

## \$212 Million in Tribal Political Spending Shapes Policy Outcomes in California

Since 1998, tribes have spent more than \$212 million on politics in California.<sup>1</sup>

Limiting competition and protecting industry privileges are the top focus of tribal spending. Since gaining a monopoly on

lucrative Las Vegas-style casinos in the late

1990s, Indian tribes have quickly become the top-ranked political spenders in California.<sup>2</sup> While Congress mulls lobbying reforms following an estimated \$26 million in total federal political expenditures by tribes, there is no sign that tribal political spending in California will abate.

Tribes spent more than \$56 million in 1998 and again more than \$86 million in 2004 on ballot propositions seeking to persuade voters to protect and expand their gaming monopoly. Starting with the gubernatorial recall in 2003 and continuing through bruising statewide ballot propositions in 2004, tribal political spending mushroomed to \$107 million in the two year period. During the calendar year that included the recall, tribes spent \$19 million directly on the recall and on elected officials. According to the *San Diego Union Tribune*, \$8 million of that total went to Lt. Gov. Cruz Bustamante, who lost to Arnold Schwarzenegger. Three quarters of all tribal political contributions historically occur in the last half of the year.

In addition to costly ballot fights, California Tribes gave more than \$23 million directly to state elected officials, who play a critical role in limiting tribes' competition by controlling the ratification of new gaming compacts and shaping industry policy.

After relatively easy and explosive growth in its first five years, the industry's policy focus has increasingly turned to fighting competition from new gaming tribes and fending

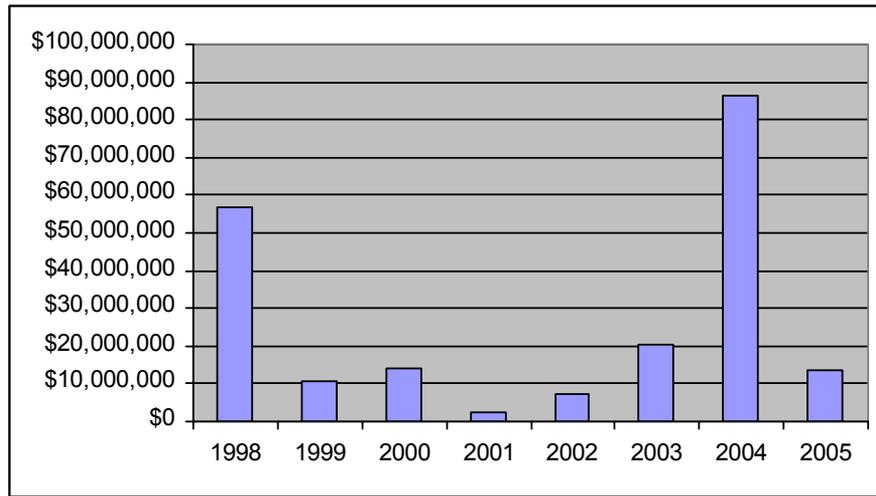


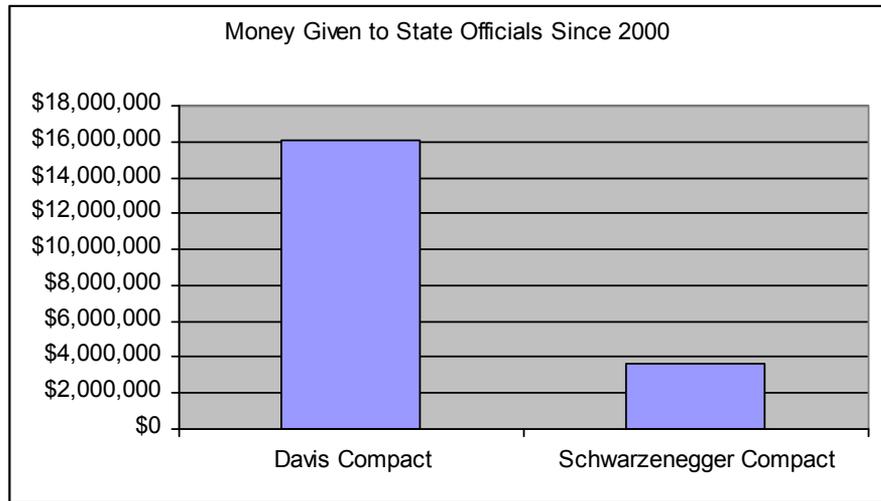
Figure 1 Total Tribal Spending in CA

<sup>1</sup> Tribal major donor filings and candidate recipient committee filings submitted to the California Fair Political Practices Commission in the Office of the Secretary of State provide are the data source for this report. Major donor and candidate recipient committee filings since January 2000 are available on-line. This investigation also tabulated major donor filings from five big spending tribes for 1997 through 1999.

