

Stand Up For California!

"Citizens making a difference"

standupca.org

P.O. Box 355
Penryn, CA 95663

August 23, 2005

Honorable Governor Schwarzenegger
Governor of California
Attn: Honorable Peter Siggins
Secretary of Legal Affairs
Office of the Governor
Sacramento, CA. 95814

RE: Proposed Amendments to the Special Distribution Fund

Dear Governor Schwarzenegger:

Stand Up For California writes to you today troubled over the proposed amendments to the Special Distribution Fund (SDF) by Senator Jim Battin and Assemblymember Bonnie Garcia. We have read the one sided press statements and stories obviously generated by a select few who benefit either financially or politically from the lion's share of the fund.

In a nutshell, it is my understanding that the amendments will (1) appropriate \$20 million from the SDF to local governments impacted by tribal government gaming; (2) require the recipient counties of SDF grant monies to report annually to the State Legislature, the Department of Finance and the Gambling Control Commission; and (3) delete the January 1, 2009 sunset date on this provision of law that authorizes the appropriation of SDF monies to local governments impacted by tribal government gaming.

Without a doubt mitigating the impacts of tribal casinos on local government services is an appropriate state expenditure under the 1999 compacts and the Coyote Valley court ruling. Unfortunately the current framework and formula for disbursement is unfair:

- 1) The current formula provides funding to mitigate the impacts of only a few (highly profitable) tribal casinos. The funding should be equally available to mitigate the impacts of ALL tribal casinos in California, particularly those that are not so profitable.
- 2) Based on the information available from the 2005 reports, Special Distribution Funds are being used for a multitude of purposes other than mitigating the impacts of tribal casinos, which is a violation of the compacts and case law.
- 3) While the Special Distribution Fund has a carryover balance now, its future is in grave doubt as new compacts are negotiated that do not require tribal payments into the SDF. This puts gambling regulation and problem gambling programs at risk.

Where is the funding for providing effective state regulatory oversight of a 19.5 billion dollar and growing industry of which California tribal governments are the major players? The 1999 gaming compacts promise such oversight, for which the public has a reasonable expectation, but the Legislature has, thus far declined to provide adequate funding.

Deplorably, as shown by the attached listing SDF moneys have often been misused for purposes unrelated to the impacts of tribal casino gaming. The expenditures make the SDF appear to be a political slush fund of highly profitable gaming tribes.

For the above reasons, we respectfully request the State Auditor or another appropriate investigative agency to examine the purposes for which SDF moneys have been used, so that the legislature may fulfill its responsibility to ensure that the moneys are appropriated and disbursed for the purposes designated in the tribal state gaming compacts and in statute.

Sincerely,

Cheryl A. Schmit – Director
916-663-3207
schmit@quiknet.com

CC: California State Senator Jim Battin
California State Assemblymember Bonnie Garcia
California State Assemblymember Jerome Horton
Bob Lytle – Director- Division of Gambling Control
Dean Shelton – Chairman – California Gambling Control Commission