

CONCURRENCE IN SENATE AMENDMENTS

AB 1579 (Valencia)

As Amended July 2, 2026

2/3 vote. Urgency

SUMMARY

This bill would ratify the Second Amendment to the Tribal-State Gaming Compact (Amended Compact) between the State of California and Yuhaaviatam of San Manuel Nation (Tribe), a federally recognized Indian tribe that was executed on June 23, 2026

Senate Amendments

- 1) Ratify a Second Amendment to the Tribal-State Compact between the State and the Tribe, executed on June 23, 2026.
- 2) Contain an urgency clause.

COMMENTS

Note: On August 11, 2026, the Assembly Committee on Governmental Organization held an informational hearing on the content of the second amendment to the tribal-state compact between the State of California and the Yuhaaviatam of San Manuel Nation.

Background.

The Amended Compact between the State and Tribe was executed on June 23, 2026. The Amended Compact amends the existing 2016 Compact, to avoid potential litigation after the Ninth Circuit's decision in Chicken Ranch (see below). The Amended Compact allows the Tribe to operate an additional 1,000 machines (up to 8,500). The Amended Compact also includes an approximate 10-year compact extension (December 31, 2051) in exchange for the Tribe agreeing not to challenge the revenue terms during the life of the compact. Additionally, the Tribe has agreed to pay into the Revenue Sharing Trust Fund (RSTF) an additional amount of up to \$2,530,000 based on the daily average of gaming devices (slot machines) in operation.

The Second Amendment contains a provision for a new gaming facility subject to a future two-part determination, which requires a future Governor's concurrence. This preserves a future Governor's authority to concur or not concur in the future two-part determination, but will avoid the need for a further compact amendment if there is a future two-part determination in which a future Governor concurs.

In 2016, the Tribe entered into a new tribal-state compact (ratified by AB 466, (Brown) Chapter 285, Statutes of 2016) that authorized the Tribe to operate up to 7,500 slot machines across a maximum of two gaming facilities on its trust lands. The Tribe agreed to pay into the Special Distribution Fund (SDF) its pro rata share of costs the State incurs for the performance of its duties under the Compact plus additional amounts (\$500,000 up to a total of \$3 million) to cover a portion of the share of regulatory costs for smaller gaming tribes. The Tribe also agreed to pay \$19 million annually into the RSTF or the Tribal Nation Grant Fund (TNGF), to be shared with tribes that are not gaming or that otherwise are not substantially benefiting from gaming.

The Tribe, formerly known as the San Manuel Band of Mission Indians, proudly reclaims their ancestral name — Yuhaaviatam (pronounced "yu-HAH-vee-ah-tahm") — honoring the deep-rooted heritage and enduring legacy of their people. Exercising their inherent sovereign right to self-governance, the Tribe is committed to providing essential services to their citizens by building infrastructure, maintaining civil services, and promoting social, economic, and cultural development.

As the Indigenous people of the San Bernardino highlands, passes, valleys, mountains, and high deserts, the Yuhaaviatam have called this region home since time immemorial and are committed to remaining a productive partner in the San Bernardino region.

The Tribe operates the Yaamava' Resort & Casino, which features nearly 7,500 slot machines, approximately 150 table games, a variety of restaurants, and numerous other amenities. The Tribe is also among the largest employers in San Bernardino County, with more than 8,000 employees. The Tribe has approximately 200 enrolled citizens, and its sovereign tribal government is led by an elected seven-member Tribal Council.

The preamble states that "the State and the Nation agree that all terms of this Second Amendment are intended to be binding and enforceable. The Nation and the State intend that this Second Amendment shall take effect upon execution by authorized representatives of the Nation and the State, ratification by the State Legislature, and approval by the Secretary of the Interior pursuant to IGRA."

The Tribe's current 2016 Compact runs through April 2042, and the Amended Compact extends that date until December 31, 2051.

Key Provisions of the Amended Compact:

Additional Gaming Devices Authorized. The Amended Compact authorizes the Tribe to operate up to 8,500 Gaming Devices (slot machines) as of January 1, 2027. The Tribe's 2016 Compact authorized the Tribe to operate up to 7,500 slot machines.

