



# Gambling in California: An Overview

## Introduction

Gambling in the United States is a multibillion dollar industry and is rapidly expanding. Consumer spending on gambling activities nationwide has outpaced the growth in personal income over the past 14 years. Additionally, consumers have made a dramatic shift in the types of gambling activities they are participating in, with wagering on charitable games and horse races declining significantly.

In this report, we outline the nationwide gambling industry, and discuss in more detail what is occurring in the California gambling industry. The California gambling industry includes the state lottery, card rooms, horse race wagering, charitable gambling, and gambling on Indian lands. With regard to gambling on Indian lands, we recommend the Legislature clarify the state's role in this area.

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## GAMBLING IN THE UNITED STATES

### WHAT KIND OF GAMBLING IS ALLOWED?

Gambling in the U.S. takes many forms—casino-style gambling, lotteries, parimutuel wagering on horse and dog races, card games, bingo, and charitable fund-raising.

As Figure 1 shows, the types of gambling authorized by each state vary significantly. Forty-eight states allow some form of gambling, with only Hawaii and Utah prohibiting all forms. Most states have lotteries, horse racing, and charitable gambling (usually bingo). Gambling on Indian land (commonly referred to as “Indian gambling”) is also present in a majority of states and is rapidly increasing.

When many people think of gambling, they think of casino-style gambling. In 1931, Nevada became the first state to authorize such gambling. It took almost a half-century before another state followed suit, when in 1977 New Jersey authorized casino-style gambling in Atlantic City. Since then, however, 12 other states have authorized it. (If one counts casinos operated on Indian lands, there are a total of 27 states with this type of gambling.)

### SIZE OF THE GAMBLING INDUSTRY

Gambling in the U.S. is a multibillion dollar industry. The common monetary measures used in the gambling industry are *handle* and *gross revenue*.

- ◆ **Handle** is the gross amount wagered at any form of gambling. Gross wagering, gross amount bet, and lottery sales are synonymous with handle.
- ◆ **Gross revenue** is the handle *less* money returned to players. Gross revenue is the source of gambling industry revenues and government gambling tax receipts.

Unless otherwise noted, gross revenue is the monetary measure used throughout this report.

As shown in Figure 2 (see page 4), the estimated revenue for the gambling industry nationwide in 1996 was \$47.7 billion. Casino gambling (not including Indian casinos) received the largest share of revenue, with a total of \$17.5 billion, or nearly 37 percent, of the nationwide total. Lotteries grossed the next largest share of gambling revenue totaling \$16.2 billion, or 34 percent, of the total.

For comparison purposes, Figure 2 shows estimated gambling revenues for 1982. Total revenue in that year was \$10.5 billion, meaning that in 14 years, revenues have grown over 350 percent. During that same time period, U. S. personal income increased 142 percent. In other words, consumers have increased considerably the portion of their income spent on gambling.

Figure 2 also shows that consumers have shifted their spending among the different gambling industry segments. Indian gambling, which basically did not exist in 1982, has grown to 11 per-

**Figure 1**

**Gambling Activities Permitted by the States**

State	Gambling Activity Permitted						
	Casinos	Lotteries	Indian <sup>a</sup>	Horse Racing	Charitable	Card Rooms	Other <sup>b</sup>
Alabama	-	-	■	■	■	-	■
Alaska	-	-	■	-	■	-	-
Arizona	-	■	■	■	■	-	■
Arkansas	-	-	-	■	-	-	■
California	-	■	■	■	■	■	-
Colorado	■	■	■	■	■	■	■
Connecticut	-	■	■	■	■	-	■
Delaware	-	■	-	■	■	-	-
District of Columbia	-	■	-	-	■	-	-
Florida	-	■	■	■	■	■	■
Georgia	-	■	-	-	■	-	-
Hawaii	-	-	-	-	-	-	-
Idaho	-	■	■	■	■	-	■
Illinois	■	■	-	■	■	-	-
Indiana	■	■	-	■	■	-	-
Iowa	■	■	■	■	■	-	■
Kansas	-	■	■	■	■	-	■
Kentucky	-	■	-	■	■	-	-
Louisiana	■	■	■	■	■	-	■
Maine	-	■	■	■	■	-	-
Maryland	-	■	-	■	■	■	■
Massachusetts	-	■	-	■	■	-	■
Michigan	■	■	■	■	■	-	-
Minnesota	-	■	■	■	■	-	-
Mississippi	■	-	■	-	■	-	-
Missouri	■	■	■	■	■	-	-
Montana	■	■	■	■	■	■	■
Nebraska	-	■	■	■	■	-	-
Nevada	■	-	■	■	■	■	■
New Hampshire	-	■	-	■	■	-	■
New Jersey	■	■	-	■	■	■	-
New Mexico	-	■	■	■	■	-	■
New York	-	■	■	■	■	-	-
North Carolina	-	-	■	-	■	-	-
North Dakota	-	-	■	■	■	■	■
Ohio	-	■	-	■	■	-	-
Oklahoma	-	-	■	■	■	-	-
Oregon	-	-	■	■	■	■	■
Pennsylvania	-	■	-	■	■	-	-
Rhode Island	-	■	-	■	■	-	■
South Carolina	■	-	-	-	■	-	■
South Dakota	■	■	■	■	■	■	■
Tennessee	-	-	-	■	-	-	-
Texas	-	■	■	■	■	-	■
Utah	-	-	-	-	-	-	-
Vermont	-	■	-	■	■	-	■
Virginia	-	■	-	■	■	-	-
Washington	■	■	■	■	■	■	-
West Virginia	-	■	-	■	■	-	■
Wisconsin	-	■	■	■	■	-	■
Wyoming	-	-	■	■	■	-	-
<b>Totals</b>	<b>14</b>	<b>38</b>	<b>30</b>	<b>43</b>	<b>47</b>	<b>11</b>	<b>25</b>

