California

AMERICAN GAMING ASSOCIATION®

Regulatory Oversight

TRIBAL GAMING

Governing Body: According to the California Gambling Control Commission, as of January 2024, the state of California has ratified tribal-state gaming compacts with 76 California tribes and put into effect Secretarial Procedures with four additional tribes. Of the 76 compacted tribes, 63 operate 66 casinos throughout the state.

While each tribal-state compact is unique, roughly, there are three similar models generally followed, especially with respect to revenue sharing provisions: the 1999 Compacts (1999 Compacts), compacts negotiated around 2004 to 2006 (2004 Compacts) and compacts agreed to after 2011 (2012 Compacts). For uniformity purposes, this information will cover the 1999 Compacts, the 2004 Compacts and the 2012 Compacts as described above.

Under the 1999 compacts, tribes were limited to around 2,000 Class III gaming machines. The 2004 Compacts allowed tribes to operate an unlimited number of Class III gaming machines. The 2012 Compacts vary in the amount of Class III gaming machines allowed, with some tribes being allowed to operate over 2,000 machines.

Regulation of tribal casinos in California is done by tribes and the state. The tribes regulate tribal casinos through tribal commissions, keeping operations in compliance with local ordinances and state compacts. The state gaming commission also has a role in regulating tribal casinos, including helping with inspection of tribal gaming facilities and suitability determinations of applicants.

Generally, compacts in the state last for terms of 20 years.

Licensing

TRIBAL GAMING

The licensing information used in this section is taken from the Fort Independence Indian Community of Paiute Indians. Tribes and the state must work together in licensing. Tribes award licenses and the state must determine whether applicants are suitable.

Gaming Resource Supplier: A gaming resource supplier is defined as "any person or entity who, directly or indirectly, does, or is deemed likely to, manufacture, distribute, supply, vend, lease, purvey, or otherwise provide, to the Gaming Operation or Facility at least twenty-five thousand dollars ($25,000) in Gaming Resources in any twelve (12)-month period, or who, directly or indirectly, receives, or is deemed likely to receive, in connection with the Gaming Operation or Facility, at least twenty-five thousand dollars ($25,000) in any consecutive twelve (12)-month period, provided that the Tribal Gaming Agency may exclude a purveyor of equipment or furniture that is not specifically designed for, and is distributed generally for use other than in connection with, Gaming Activities, if, but for the purveyance, the purveyor is not otherwise a Gaming

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Resource Supplier, the compensation received by the purveyor is not grossly disproportionate to the value of the goods or services provided, and the purveyor is not otherwise a person who exercises a significant influence over the Gaming Operation." The fees for all tribal gaming licenses shall be set by tribal gaming agencies. License fees are not listed in the tribal-state gaming compacts or tribal gaming ordinances.

Management Contractor: A management contractor is defined as "any Gaming Resource Supplier with whom the Tribe has contracted for the management of any Gaming Activity or Gaming Facility, including, but not limited to, any person who would be regarded as a management contractor under IGRA." The fees for all tribal gaming licenses shall be set by tribal gaming agencies. License fees are not listed in the tribal-state gaming compacts or tribal gaming ordinances.



Taxation & Tribal Revenue Sharing

TRIBAL GAMING

Revenue Share: Tribes in California make payments to three different funds: the Revenue Sharing Trust Fund, the Special Distribution Fund and the state's General Fund. Currently, 43 tribes make payments into at least one of the funds. The Revenue Sharing Trust Fund receives payments from 31tribes in the state.

The Special Distribution Fund receives payments from 38tribes in the state. The General Fund receives payment from one tribe in the state.

Some tribes also contribute to special mitigation funds.

Revenue Sharing Trust Fund: The 1999 Compacts lay out a revenue sharing model for the Revenue Sharing Trust Fund, with amounts paid varying by the number of slot machines operated by tribes. Compacts signed around 2004 tend to require a flat fee to the Revenue Sharing Trust Fund of $2 million. Compacts signed more recently have different models to determine what is paid into the Revenue Sharing Trust Fund.

Special Distribution Fund: The 1999 Compacts lay out a revenue sharing model for the Special Distribution Fund, with amounts paid varying by the number of slot machines operated by tribes. A lot of compacts signed around 2004 do not require payments into the Special Distribution Fund, however, there are exceptions. Similarly, many of the compacts signed more recently do not require payments into the Special Distribution Fund.