<sup>2</sup> Common Cause California Report. Stacking the Deck: Gambling Industry Emerges as Top Campaign Contributor in California. June 2000; Updated July 2001. Peter Scheer, "Indian Burn", *Slate*, November 3, 2003.

off the tab for the more than \$200 million annual costs that the tax-free industry imposes on county governments alone.<sup>3</sup>

Industry regulation, especially the tribal-state gaming compacts, has become the industry's number one political battle in California. Tribes don't pay taxes on their casino winnings, but in California, there is a heated debate about whether tribes

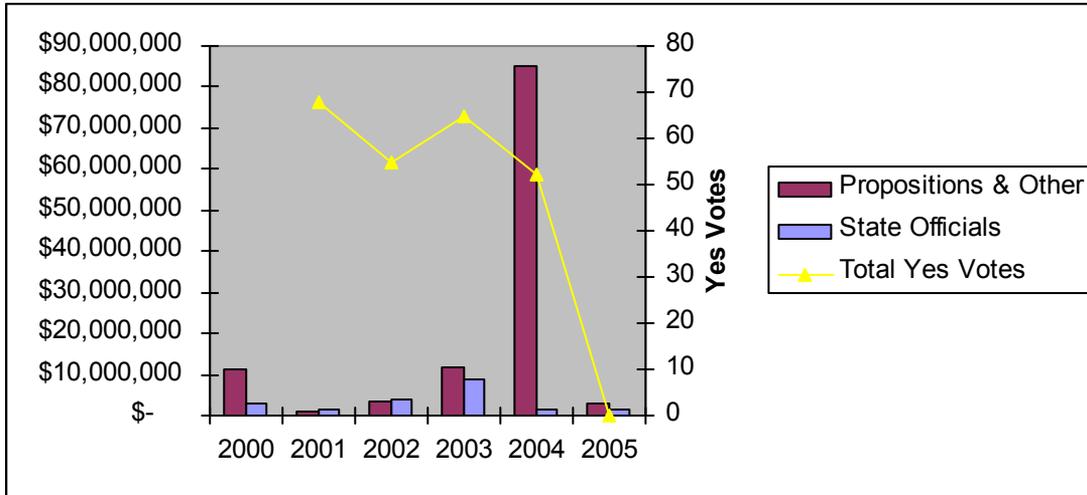


should share some of the proceeds of their “monopoly rent,” a privilege granted to them by the state. Additionally, as tribal casinos evolve from tents and temporary sprung structures into half billion dollar resorts employing thousands of people, questions emerge about the responsibilities of these mammoth facilities to their surrounding communities, schools, and public infrastructure. The Schwarzenegger compact unquestionably raises the standards in terms of a tribal casino's obligations to its neighbors—a position vigorously opposed by a significant and wealthy faction of the tribal gaming industry. Of all the money spent on elected officials, more than \$20 million, or four out of every five dollars came from those tribes that fervently oppose the terms of the Schwarzenegger tribal state gaming compact.<sup>4</sup>

A study of votes and policy outcomes in the California legislature demonstrates that tribal spending has impressed state politicians. Between the years of Davis-negotiated compacts and compacts negotiated by Schwarzenegger, the number of legislators voting in favor of ratification has declined from sixty-eight agreeing to ratify the Torres-Martinez compact to fifty-two legislators endorsing the second group of Schwarzenegger compacts. The following chart plots political spending on the left Y axis and votes on four compacts since 2003 on the right-hand Y axis. The total number of “Yes” votes in the combined Senate and Assembly ranged from 68 for the Torres-Martinez compact to 52 Yes votes in 2004.

<sup>3</sup> California State Association of Counties. “CSAC Fact Sheet on Indian Gaming in California.” November 5, 2003.