<sup>a</sup>Includes all gambling activities done on Indian lands.

<sup>b</sup>"Other" includes greyhound parimutuel wagering, sports betting, and noncasino gambling devices.

Source: *International Gaming and Wagering Business*, September 1997.



cent of all gambling revenues. Lotteries' share of industry revenues grew by a similar amount. Offsetting these increases were significant declines in the shares of horse racing and charitable gambling.

## INDIAN GAMBLING

Indian gambling has experienced dramatic growth in recent years. Revenues have grown from an estimated \$120 million in 1991 to \$5.4 billion in 1996—a 114 percent annual growth rate.

Prior to 1988, there was much uncertainty as to what gambling could occur on Indian lands and under what conditions. In 1988, Congress attempted to resolve many of these issues by passing the Indian Gaming Regulatory Act (IGRA). The IGRA separates gambling activities into three distinct classes or categories, and provides different restrictions on Indian tribes desiring to conduct such activities. Figure 3 summarizes the act's regulatory categories.

The figure shows that, generally speaking, Indian tribes may offer:

- ◆ Any Class I gambling without restriction.
- ◆ Any Class II gambling that is allowed throughout the state, without any special restrictions.
- ◆ Any Class III gambling activities if there is an approved tribal-state compact.

**Figure 2**  
**Gross Gambling Revenues by Industry Segment**  
**United States 1982 and 1996**

<i>(In Billions)</i>	1982		1996	
	Amount	Percent of Total	Amount	Percent of Total
Casinos	\$4.2	40.0%	\$17.5	36.7%
Lotteries	2.2	21.0	16.2	34.0
Horse Racing	2.2	21.0	3.2	6.7
Charitable	1.2	13.0	2.4	5.0
Card Rooms	0.1	1.0	0.7	1.5
Other	0.6	6.0	2.3	4.8
Indian	—	—	5.4	11.3
<b>Totals</b>	<b>\$10.5</b>	<b>100.0%</b>	<b>\$47.7</b>	<b>100.0%</b>

If the state allows Class III gambling and an Indian tribe asks to negotiate a compact for operation of those gambling activities on tribal land, then the state is required to negotiate in good faith for a compact. There has been much debate and differing court opinions regarding whether there can be a tribal-state compact in a state that does *not* allow Class III gambling. One interpretation of the IGRA is that if a state does not allow Class III gambling, then it cannot offer Class III gambling to Indian tribes. However, another interpretation is that a state may offer Class III gambling to Indian tribes even if it is not allowed elsewhere in the state. Through mid-June 1997, a total of 145 Indian tribes in 24 states had entered into 161 compacts for Class III gambling.

**Figure 3**

**Indian Gambling Regulation Under the Federal Indian Gaming Regulatory Act**

Gambling Activity	Regulation
<b>Class I</b>	
<p>Social games played solely for prizes of minimal value.</p> <p>Traditional forms of Indian gambling engaged in by individuals as a part of, or in connection with, tribal ceremonies or celebrations.</p>	<p>Class I gambling is within the exclusive jurisdiction of the Indian tribes and is not subject to the Indian Gaming Regulatory Act.</p>
<b>Class II</b>	
<p>Bingo</p> <p>Card games that are either (1) explicitly authorized by the laws of the state, or (2) are not explicitly prohibited by the laws of the state.</p> <p>Class II gambling specifically excludes:</p> <ul style="list-style-type: none"> <li>• Banked card games.</li> <li>• Electronic or electromechanical facsimiles of any game of chance (video machines) and slot machines.</li> </ul>	<p>Class II gambling permitted if:</p> <ul style="list-style-type: none"> <li>• The activities are allowed throughout the state.</li> <li>• The games are played in accordance with state rules governing time of operation and limitations on wagers and pot sizes.</li> <li>• The governing body of the tribe adopts an ordinance or resolution that is approved by the National Indian Gaming Commission Chair.</li> </ul>
<b>Class III</b>	
<p>All forms of gambling that are not Class I or Class II.</p> <p>Generally includes:</p> <ul style="list-style-type: none"> <li>• Casino-style gambling.</li> <li>• Video and slot machines.</li> <li>• Horse racing.</li> </ul>	<p>Class III gambling activities are lawful only if they are:</p> <ul style="list-style-type: none"> <li>• Authorized by the governing body of the tribe.</li> <li>• Allowed throughout the state.<sup>a</sup></li> <li>• Conducted in conformance with a tribal-state compact entered into by the Indian tribe and the state.</li> </ul>

<sup>a</sup> Various court decisions make this provision unclear.



