

# Measure E303

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## **INSTRUCTIONS:**

Please carefully read the following description of a ballot measure that was written by a disinterested expert. Feel free to take notes or outline passages as you read.

This should take approximately 10 minutes.

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## **BALLOT MEASURE E303**

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### **BACKGROUND**

***Indian Tribes in California.*** Under federal law, Indian tribes in California are considered sovereign nations. As a result, tribes are not required to pay most federal, state, or local taxes (such as income, property, or sales tax). In addition, tribes are largely exempt from state laws, including California environmental and workplace laws.

***Gambling on Tribal Lands.*** Federal law and the State Constitution allow tribes to conduct gambling on Indian land if they enter into agreements with the state. These agreements, called compacts, lay out the conditions under which the gambling may occur. Under current compacts, tribes may operate slot machines and card games, such as twenty-one. Other Nevada-style casino games such as craps and roulette are prohibited. Currently, 64 tribes have compacts and operate 53 casinos with a total of more than 54,000 slot machines.

***1999 Compacts.*** Most tribes signed their current compacts in 1999. Under these compacts, a tribe may operate up to two facilities and up to a total of 2,000 slot machines. In exchange, tribes make some payments to the state which can only be used for specified purposes (such as for making payments to tribes that either do not operate slot machines or operate fewer than 350 machines). These payments total over \$100 million annually. Under these compacts, tribes are required to prepare an environmental study analyzing the impact on the surrounding area of any new or expanded gambling facility. These compacts will expire in 2020.

***2004 Compacts.*** In the summer of 2004, five tribes signed amendments to their 1999 compacts, and these revised agreements were approved by the state. Under these new agreements, these tribes may operate as many slot machines as they desire. In exchange, these tribes make a specified payment annually to the state, with additional payments for each slot machine added to their facilities. Payments to the state from these revised compacts are expected to total in the low hundreds of millions of dollars annually. Unlike the payments required by the 1999 compacts, the state can use these payments for any purpose. The newer compacts also require the tribes to (1) prepare more detailed environmental studies, (2) negotiate with local governments regarding payments addressing the impacts of new gambling facilities on the local communities, and (3) follow other provisions related to patron disputes, building codes, and labor relations. These new agreements expire in 2030, ten years later than the 1999 compacts.

## 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.

***Gambling Revenues.*** Under the provisions of the measure, a tribe entering into an amended or new compact would pay the state a percentage of its net income from gambling activities. The percentage of net income paid would be equivalent to the corporate tax rate paid by a private business (currently 8.84 percent). The measure specifies that the state could spend these revenues for any purpose. In the event that the tribes lose their exclusive right to conduct certain types of gambling in California, the tribes would no longer be required to make these payments to the state. These payments generally would be in place of any other state or local government fees, taxes, or levies on gambling activities. (Tribes, however, would still be required to make the specific payments required under the 1999 compacts.)

***Expansion of Gambling.*** The measure expands the types of games authorized by the compacts to include roulette, craps, and any other form of casino gambling. The measure eliminates the 1999 compact limit on the number of slot machines and facilities a tribe can operate on Indian lands.

***Compacts Extended.*** The measure specifies that any amended or new compact would remain in effect for 99 years. These compacts could be amended or renewed upon agreement of the Governor and a tribe and approval by the federal government.

***Environmental Studies.*** As required under the 1999 compacts, any tribe entering a compact under this measure would be required to prepare an environmental study analyzing the impact on the surrounding area of any new or expanded tribal gambling facility.

***Related Provisions in Proposition E301.*** Proposition E301 on this ballot also contains provisions affecting the number of slot machines authorized in the state. That measure would allow specified card rooms and racetracks to operate slot machines if tribes do not agree to make specified payments to the state and abide by certain state laws. The State Constitution provides that if the provisions of two approved propositions are in conflict, only the provisions of the measure with the higher number of yes votes at the statewide election take effect.



**STOP!**

Please go to the online survey, enter the 4-character code for this ballot measure (printed at the top and bottom of this page) and answer the survey questions.