

Date of Hearing: May 10, 2018

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

AB 3262 (Committee on Governmental Organization) – As Introduced April 5, 2018

**SUBJECT:** Tribal gaming: local agencies

**SUMMARY:** Deletes obsolete allocation provisions relating to the Indian Gaming Special Distribution Fund (SDF) and makes other code maintenance changes.

**EXISTING LAW:**

- 1) Creates in the State Treasury two special funds derived from revenues from tribal gambling – the Indian Gaming Revenue Sharing Trust Fund (RSTF) and the Indian Gaming Special Distribution Fund (SDF). The RSTF is used to provide payments to tribes (\$1.1 million per tribe) that operate fewer than 350 machines. The SDF is used for: (1) backfilling shortfalls in the RSTF; (2) programs addressing gambling addiction and related problems; (3) gambling regulatory activities of the California Gambling Control Commission (CGCC) and the Department of Justice (DOJ); (4) ) grants for the support of state and local government agencies impacted by tribal casinos; and, (5) other gambling-related purposes.
- 2) Provides that the Department of Finance (DOF), in consultation with the CGCC, shall calculate the total revenue in the SDF that will be available for the current budget year for local government agencies impacted by tribal gaming. DOF is required to include this information in the May budget revision.
- 3) 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 not pay, into the SDF. The distribution formula "sunsets" on January 1, 2021.
- 4) 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 the 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.
- 5) 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.

**FISCAL EFFECT:** This bill is keyed non-fiscal by Legislative Counsel.

**COMMENTS:**

Purpose of the bill. According to the author's office, this measure is simply intended to make technical, clarifying and conforming changes to update and condense where possible, current statutes pertaining to the SDF.

Prior legislation. AB 1042 (Hall, Chapter 746, Statutes of 2013) required DOF, in consultation with the CGCC, to calculate the total revenue in the SDF that will be available for the current budget year for local government agencies impacted by tribal gaming. In addition, appropriated \$13 million from the SDF to the CGCC to provide grants to local agencies for the 2013-14 fiscal years.

AB 2515 (Hall, Chapter 704, Statutes of 2012) required each grant applicant to show how the grant will mitigate the impact of the casino on the grant applicant. Also, appropriated \$9.1 million from the SDF to the CGCC to provide grants to local agencies for the 2012-13 fiscal years.

AB 1417 (Hall, Chapter 736, Statutes of 2011) appropriated \$9.1 million from the SDF to the CGCC to provide grants to local agencies for grants to mitigate the impact of tribal gaming on local governments.

SB 856 (Budget and Fiscal Review, Chapter 719, Statutes of 2010) appropriated \$30 million from the SDF to restore funding deleted from the Budget Act of 2007 for grants to mitigate the impact of tribal gaming on local governments.

AB 158 (Torrico, Chapter 754, Statutes of 2008) enacted several recommendations proposed by the BSA relative to the allocation and use of proceeds from the SDF.

SB 288 (Battin, Chapter 13, Statutes of 2006) appropriated \$20 million from the SDF for grants to local jurisdictions impacted by tribal gaming.

SB 621 (Battin, Chapter 858, Statutes of 2003) established, until 1/1/2009, priorities and procedures for specified funding to local governments from the SDF for mitigating impacts from tribal casinos and appropriated \$25 million from the SDF to mitigate the impact of tribal gaming on local governments.

AB 673 (J. Horton, Chapter 210, Statutes of 2003) provided that money in the SDF may be used to make payment of shortfalls that may occur in the RSTF and specified that payment for those shortfalls in the RSTF shall be the priority use of moneys in the SDF. Also, appropriated the sum of \$50.6 million for the purpose of making payments to eligible Indian tribes for the preceding fiscal year. In addition, established and provided for the funding of the Office of Problem and Pathological Gambling in the Department of Alcohol and Drug Programs.

AB 1385 (Battin, Chapter 874, Statutes of 1999) among other things, ratified 57 tribal-state gaming compacts and created two special funds in the State Treasury (SDF and RSTF) for the deposit of revenues derived from Indian gaming and gaming device licensing fees.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

None on file

### **Opposition**

None on file

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