## GAMBLING IN CALIFORNIA

In California, the State Constitution has provisions covering most types of gambling. Specifically, it:

- ◆ Authorizes the California State Lottery, but prohibits any other nonstate-run lottery.
- ◆ Allows horse racing and wagering on the result of races.
- ◆ Allows bingo for charitable purposes (regulated by cities and counties).
- ◆ Prohibits Nevada- and New Jersey-style casino gambling.

The Constitution does not specifically mention card rooms. The Legislature, however, has authorized card rooms, allowing games (such as poker) where the card room operator has no stake in the outcome of the game.

In 1996, estimated gross gambling revenues for the California gambling industry totaled \$2.3 billion. (This does not include Indian gambling, for which we do not have revenue estimates. The “best guess” is that Indian gambling in the state generates revenues easily in the hundreds of millions of dollars and potentially exceeding a billion dollars a year.) This

revenue represents 5.7 percent of the comparable nationwide total. As shown in Figure 4, the state lottery accounts for nearly 50 percent of the statewide gambling revenues.

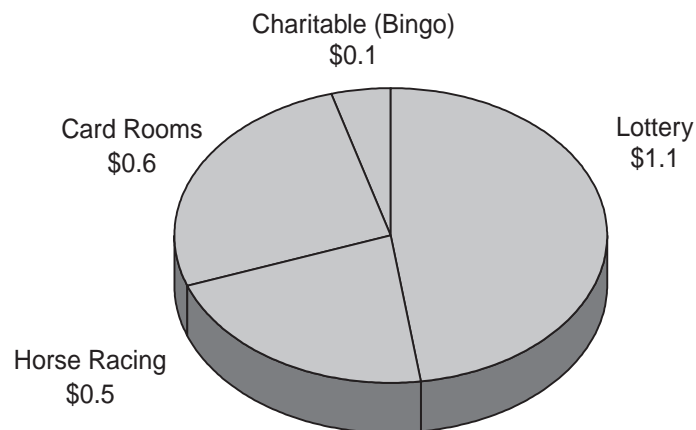
### LOTTERY

The California State Lottery (CSL) was created by voter approval of Proposition 37 (the California State Lottery Act of 1984). The lottery is operated and administered by a five-member commission appointed by the Governor. The Legislature has the authority to amend the Lottery Act if, by doing so, it furthers the purposes of the measure.

**Figure 4**

### Gross Gambling Revenues by Industry Segment California 1996

*In Billions*



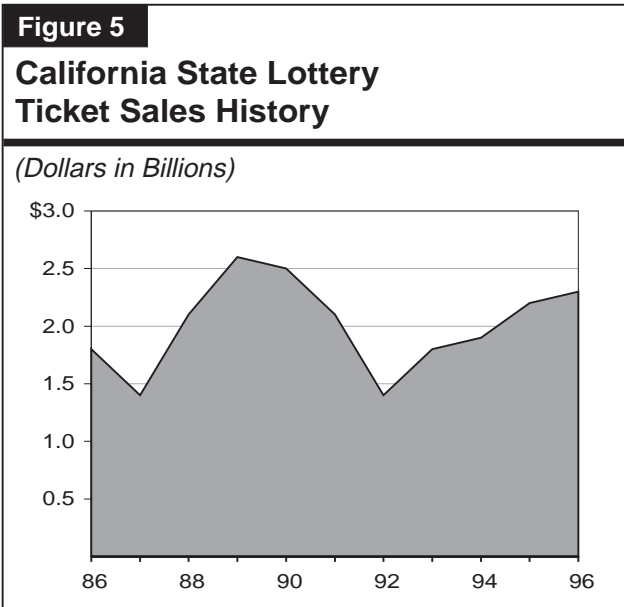
Note: Lottery and horse racing are reported revenues. Card rooms and bingo are estimates only. Indian gambling figures are not included, as they are not available.  
Source: *United States Gross Annual Wager*. Supplement to *International Gaming and Wagering Business*, August 1997.

The act specifies that the proceeds of lottery ticket sales shall be distributed as follows:

- ◆ 50 percent returned to the public in the form of lottery prizes.
- ◆ No more than 16 percent for administrative expenses of operating the lottery.
- ◆ At least 34 percent to public education.

As shown in Figure 5, lottery ticket sales declined in the second year of operation, grew to a peak of \$2.6 billion in 1989, declined again until 1992, and have steadily increased since that time. Lottery sales in fiscal year 1995-96 totaled \$2.3 billion.

The majority of these sales was from two types of games—the Super Lotto game (almost one-half of sales) and Scratcher tickets (one-fourth of sales). Figure 6 summarizes the games currently offered by the CSL.



**Figure 6**  
**California State Lottery Games**  
*As of December 1997*

**Super Lotto**  
Players choose a set of six numbers (from 1 to 51) per play. A winning ticket is one that matches any three, four, five, or all six numbers of the six numbers drawn. Winning numbers are drawn every Wednesday and Saturday.