General Fund: The 1999 Compacts did not require payments into the state's General Fund. Compacts negotiated around 2004 generally required payments into the General Fund, however, following the Rincon decision, it was ruled that a state's demand for payments to its General Fund may be considered an illegal tax on tribes. Compacts moving forward tend not to require payments to the state's General Fund.

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A few examples of different revenue sharing models are listed below.

The 1999 Compacts

Under the 1999 Compacts, tribes paid the following revenues into the Revenue Sharing Trust Fund:

Number Of Slot Machines	Annual Payment Per Machine
1-350	$0
351-750	$900
1,251-2,000	$4,350
751-1,250	$1,950

Generally, under the 1999 Compacts the following amounts are distributed into the Special Distribution Fund:

Slot Machines Operated By Tribe	Net Win Per Machine
1-200	0%
201-500	7%
501-1,000	10%
1,001 or More	13%

Agua Caliente Band of Cahuilla Indians of the Agua Caliente Indian Reservation (Amended Compact Effective 2016)

The Agua Caliente Band of Cahuilla Indians is a tribe that contributes to both the Revenue Sharing Trust Fund and the Special Distribution Fund.

Revenue Sharing Trust Fund: The tribe makes payments to the Revenue Sharing Trust Fund in the following manner:

0-350 gaming devices	0
351-2,500 gaming devices	6 percent of net win
2,501-3,000 gaming devices	7 percent of net win
3,001-3,500 gaming devices	8 percent of net win
3,501-4,000 gaming devices	9 percent of net win
4,001-4,500 gaming devices	10 percent of net win
4,501-5,000 gaming devices	11 percent of net win

Special Distribution Fund: The tribe is required to make payments into the Special Distribution Fund based on the maximum number of gaming devices operated in the tribe's gaming facilities during the previous state fiscal year, divided by the maximum number of gaming devices operated by all federally recognized tribes in California during the previous state fiscal year, multiplied by the amount appropriated in the annual Budget Act each fiscal year to carry out the state's cost incurred for performance of all its duties under the compact. The exact amount paid by the tribe is not disclosed under the compact or by the California Gambling Control Commission.

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Federated Indians of Graton Rancheria

The Federated Indians of Graton Rancheria pay funds into the Special Distribution Fund, the Revenue Sharing Trust Fund and a specially established mitigation fund.

The Graton Rancheria pays the following into the Revenue Sharing Trust Fund, based on the number of devices the tribe operates.

0-350 gaming devices	$0 per gaming device
351-750 gaming devices	$900 per gaming device
751-1,250 gaming devices	$1950 per gaming device
1,251-2,000 gaming devices	$4350 per gaming device
2,001-3,000 gaming devices (years 1-7)	$4350 per gaming device
2,001-3,000 gaming devices (years	$7500 per gaming device
4,501-5,000 gaming devices	11 percent of net win

If the net win from all gaming devices exceeds the amount set forth in the following schedule, the tribe must pay an additional 25 percent of the difference between the net win and the corresponding amount for that year as follows:

Year of Gaming Activities	Amount Net Win
Year One	$350m
Year Two	$360m
Year Three	$371m
Year Four	$382m
Year Five	$394m
Year Six	$406m
Year Seven	$418m

For example, if in year one the tribe earned $370m in net win, then the tribe would pay the state gaming agency 25% of the $20m difference between $370m and $350m. The additional payment to the Revenue Sharing Trust Fund would be $5m in this example.

Special Distribution Fund: The tribe must pay the following amount into the Special Distribution Fund:

First 28 quarters in which gaming activities occur	$350,000 per quarter
29th quarter and on	3 percent net win from all gaming devices

Graton Mitigation Fund: Payments made into the Graton Mitigation fund are as follows:

First 28 quarters in which gaming activities occur	15 percent net win from all gaming devices
29th quarter and on	12 percent net win from all gaming devices

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For the first seven years of the compact, the tribe may make deductions from the Graton Mitigation Fund payments for the benefit of the tribe based on the number of tribal citizens and retirement of development costs.

