual payment, the tribes would be required to pay an additional \$12,000 to \$25,000 annually per slot machine exceeding the current 2,000 limit. This provision is considered self-limiting as the net win per machine would have to be very high to make the additional slot machines financially viable, but there is no cap on the number of machines that a tribal government may operate. The compacts also provide that each tribe must pay \$500,000 on a quarterly basis into the Revenue Sharing Trust Fund, which should total \$2 million annually for each tribe.

Environmental Protection

The non-economic provisions of the compact are triggered by a tribal government undertaking a project as defined by the new compact, which would require the tribe to prepare a Tribal Environmental Impact Report (TEIR). A project is defined as any activity occurring on Indian Lands to serve the Tribe's gaming activities which may cause a direct or indirect physical change in the off-reservation environment.

Once a project is undertaken by a tribe the new compact language would require a notice of preparation, development of an tribal environmental impact report (TEIR), which requires detailed information on significant effects, mitigation and project alternatives. Failure by the tribe to prepare a TEIR could result in the State obtaining an injunction to stop the project.

Local Government Agreements

Based on the TEIR, the new language requires negotiation and agreements to be undertaken with affected communities in relation to off-reservation mitigation, service responsibilities, including public safety services provided by local governments. Should impasse occur in reaching such agreements after 55 days, "baseball" arbitration would be triggered ultimately requiring the arbitrator to consider the most reasonable offer from each party if agreement remains elusive. Further, the arbitration process outlined could also determine the adequacy of the TEIR prepared by the tribe.

Enforceability

The compact also includes waiver of sovereignty to permit local government to enforce the arbitration decision through execution of a judgment in a court of law.

Other Provisions

Other provisions include building code compliance based on state standards, slot machine compliance subject to state inspection and audits, and tort law compliance in relation to patron injury. There is no local inspection provision. It should be noted that the new compact does not lift the 2-casino limit established in the 1999 compact of which these 5 tribes are subject too.

Consistency with CSAC Policy Objectives

These local government related provisions appear to fulfill the policy objectives outlined in CSAC policy in relation to the current Tribal/State Compacts and address the deficiencies in the previous compacts that affect counties' ability; 1) to mitigate off-reservation impacts, 2) to provide services on tribal lands and 3) to protect affected communities.

These compacts must now be ratified by the Legislature to become effective.