**Scratchers**  
Scratchers are tickets with a “scratch off” portion on each ticket. Players can learn instantly how they fared, and cash in smaller winnings on the spot. The lottery offers a variety of different Scratchers and is constantly changing them. The play styles, prize amounts, and ticket cost vary. (Currently, Scratchers cost \$1, \$2, or \$3 each.)

**Fantasy 5**  
Players pick a set of five numbers from 1 to 39. Winning tickets are those that match any two, three, four, or all five of the five numbers drawn. Draws occur every day.

**Daily 3**  
Players pick a set of three numbers from 0 to 9. Players can try to match the three numbers drawn in the exact order or in various combinations. The draw occurs every day.

**Hot Spot**  
Players pick the spot (set of numbers) they want to play from 1 to 80. They can play two, three, four, five, or eight spots. If players choose to play a “three spot,” then they pick a set of three numbers. Draw takes place daily from 6:05 A.M. to 1 A.M., every five minutes. Players can learn quickly how they fared.

**Big Spin Television Show**  
Potential players can “win” a ticket to be a player by playing a “Big Spin” Scratcher ticket. If three SPIN symbols on the ticket match, then the player gets a ticket to the show and wins either \$1,500 or a chance to spin the wheel at the show. Prizes from spinning the wheel vary from \$20,000 to \$2 million. Fantasy 5 players can also play to win on the Big Spin show.



## CARD ROOMS

The state allows card rooms to conduct certain “nonbanked,” “nonpercentage” card games. These are games where the card room operator has no stake in the outcome of the game. The players play against each other and pay the card room a fee for use of the facilities. Typical card games include draw poker, 7-card stud, and Asian games, such as pai gow. State law specifically prohibits certain games—such as twenty-one (blackjack), monte, and faro.

There are currently 176 active card rooms operating a total of 1,883 tables in California (excluding rooms operated on Indian land). As shown in Figures 7 and 8, these card rooms are located throughout California.

Most card rooms are very small—less than five tables. There are, however, six very large card rooms, which operate one-half of the tables in the state. These clubs are: California Commerce Club (300 tables), Bicycle Club (200 tables), Hollywood Park Casino (140 tables), Normandie Club (120 tables), and Crystal Park Casino (110 tables)—all in Los Angeles County—and Ladbroke’s Casino-San Pablo (100 tables) in Contra Costa County.

Estimated 1996 revenue for the 176 California card rooms totaled \$630 million. This is nearly 12 percent less than prior-year estimated revenues of \$712 million.

**State Regulation.** State regulation of card rooms is currently in a period of transition. The Legislature recently enacted The Gambling Control Act—Chapter 867, Statutes of 1997 (SB 8, Lockyer)—that

**Figure 7**

### Location and Size of California Card Rooms by County

*As of October 1997*

County	Number of:		Range of Number of Tables Per Card Room
	Card Rooms	Tables	
Alameda	5	59	2-40
Butte	4	12	3
Colusa	1	4	4
Contra Costa	12	145	1-100
Fresno	4	33	1-25
Humboldt	3	9	2-4
Imperial	3	9	3
Kern	10	50	1-15
Kings	3	7	2-3
Lake	1	3	3
Lassen	1	2	2
Los Angeles	6	914	44-300
Madera	1	2	2
Marin	1	4	4
Merced	5	10	1-3
Mono	1	3	3
Monterey	11	38	2-7
Napa	2	17	5-12
Nevada	2	6	3
Placer	2	3	1-2
Riverside	3	44	2-39
Sacramento	16	86	3-10
San Benito	1	2	2
San Bernardino	1	25	25
San Diego	9	64	1-25
San Joaquin	7	30	3-8
San Luis Obispo	7	16	2-3
San Mateo	3	48	3-35
Santa Clara	6	98	1-40
Santa Cruz	8	16	1-3
Santa Barbara	1	4	4
Shasta	2	20	4-16
Sierra	1	1	1
Solano	2	5	2-3
Sonoma	4	21	1-12
Stanislaus	5	22	3-6
Tulare	13	24	1-3
Tuolumne	1	2	2
Ventura	4	14	2-6
Yolo	1	2	2
Yuba	3	9	1-4
<b>Totals</b>	<b>176</b>	<b>1,883</b>	