State Use of Revenue: The Revenue Sharing Trust Fund is a fund created by the legislature and administered by the state gaming agency. The state gaming agency must disburse the RSTF monies on a quarterly basis as specified by the legislature. Each eligible non-gaming tribe and limited-gaming tribe in the state receives $1,100,000 per year from the RSTF. Monies in excess of the amount necessary to distribute $1,100,000 to each eligible non-gaming tribe and limited-gaming tribe will remain in the RSTF available for disbursement in future years.

The Special Distribution Fund is used in the following ways:

- Grants for programs designed to address and treat gambling addiction;
- Grants for the support of state and local government agencies impacted by tribal government gaming;
- Compensation for regulatory costs incurred by the state;
- Compensation to state and local government for law enforcement, fire, public safety, and other emergency response services provided in response to or arising from any threat to the health, welfare, and safety of gaming facility patrons, employees, tribal members, or the public generally, attributable to intra-tribal government disputes; and
- Any other purposes specified by the legislature that are consistent with IGRA, including funds necessary to ensure adequate funding to the Revenue Sharing Trust Fund.

Monies from the General Fund are used to fund state programs such as K-12 education, higher education, health and human services, transportation, the Department of Corrections and Rehabilitation, California Natural Resources Agency, California Environmental Protection Agency, Business Consumer Services and Housing Agency, and other programs the legislature deems necessary.

Tribal Use of Revenue: As required under IGRA, tribes must use tribal gaming funds:

1. To fund tribal government operations or programs;
2. To provide for the general welfare of the tribe and its members;
3. To promote tribal economic development;
4. To donate to charitable organizations; or
5. To help fund operations of local government agencies.

Promotional Credits Effect on Revenue Sharing: In compacts examined, no information was found whether promotion credits affected net win.

Withholding on Winnings: Federal law may require tribal casinos to issue a W-2G form to persons and may withhold winnings if certain conditions are met. For more information click here.

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Responsible Gaming

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Statutory Funding Requirement: Money from the tribally funded Special Distribution Fund goes to benefit and aid those with gambling addiction in the state.

Self-exclusion: Newer compacts require tribal gaming operations to allow persons to enroll in a self-exclusion program. Enrollment in this program would halt promotional mailings, revoke privileges for casino services, deny or restrain a person's ability to be offered credit or use the facility for check cashing services, and exclude persons from gaming facilities.

Complimentary Alcoholic Drinks: Tribes may not serve complimentary alcoholic beverages.

Advertising Restrictions: As laid out in the more recent compacts, tribes must ensure advertising and marketing materials of gaming activities in gaming facilities contain responsible gambling messages and a toll-free help-line number for problem gamblers. Tribal gaming messages must also not contain false or misleading claims.

On-Premise Display Requirement: As laid out in the more recent compacts, tribes must display, at conspicuous locations and at ATMs, signs bearing a toll-free help-line where patrons may obtain assistance for gambling problems.

Prevention of Underage Gambling: A person must be at least 21 years old to gamble in a tribal casino.

Operation on Holidays: Tribes operate casinos on holidays.

Other Regulations

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Testing Requirements: Gaming devices must be approved by an independent testing laboratory licensed by a tribal gaming office and certified by the state gaming agency.

AML requirements: Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism.

Shipping Requirements: Under federal U.S. law, all gambling devices and all packages containing gambling devices, when shipped or transported, must be plainly and clearly labeled and marked so that the name and address of the shipper and the consignee and the contents of the package may be readily ascertained on an inspection of the package.

Restrictions on Political Contributions: Under federal law, tribes are considered "persons" and are subject to regulation by the Federal Election Commission when making federal contributions.

Credit: Tribes may offer credit, but not all tribal gaming facilities offer credit services.

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Smoking Bans: Tribes are not subject to California's no-smoking regulations, as such tribal casinos are permitted to offer smoking.

Cashless Gaming & Alternative Payments: California does not possess prohibitions concerning cashless gaming, as such under the negotiated compacts, individual tribes may offer cashless wagering systems.

However, California does not currently accept cryptocurrency as a form of payment for gambling transactions and explicitly prohibits the use of Bitcoin or any other cryptocurrency to purchase raffle tickets.



Sports Betting

California does not currently offer legal sports betting.