

Stand Up For California!

“Citizens making a difference”

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Urges the Senate to Withhold Ratification of Five Compact Amendments Pending Resolution of Four Critical Public Policy Questions

April 10, 2007, Sacramento--The Senate is the Legislature’s deliberative body, yet hearings in Senate Governmental Organizations Committee have failed to resolve four critically important public policy matters of the highest importance to the State and its residents.

The amendments run through 2030, so it could be 23 years before California gets its next opportunity to address essential policy questions affecting public safety, revenue sharing, and the integrity of our state’s political process. Therefore, the Senate should refuse to ratify the five compact amendments with the southern tribes until the four public policy questions are thoroughly addressed.

First, there is presently no independent, external control on the operation of tribal casinos in California, unlike any other form of casino gambling in the United States. In the wake of the DC Circuit’s *Colorado River* decision, ratification of these compacts puts all California residents at risk. The only realistic and effective solution is to require the governor and the tribes to go back and address this problem in the compacts.

Second, it should not be news to anyone on this committee that there is a newly emerging and unresolved question over whether new charity bingo devices violate the exclusivity clause of the compact and therefore will allow tribes to escape the revenue sharing provisions in the compact. The unresolved matter of charity bingo machines places the entire issue of revenue sharing in jeopardy. The compacts should not be ratified until the matter of charity bingo is resolved.

Third, exclusive rights to Las Vegas-style gambling has produced a windfall in profits for a small number of tribes that have in turn, spent nearly \$250 million on politics in California since the industry’s inception. The question whether tribes must comply with our State’s campaign finance rules is still not settled. The same tribe disputing its obligation to follow our state’s political rules is now before the Senate, seeking permission for an extremely lucrative expansion. Now is the time to tie up this matter, but neither the governor nor the Tribe has done so. The Senate must insist on the integrity of our state’s political process before it ratifies this deal.

Fourth, in contrast to the 2004 formula, the 2006 revenue sharing formula creates an incentive for the installation of the maximum number of slot machines—maximizing the environmental impacts of the new casinos without maximizing revenues to the state General Fund. Because of the change, the revenue sharing formula in the proposed 2006 compact amendments will likely result in reduced revenue to the state’s General Fund when compared to amendments ratified in 2004. The difference could mean \$26 million per year in lost revenue to the state’s General

Fund for the three compacts authorizing 5,500 new slots—with similar results in the two proposed amendments authorizing 3,000 more slots.

In sum, with no regulatory oversight to protect the public safety, no clear conclusion on charity bingo, no settlement on whether there is a single set of rules governing our State's political process, and problems in the new revenue sharing formula, the Senate must require the governor and the tribes to address these crucial problems before we authorize what will be the largest casinos in the world.

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