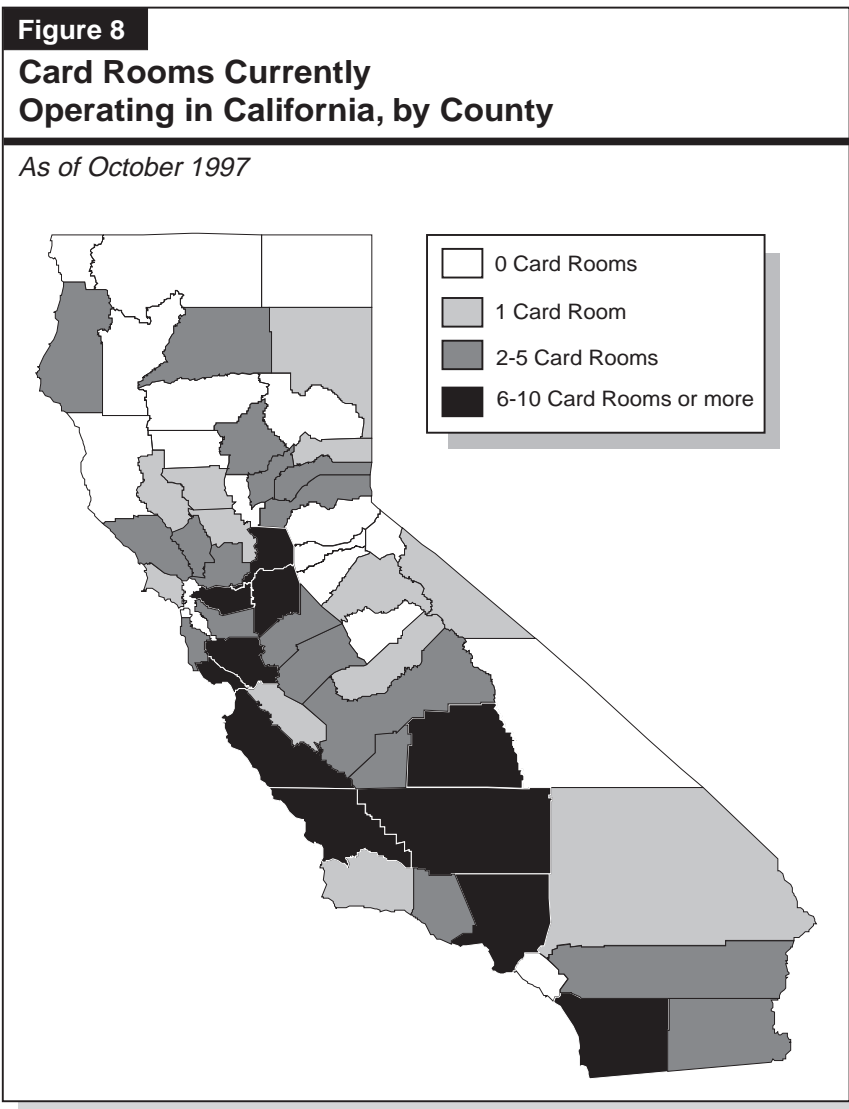
established an overall umbrella of state regulation of card rooms beginning January 1 of this year. (Prior to January 1, the Attorney General's Office registered card rooms, but had only minor regulatory authority.)

Under Chapter 867, the state will regulate card rooms through a three-member Gambling Control Board (for up to one year) and a new Division of

Gambling Control in the Attorney General's Office. A five-member Gambling Control Commission will succeed the board on either January 1, 1999 or upon enactment of a statute appropriating funds for the division and the commission, whichever occurs first. The *1998-99 Governor's Budget* includes about \$5 million to carry out the provisions of Chapter 867.

The responsibilities and authorities of the division and the board/commission (hereafter referred to as the commission) include licensing of owners and most employees, investigating suspected violations of the Gambling Control Act, granting approval of games, and assessing fines for violations of the act. Thus, the state regulatory authority over card rooms has significantly increased with the implementation of Chapter 867.

Chapter 867 does not change local governments' basic responsibilities concerning card rooms. They will continue to approve card rooms in their jurisdiction, as well as establish the hours of operation, table size and number, and wagering limits.





## HORSE RACING

The California Constitution authorizes the Legislature to provide for the regulation of, and wagering on, horse racing. Regulation of horse racing is the responsibility of the California Horse Racing Board, which was established by the Legislature in 1933. The board consists of seven members appointed by the Governor.

As shown in Figure 9, there are currently 6 privately owned race tracks, 9 racing fairs, and 18 simulcast-only facilities operating in California. These latter facilities do not have live racing; instead they allow betting on televised races occurring elsewhere in the world. (All the race tracks and fairs also have simulcast facilities.)

Four of the 18 simulcast-only facilities are located on Indian land. Chapter 867 repeals the prior statutory provision authorizing the board to negotiate with tribes for parimutuel horse race wagering compacts. Any new compacts for parimutuel horse race wagering would be subject to the same process that is required for all other Class III gambling activities on Indian lands.