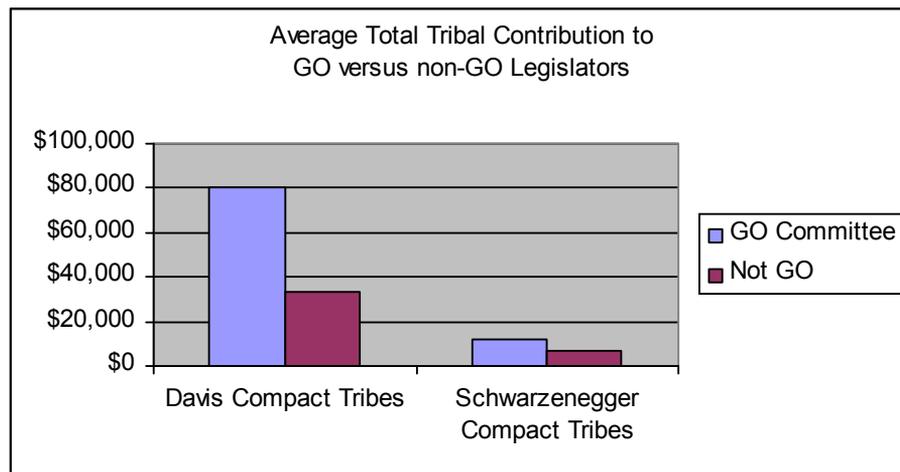
<sup>4</sup> The Morongo Tribe, which is one of the top spending tribes and has opposed the terms of the Schwarzenegger compact, failed to document the purpose of 140 political expenditures totaling \$4 million in 2003. Newspaper reports say these expenditures went to support Cruz Bustamante's candidacy for governor. These expenditures bring the total to \$20 million.



In the 2005 session, legislative bills ratifying four compacts executed by the governor failed even to make it out of Governmental Organization committees, so the legislature neither voted on nor approved any compacts at all in 2005. Numerous reports cited heavy, direct lobbying by tribes with Davis-era compacts for this outcome. State newspapers universally attributed the lack of any vote to tribes “flexing their political muscle”. According to James Sweeney at the *San Diego Union Tribune*:

“[Senate Governmental Organization chair] Florez sealed the compacts' fate when—after a stormy debate among lawmakers—he decided not to hold a hearing on the ratification measures, even if they passed out of the Assembly, where they were pending. When that word reached the Assembly, the push for a vote there was abandoned.”

Members of the Governmental Organization committees in both houses of the legislature are a principal focus of tribal spending since 2000—particularly those tribes holding



compacts from the Davis-era. Most compacts are voted on in GO committees before they go to the floor. GO committees also deal with many other aspects of tribal relations with state and local governments. Davis-compacted tribes have given an average of \$80,000 to legislators sitting on the GO Committees in the 2005 legislature, two and a half times

what they had given on average to all other legislators. Both the amounts and the disparities contrast markedly with those tribes with compacts from the Schwarzenegger era, who show no similar focus on the 2005 GO committees.

GO committee chairs Jerome Horton and Dean Florez both saw their gaming-related receipts rise in 2005. When contributions from card clubs and racetracks that also oppose more tribal casinos are added-in, Assembly GO chair Horton was the top recipient in the legislature of all gaming contributions in 2005, with receipts of \$92,300. Horton ranked ninth in contributions from Davis-compacted tribes in 2005, taking \$19,700. Others on the GO committee have even more notable receipts: Senator Jim Battin has \$1.1 million in tribal contributions since 1994. Since 2000, Battin has taken \$689,000; Senator Tom McClintock has raised \$362,000 from Davis-compacted tribes since 2000. Assembly GO member Bonnie Garcia has raised \$96,350 from Davis-compacted tribes, while GO member Ed Chavez has raised \$137,000 from that group since 2000.

If the past is any guide, the 2006 gubernatorial election promises to be a huge financial dogfight over the lucrative and tax-free \$7 billion California tribal gaming industry.

In addition to compacts, tribes exercise their political influence in other ways, and the California legislature has shown little interest in confronting the industry. Instead, the legislature has sought to curry favor with big-spending tribes:

- 1.) Established a fund in 2003, known as the Special Distribution Fund, ushered through the legislature by Senator Battin, which was advertised as a fund to help local communities deal with the impacts of Indian casinos. But legislators require grantees to advertise individual tribes as the source of the funds through activities such as decals in storefronts, on police cars, and on fire trucks, so the fund also serves as a public-relations vehicle. The legislature even gave them absolute veto power over every individual grant application. The funding formula is skewed so that the biggest political spending tribes dole out the lion's share of the fund. It is like giving the tobacco industry absolute control over the global settlement money. In 2006, the legislature is set to increase the appropriation for this fund, despite a governor's veto in the previous session.
- 2.) In the last two years, legislators have also sponsored a bill so California taxpayers would subsidize casino financing through state income tax-exempt bonds. This bill was loudly criticized in editorials in both the *Los Angeles Times* and the *Sacramento Bee*. Only a Schwarzenegger veto prevented this proposal from becoming law.

