

Why SB288 is Wrong

In 2004, Governor Schwarzenegger vetoed \$20 million of the total \$50 million appropriation for the Special Distribution Fund or “SDF”. In response, five Riverside County legislators (Battin, Bogh, Garcia, Benoit, and Ducheny) sponsored SB 288 that would restore the \$20 million and distribute it among counties according to a funding formula previously adopted. The 1999 compacts promised that every county would get money to cover the off-reservation costs casinos. But while casinos are increasingly statewide, the size and allocation of the SDF doesn’t reflect this reality.

- Twenty-six of the fifty-eight counties in California have tribal casinos, but half of the SDF goes to just two counties.
- There are proposals for another twenty-two casinos in sixteen different counties. If built, these new casinos would bring the total number of counties with casinos to thirty-one, but the amount paid by tribes into the SDF and the funding allocation among counties wouldn’t change.
- The \$7 billion California tribal gaming industry pays an estimated 0.7% of annual revenues (an estimated \$50 million in 2005) to the SDF from which local governments can ask tribes for grants to cover gaming impacts on public safety, infrastructure, and local government services.¹

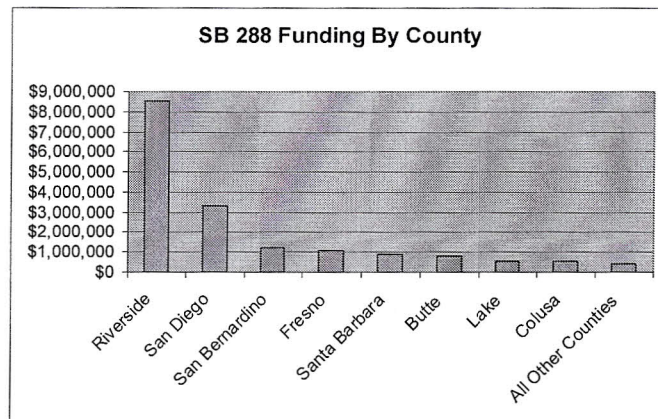
Additionally, SB 288 would continue the unfair distribution of funding and will require the legislature to make another appropriation to fund the work of the California Gambling Control Commission on compacts ratified after 1999.

In 2006, the legislature should take another look at tribal gaming compacts and the Special Distribution Fund. Compacts should be amended to increase funding to address all off-reservation impacts, and the existing SDF formula should be revised so that it is distributed more fairly and to ensure that the money goes to where it is most needed.

The Current SDF Funding Formula is Unfair

Nearly half of SDF funding goes to Riverside County, yet that county has an estimated 25% of the state’s total gaming revenue, based its share of the state’s total number of slot machines.² Riverside has just nine of the state’s fifty four casinos. The following chart shows how SB 288 creates unequal funding statewide.

- Sixty percent of funding goes to Riverside and San Diego



¹ Although it is not a requirement of the compact, the legislature established the rule that gives tribes absolute veto power over grant requests.

² The SDF funding formula was derived from analysis conducted by the California State Association of Counties. http://www.csac.counties.org/legislation/indian_gaming/sdf_formulas.pdf

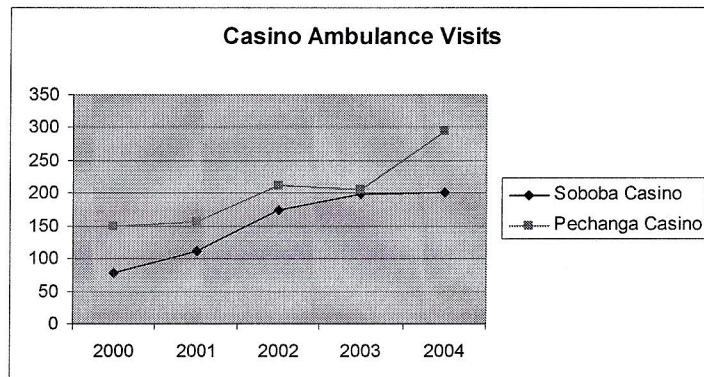
Counties, while those two counties have 35% of compacted gaming tribes.

- SB 288 would provide Riverside County with \$666 per slot machine, while the rest of the counties in the state get an average of \$266 per slot machine.
- While Riverside County has 24% of the state's slot machines, it would receive 43% of the money appropriated by SB 288.

The SDF already isn't enough and as needs increase, it stays the same

Currently, California gets about \$50 million annually or \$921 per slot machine for the SDF. That's just 0.7% of annual revenues from the estimated \$7 billion industry. Based on estimated property values, corporate income taxes, and transient occupancy taxes, any other similar non-tribal business would be paying an average of six times as much for state and local government services, infrastructure, schools, and public safety. Across California, there are many examples of how the SDF is inadequate.

- San Diego County tribes sponsored grant applications totaling over \$17 million, but funded only 28% of this amount.
- Riverside County agencies requested \$44,596,435 in 2004,³ but received \$12,506,494 in funding, or 28% of all requests endorsed by tribes in the county.
- The Agua Caliente funded 25% of their grant requests. That amount, representing 15% of all funding in the county, was just \$1,488,657 in 2004.⁴ Any equivalent non-tribal business would have contributed approximately \$18 million annually for state, county, and local services.
- Last year, the industry in California grew by 14 percent. Impact funding stayed the same. Sheriff's calls to the Agua Caliente casino in Riverside grew 10% every year since opening. Police calls from the tribe's casino in downtown Palm Springs increased 400% from 2002 to 2005.
- Rising ambulance visits to the Pechanga and Soboba casinos reflect a yearly increase in county costs not matched by an increase in funding.
- Since the program began in 2003, neither the Soboba nor Pechanga has contributed to the cost of ambulance service born by Riverside County taxpayers.
- The Pechanga tribe contributed one fifth of road construction costs to improve access to their casino. Other development projects nearby such as the Roripaugh Development fund all necessary road improvements.



³ FY 2004/05 SB 621 Grant Awards. <http://www.riverside-tribalcbc.org/GrantAwards.shtml>. Accessed 8/30/05.

⁴ This does not count projects funded by the combined ITCAs of the seven major gaming tribes in Riverside County.