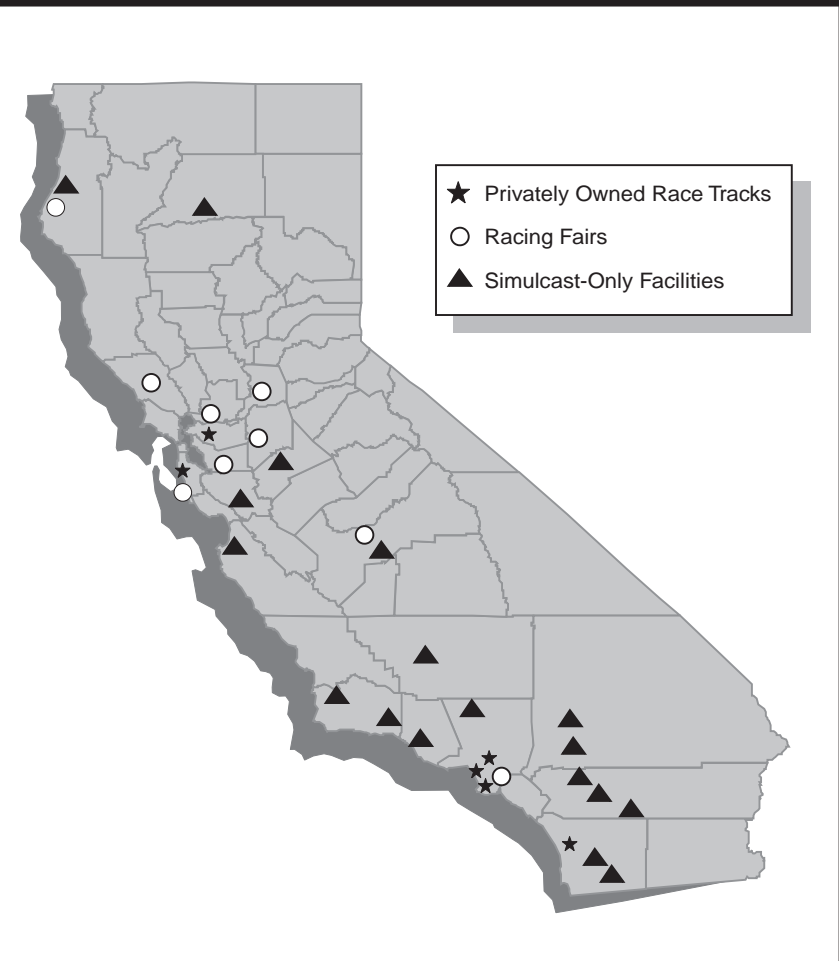
In 1996, the California horse racing industry grossed

\$461.3 million from wagers placed on races. This is a 6 percent decline from prior-year revenues. The horse racing industry in California and nationwide is experiencing a steady decline in percent share of total gambling revenues as well as a shift in player betting from on-track to off-track sites.

Current California law provides for the licensing of the various racing associations by type of racing

**Figure 9**

### Locations of California Race Tracks and Wagering Facilities



offered. As shown in Figure 10, the privately owned race tracks offering thoroughbred racing represent the largest share of the industry in California. It should be noted that the different race meets for a single track represent different licenses issued by the Horse Racing Board to racing asso-

ciations that then lease the track for the duration of the meet. For example, the harness race meets held at Cal Expo in Sacramento are operated by a private entity, while the California State Fair, also held at Cal Expo, is a state agency.

The state receives revenue from horse racing

activities through facility license fees (based on a percent of parimutuel handle), breakage (from rounding down to the nearest 10 cents on winning tickets), unclaimed parimutuel tickets, and occupational (jockeys, trainers, et cetera) license fees and fines. State revenue from these sources totaled \$108 million (\$69.6 million to the General Fund) in fiscal year 1995-96, a 6.6 percent decline from the previous year.

Existing law allows owners of a licensed horse racing facility to operate one card room located on the race-track premises. Only one horse racing facility—Hollywood Park, located in Inglewood—operates a card room. As noted above, this card room operates 140 tables and is the third largest

**Figure 10**  
**1996 California Horse Race Meetings and Total Parimutuel Handle**  
*(Dollars in Millions)*

Track	City (County)	Meet Dates	Handle <sup>a</sup>
<b>Thoroughbred Race Meetings</b>			
Santa Anita Park	Arcadia (Los Angeles)	12/26/95-04/22/96 10/02/96-11/04/96	\$820.6 229.3
Hollywood Park	Inglewood (Los Angeles)	04/26/96-07/22/96 11/06/96-12/22/96	589.3 263.6
Del Mar	Del Mar (San Diego)	07/24/96-09/11/96	425.7
Golden Gate Fields	Albany (Contra Costa)	03/27/96-12/22/96	323.3
Bay Meadows	San Mateo (San Mateo)	01/24/96-11/04/96 12/26/95-01/21/96	305.7 73.3
<b>Quarter Horse Race Meetings</b>			
Los Alamitos	Cypress (Los Angeles)	04/19/96-12/22/96	\$169.1
<b>Harness Race Meetings</b>			
Los Alamitos	Cypress (Los Angeles)	12/22/95-04/07/96	\$56.0
Cal Expo	Sacramento (Sacramento)	04/12/96-07/21/96 10/18/96-12/21/96	28.5 13.9
<b>Fairs and Mixed Meetings</b>			
Los Angeles County Fair	Pomona (Los Angeles)	09/12/96-09/30/96	\$92.9
Sonoma County Fair	Santa Rosa (Sonoma)	07/24/96-08/05/96	30.9
Alameda County Fair	Pleasanton (Alameda)	06/26/96-07/07/96	29.9
San Mateo County Fair	Bay Meadows Track (San Mateo)	08/07/96-08/19/96	28.4
Solano County Fair	Vallejo (Solano)	07/10/96-07/22/96	25.4
California State Fair	Sacramento (Sacramento)	08/21/96-09/02/96	17.8
San Joaquin County Fair	Stockton (San Joaquin)	06/12/96-06/23/96	12.5
Fresno District Fair	Fresno (Fresno)	10/02/96-10/13/96	6.7
Humboldt County Fair	Ferndale (Humboldt)	08/08/96-08/18/96	1.6

<sup>a</sup> Handle as defined on page 2.



card room (excluding card rooms on Indian land) in the state.