### **Total Reported Tribal Expenditures by Tribe-Jan. 2000-Dec. 2005**

- As the following table illustrates, the seven tribes (Morongo \$4.7 million; Viejas \$2.9 million; Agua Caliente \$2.7 million; Pechanga \$2.2 million; Barona \$1.6 million; Sycuan and San Manuel each \$1.4 million) dominate the other tribes as far as political contributions to elected officials in California.
- These seven tribes are who Governor Schwarzenegger was referring to when he said last September, "What has happened is that every time we come to agreement on a compact, we have the big tribes lobby up here and they control the legislators." (Press-Enterprise 9/21/05)

<b>Donor</b>	<b>Total</b>	<b>Propositions</b>	<b>State Officials</b>	<b>Party PACs</b>	<b>Other</b>
Agua Caliente	20,331,221	15,908,063	2,743,200	741,600	938,359
Alturas	10,000		10,000		
Barona	3,476,544	644,455	1,668,694	708,700	454,695
Cabazon	549,800	10,000	419,650	17,650	102,500
Fort Mojave	50,000	3,800	46,200		
Jackson	162,950	2,000	126,650	12,500	21,800
Morongo	36,534,504	16,591,989	8,164,890		11,777,625
Pala	10,311,435	8,208,893	265,845	106,000	1,730,697
Paskenta Band of Nomlaki Indians	575,457	10,600	143,357	255,000	166,500
Pechanga	16,507,791	7,190,969	2,203,822	230,300	6,882,700
Redding	44,307	25,907	9,400		9,000
Rumsey	12,717,597	9,825,948	131,245		2,760,404
San Manuel	14,607,381	11,300,000	1,443,949	852,790	1,010,642
Santa Ynez	889,990		536,500	25,000	328,490
Soboba	364,079	60,000	235,089	26,800	42,190
Sycuan	2,556,100	27,500	1,411,400	267,700	849,500
Table Mountain	454,186	276,268	96,750		81,169
Tule River	14,400		14,400		
Twenty-Nine Palms	771,600	405,000	276,750	45,000	44,850
United Auburn	10,038,276	8,495,647	190,850	108,000	1,243,779
Viejas	13,204,726	7,649,291	2,999,475	1,082,800	1,473,160
	\$144,172,343	\$86,636,329	\$23,138,115	\$4,479,840	\$29,918,059

## Top 25 Contributions to Legislative Candidates by Tribes Since January 2000

The adjacent table demonstrates the strength of the relationships between individual legislators and particular tribes. The table ranks total giving by particular tribes to individual legislators between January 2000 and December 2005. For example, Senator Battin, who has received \$1.1 million from gaming tribes over his legislative career, is the staunchest advocate for the tribes that oppose Governor Schwarzenegger. Battin has six of the top twenty-five tribal contributions since 2000. Senator Dennis Hollingsworth credited his political survival in a tough primary to an independent expenditure paid for by the Pechanga tribe.<sup>5</sup>

Ranking	Name	Donor	Total
1	Jim Battin (R)	Agua Caliente	\$189,000
2	Jim Battin (R)	San Manuel	\$157,500
3	Jim Battin (R)	Twenty-Nine Palms	\$121,200
4	Simon Salinas (D)	San Manuel	\$101,850
5	Mike Machado (D)	Agua Caliente	\$89,300
6	Dennis Hollingsworth (R)	Pechanga	\$72,000
7	Dario Frommer (D)	San Manuel	\$69,400
8	Ed Chavez (D)	San Manuel	\$66,600
9	Jim Battin (R)	Barona	\$65,400
10	Simon Salinas (D)	Santa Ynez	\$45,200
11	Ray Haynes (R)	Agua Caliente	\$43,450
12	Jim Battin (R)	Sycuan	\$42,200
13	Jenny Oropeza (D)	Agua Caliente	\$37,700
14	Russ Bogh (R)	Morongo	\$36,840
15	Dario Frommer (D)	Barona	\$34,600
16	Jerome Horton (D)	San Manuel	\$33,000
17	Russ Bogh (R)	Pechanga	\$32,050
18	Ed Chavez (D)	Santa Ynez	\$30,000
18	Jim Battin (R)	Morongo	\$30,000
20	Russ Bogh (R)	San Manuel	\$29,300
21	Jerome Horton (D)	Agua Caliente	\$28,200
22	Abel Maldonado (R)	Santa Ynez	\$28,000
23	Audra Strickland (R)	Pechanga	\$26,000
24	Russ Bogh (R)	Barona	\$23,175
25	Mike Machado (D)	Barona	\$23,000
25	Nell Soto (D)	San Manuel	\$23,000

<sup>5</sup> Dearmond, Michelle, Robert Garrett. "Elections: Six Indian casino-operators donated a total of \$1.1 million to state primary campaigns. *The Press Enterprise* 19 March 2002.

