

# Agenda Report

DATE: September 13, 2004

TO: CITY COUNCIL

THROUGH: LEGISLATIVE COMMITTEE (9/7/04)

FROM: CITY MANAGER

SUBJECT: OPPOSE PROPOSITIONS 70 – Tribal Gaming Compacts. Exclusive Gaming Rights. Contributions to State

## RECOMMENDATION

It is recommended that City Council Oppose Proposition 70 Tribal Gaming Compacts. Exclusive Gaming Rights. Contributions to State.

## BACKGROUND

The California Constitution and state statutes specify the types of legal gambling that can occur in California. For instance, current law allows wagering on horse races and certain games in licensed card rooms. In addition, Indian tribes with tribal-state gambling compacts can operate slot machines and certain other casino-style gambling in California.

## PROPOSAL

This measure amends the State Constitution and state statutes to require the Governor to amend an existing compact or enter into a new compact with any tribe within 30 days of a tribe's request. Any such compact would have to include certain provisions, as discussed below.

- Upon request by federally-recognized Indian tribe, Governor must execute renewable 99-year gaming compact.
- Grants exclusive tribal gaming rights; no limits on number of machines, facilities, types of games on Indian land.
- Tribes contribute percentage of net gaming income, based on prevailing state corporate tax rate, to state fund.
- Contributions cease if non-tribal casino-type gaming is permitted.
- Contributions are in lieu of any other fees, taxes, levies.

- Requires off-reservation impact assessments, public notice/comment opportunities before significant expansion or construction of gaming facilities.

### ANALYSIS

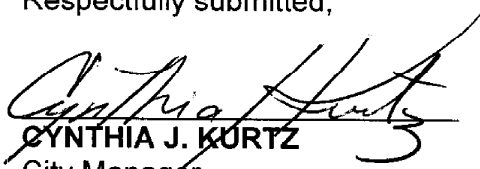
To the extent that tribes opted to accept this Measure's provisions rather than those of the 2004 compacts, they would not be subject to the requirement for negotiations with local governments concerning community impacts. As a result, local governments may be faced with loss of local control over land use issues.

Furthermore, Proposition 70 wouldn't require tribes to pay taxes other companies pay, such as property tax and income taxes; allows tribes to own an unlimited number of casinos with no size limits; and paves the way for unlimited casino gaming in major urban and suburban areas across California.


### FISCAL IMPACT

For years Indian gaming tribes have paid almost nothing to state or local governments. But now, Governor Schwarzenegger has negotiated new agreements with many tribes. Unfortunately, Proposition 70 effectively destroys these new agreements. Proposition 70 claims that tribes will pay a percentage of their net profits to the state, but it does not provide the state any auditing vehicle to determine those profits. Without a state audit, taxpayers will never know if they are getting a fair deal or a raw deal. Unlike the new agreements Governor Schwarzenegger has negotiated, this measure will allow tribes to massively expand gambling by operating an unlimited number of casinos. Proposition 70 encourages tribes to put casinos in our state's major cities, increasing crime and traffic congestion problems. Casinos can be a magnet for crime and unfortunately, Proposition 70 provides no funds to local law enforcement agencies to help fight crime in the communities surrounding Indian casinos.

Respectfully submitted,

  
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