### CHARITABLE GAMBLING

Charitable gambling serves as a fund-raiser for nonprofit organizations. In California, bingo is the only legal gambling activity for charity fund-raising.

Organizations operating bingo games must do so in accordance with local ordinances. In general, these ordinances specify limitations on days, locations, and hours of operations of bingo games. Also, local governments may charge a license fee for operating bingo games.

Charitable bingo operations in California had estimated gross revenues totaling \$55.5 million in 1996. Similar to card rooms, charitable bingo revenues are not publicly reported or audited. Consequently, the estimated revenues are not verifiable.

### INDIAN GAMBLING

According to the federal Bureau of Indian Affairs, there are over 100 Indian rancherias/reservations in California encompassing over 400,000 acres. These Indian lands are located throughout the state in 38 different counties. Currently, there are 41 Indian gambling

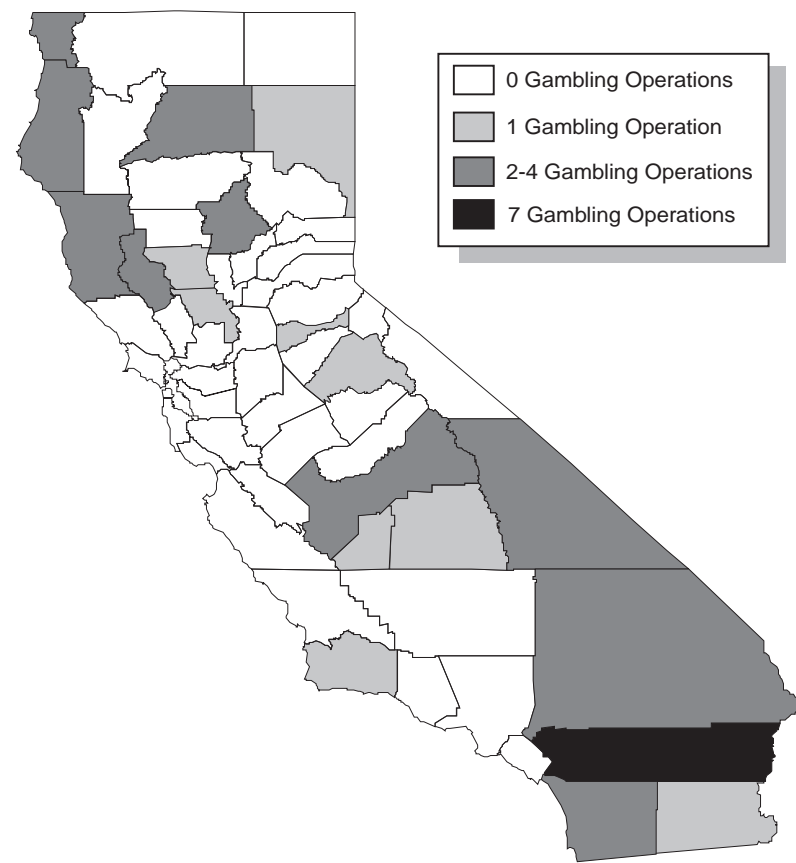
operations in California, located on rancherias/reservations throughout the state (see Figure 11). The specific facilities and the operating tribes are shown in Figure 12.

In past years, Indian gambling in California consisted almost exclusively of bingo and card games like those played in other statewide card rooms. This is because these are the Class II