## Top 25 Gaming Contributions Totals to Candidates in 2005

The adjacent table summarizes all tribal, racetrack and card room contributions in 2005. The table ranks all legislators by the total amount of contributions received in 2005. A look behind the numbers:

- The Quechan tribe recently sued the state claiming that the Governmental Organization committee has unfairly denied its Schwarzenegger compact a hearing. Also, the tribes have long sought from the Board of Equalization an exemption from state and local sales taxes. Jerome Horton currently serves as chair of the Assembly's Governmental Organization committee and is running for Board of Equalization.
- Russ Bogh and Bonnie Garcia are widely viewed as Jim Battin's protégés. Garcia used to work for Battin, and Bogh has filed to run for Battin's Senate seat in 2008.
- Dean Florez currently serves as the chair of the Senate's Governmental Organization committee and was the author of the most recent tribal tax-exempt bond bill.

Ranking	Name	Receipts
1	Jerome Horton (D)	\$92,300
2	Russ Bogh (R)	\$55,975
3	Mark Wyland (R)	\$52,850
4	Rudy Bermúdez (D)	\$39,000
5	Carole Migden (D)	\$35,850
6	Kevin McCarthy (R)	\$35,325
7	Bonnie Garcia (R)	\$34,150
8	Dean Florez (D)	\$33,800
9	George A. Plescia (R)	\$32,350
10	Joe Coto (D)	\$31,700
11	Joe Baca (D)	\$31,100
12	Alberto Torrico (D)	\$30,000
13	Rick Keene (R)	\$29,125
14	Tom McClintock (R)	\$25,400
15	Leland Yee (D)	\$25,100
16	Mimi Walters (R)	\$22,800
17	Ronald S. Calderon (D)	\$22,300
18	Fabian Nunez (D)	\$21,500
19	Jim Battin (R)	\$21,425
20	Jeff Denham (R)	\$20,950
21	Cindy Montanez (D)	\$19,900
22	Bill Emmerson (R)	\$19,725
23	Mervyn M. Dymally (D)	\$17,500
24	Jenny Oropeza (D)	\$16,300
25	Noreen Evans (D)	\$16,000

## Governor's Race

Since 2000, both Democratic candidates for governor, Phil Angelides and Steve Westly, have taken a significant amount of Indian gaming contributions. For example, one of Phil Angelides' gubernatorial committees, Standing Up for California, took \$25,000 a piece from the Agua Caliente and Pechanga in 2005. Governor Schwarzenegger has pointedly refused to accept Indian gaming contributions thus far.

Many Sacramento insiders think that the tribes are contributing to both Democrats with the hope that they will be negotiating their tribal-state compacts with a Governor not named Schwarzenegger soon after the 2006 election. Below is a breakdown on Westly and Angelides Indian gaming contributions from tribes that oppose the Schwarzenegger compact:

Candidate	Total	1998	1999	2000	2001	2002	2003	2004	2005
Angelides	\$318,600	\$46,000	\$14,000	\$16,000	\$25,000	\$115,000	\$15,000	\$20,300	\$67,300
Westly	\$135,690					\$40,000	\$23,550	\$50,300	\$21,840

## Independent Expenditure Committees Worth Watching in 2006

- In the past, the tribes have dumped \$100,000s into independent expenditure committees with innocuous sounding names like “Californians United” or “Moderate Democrats of California”.
- Often in these committees, the tribes become “joint venture” partners with some of the least popular special interests in California like tobacco companies, large insurance companies, and payday lenders. These committees allow these unpopular special interests to spend huge amounts of money under innocent sounding names and with little public scrutiny.
- Below are the names of four independent expenditures committees and the Indian gaming contributions they received in 2005:

**California Latino Leadership Fund**

- \$295,000-San Manuel

**Native Americans and Peace Officers Independent Expenditure Committee**

- \$165,000-Pechanga

**Legislative Black Coalition Independent Expenditure Committee**

- \$40,000-Morongongo

**California African American Political Empowerment PAC**

- \$30,000-Morongongo
- \$10,000-Agua Caliente

**Sources of information**

The data for this analysis is from the Secretary of State’s database of campaign disclosure filings. “Major Donors”, political action committees, and candidates file these disclosure reports, so there are many errors and inconsistencies in the data. We compiled a database that itemized all contributions and expenditures as reported by the filers in which we are interested.

Our database has two parts: major donor filings as reported by all tribes that filed as major donors since 2000. This list contains information about over 7,500 tribal expenditures. The other part is all reports of receipts by selected candidate committees since 2000.