**Figure 11**

### Indian Gambling Operations In California, by County

*As of September 1997*



**Figure 12**

**Indian Gambling Operations in California**

*As of July 1997*

County	Facility Name	City	Owner/Operator
<b>Amador</b>	Jackson Indian Bingo and Casino	Jackson	Jackson Rancheria Band of Miwuk Indians
<b>Butte</b>	Feather Falls Casino Gold Country Casino	Oroville Oroville	Mooretown Rancheria Tyme Maidu Tribe of the Berry Creek Rancheria
<b>Colusa</b>	Colusa Indian Bingo	Colusa	Colusa Band of Wintun Indians
<b>Del Norte</b>	Golden Bear Casino Elk Valley Casino Lucky 7 Casino	Klamath Crescent City Smith River	Coast Indian Community of the Resighini Rancheria Elk Valley Rancheria Smith River Rancheria
<b>Fresno</b>	Mono Wind Casino Table Mountain Rancheria Casino and Bingo	Auberry Friant	Auberry Big Sandy Rancheria Table Mountain Rancheria
<b>Humboldt</b>	Lucky Bear Casino and Bingo Cher-Ae Heights Bingo and Casino	Hoopa Trinidad	Hoopa Valley Tribe Trinidad Rancheria
<b>Imperial</b>	Paradise Casino	Winterhaven	Quechan Indian Tribe
<b>Inyo</b>	Sierra Spring Casino Konocti Vista Casino and Bingo Paiute Palace Casino	Big Pine Finley —	Big Pine Paiute Tribe of the Owens Valley Big Valley Rancheria of Pomo Indians Bishop Paiute Tribe
<b>Kings</b>	The Palace Indian Gaming Center	Lemoore	Santa Rosa Band of Tachi Indians of the Santa Rosa Rancheria
<b>Lake</b>	Twin Pines Casino Robinson Rancheria Bingo and Casino	Middletown Nice	Lake Miwok Indian Nation of the Middletown Rancheria Robinson Rancheria of Pomo Indians
<b>Lassen</b>	Northern Lights Casino	Susanville	Susanville Indian Rancheria
<b>Mendocino</b>	Red Fox Casino and Bingo Shodaki Coyote Valley Casino Hopland Sho-ka-wah Casino Black Hart Casino	Laytonville — Hopland —	Cahto Tribe of the Laytonville Rancheria Coyote Valley Band of Pomo Indians Hopland Band of Pomo Indians Sherwood Valley Rancheria
<b>Riverside</b>	Spa Hotel and Casino Cabazon Bingo Inc., Fantasy Springs Casino Cahuilla Creek Rest and Casino Casino Morongo Soboba Legends Casino Pechanga Entertainment Center Spotlight 29 Casino	Palm Springs Indio — Cabazon San Jacinto Temecula Coachella	Agua Caliente Band of Cahuilla Indians Cabazon Band of Mission Indians Cahuilla Band of Mission Indians Morongo Band of Mission Indians Soboba Band of Mission Indians Temecula Band of Luiseno Mission Indians Twenty Nine Palms Band of Mission Indians
<b>San Bernardino</b>	Havasu Landing Resort and Casino San Manuel Indian Bingo and Casino	Havasu Highland	Chemehuevi Indian Tribe San Manuel Band of Mission Indians
<b>San Diego</b>	Barona Casino and Bingo Sycuan Indian Bingo and Poker Casino Viejas Casino and Turf Club	Lakeside El Cajon Alpine	Barona Band of Mission Indians Sycuan Band of Mission Indians Viejas Band of Mission Indians
<b>Santa Barbara</b>	Chumash Casino	Santa Ynez	Santa Ynez Band of Mission Indians
<b>Shasta</b>	Burney Casino Win-River Casino Bingo	Burney Redding	Pit River Tribe Redding Rancheria
<b>Tulare</b>	Eagle Mountain Casino	—	Tule River Tribe of the Tule River Indian Reservation
<b>Tuolumne</b>	Chicken Ranch Bingo	Jamestown	Chicken Ranch Band of Me-Wuk Indians
<b>Yolo</b>	Cache Creek Bingo and Casino	Brooks	Rumsey Indian Rancheria

Source: National Indian Gaming Commission.



gambling activities allowed in California that the Indians could operate without a compact. As mentioned above, all Class III gambling on Indian land requires a compact between the state and the Indians. To date, California has entered into compacts with five Indian tribes, allowing only parimutuel wagering on horse racing.

In recent years, however, Indians have offered other types of gambling. For instance, currently one of the most debated issues concerning Indian gambling in California is the operation of video machines in Indian casinos. According to the IGRA, electronic games are Class III games and therefore require a tribal-state compact. There are no recent statewide estimates for the number of machines currently in operation on Indian land. The Attorney General's Office, however, estimated in 1996 that there were over 12,000 video machines operating on Indian lands in California.

In addition, twenty-one (blackjack) is played in some Indian casinos (although the betting is slightly different than in traditional casinos). As noted earlier, twenty-one is specifically prohibited by state law, making it a Class III activity in California (that is, there must be a tribal-state compact).

Under federal law, all state laws regarding the licensing, regulation, or prohibition of gambling are applicable to gambling on Indian lands. However, the federal law provides federal authorities with the exclusive jurisdiction to prosecute any violations of state gambling laws on Indian lands. Thus, the State of California does not have the legal authority to enforce its gambling laws on Indian land. The

regulation of Indian gambling at the federal level is the responsibility of the National Indian Gaming Commission, which has the power to assess civil penalties for violations of the IGRA. In addition, the commission can order the closure of any Indian gambling operations for violations of the IGRA.

There are currently several cases regarding various issues of Indian gambling in California pending in the federal court system. These involve the issues of: (1) off-track betting taxes collected at the wagering site and (2) the legality of slot machines.

***Implications for the Legislature.*** At present, there is no clear process for the state to reach agreement and enter into compacts with Indian tribes for Class III gambling operations in California. Under the IGRA, the state clearly has the authority to negotiate Class III gambling. What is unclear, however, are what roles the Legislature and Governor have in these negotiations. Furthermore, given the gambling restrictions in the State Constitution and state statutes, it is not clear what types of Class III activities could be allowed under a tribal-state compact. In light of these issues—coupled with the growth in gambling activities on Indian lands—we recommend the Legislature clarify (1) the process and procedures for negotiating Class III gambling compacts with the Indian tribes, (2) the respective roles of both the executive and the legislative branches in that process, and (3) the specific Class III gambling activities that can be negotiated in California.





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