Lands Eligible for Gaming. The Amended Compact authorizes the Tribe to operate one additional Gaming Facility on any possible future lands taken into trust for gaming purposes pursuant to a two-part determination, as specified.

Environmental Impact Analysis. Consistent with the Chicken Ranch Decision, the Amended Compact deletes provisions in the 2016 Compact that required the Tribe to prepare a tribal environmental impact report analyzing the potentially significant off-reservation environmental impacts of the construction of a Gaming Facility.

Supplementary Payments to the RSTF. To provide non-gaming tribes and limited-gaming tribes with additional funding, the Tribe has agreed to pay into the RST and additional amount of up to \$2,530,000 based on the daily average of gaming devices in operations and according to the following schedule.

Number of	Annual supplemental
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Devices operated	RSTF Contribution
7,500 - 7,775	\$632,500
7,776 – 8,000	\$1,265,000
8,001- 8,225	\$1,897,500
8,226- 8,500	\$2,530,000

Child and Spousal Support Orders. Similar to recent compacts and consistent with the Chicken Ranch Decision, the Amended Compact deletes current provisions in the Tribe's 2016 Compact that require the Tribe, with respect to the earnings of any person employed at the gaming facility, to comply with all earnings withholding orders for support of a child, spouse, or former spouse.

Definition of Gaming Facility. The Amended Compact changes the definition of "gaming facility" to mean the buildings or structures in which Class III Gaming, as authorized by this Compact is conducted. This change is consistent with recent tribal-state compacts and aligns with the Chicken Ranch Decision.

Covenant not to Sue. The Amended Compact prohibits both the Tribe and the State from directly or indirectly initiating, or participating in any action or lawsuit challenging the enforceability of the definitions in the Compact, except as expressly mutually agreed to by both parties.

Additionally, both parties shall not encourage, assist, or cause any person, organization, or entity to do so. The Amended Compact also prohibits the Tribe from directly or indirectly initiating or participating in any action or lawsuit arising from or relating to the validity or enforceability of the Compact's provisions relating to the SDF, the RSTF, or the TNGF, regardless of any subsequent court or administrative interpretation of the validity of those provisions under IGRA for the duration of the term of this Amended Compact.

Insurance Coverage and Claims. The Amended Compact deletes current tort law provisions in the Tribe's 2016 Compact and instead requires the Tribe to establish written procedures for the disposition of tort claims arising from personal injury or property damage alleged to have been suffered by any person who is a patron of the gaming facility. The Tribe is required to provide coverage in an amount no less than \$10 million per occurrence.

Extension of Compact. The Tribe's current 2016 Compact is scheduled to expire in April 2042. This amendment extends the term of that compact through December 31, 2051.

Entitlement to Renegotiate. The Amended Compact provides that if the State authorizes any person or entity to conduct a new form of Class III Gaming not expressly authorized in this Amended Compact, the State shall enter into good-faith negotiations for the purpose of adding the newly authorized Class III Gaming activity and making other appropriate related amendments. The Tribe may offer any new form of Class III gaming authorized by the state for up to one year from the date of the Tribe's request for new negotiations, as described.

Additional Background Information:

Compact Ratification. The State Constitution, as amended by Proposition 1A of March 2000, permits Indian tribes to conduct and operate slot machines, lottery games, and banked and percentage card games on Indian land.

The Governor is the designated State officer responsible for negotiating and executing, on behalf of the State, tribal-state gaming compacts with federally recognized Indian tribes located within the State of California. Following completion of negotiations, the Governor shall submit a copy of any executed tribal-state compact to both houses of the Legislature for ratification and shall submit a copy of the executed compact to the Secretary of State. Tribal-state compacts cannot be presented to the Legislature for ratification until the tribe provides the Governor with written proof of the signatory's authority and formal ratification by the tribal governing body. The federal government must approve the compact. Pursuant to IGRA, the Secretary may disapprove a proposed compact only if it violates IGRA, any other provision of federal law that does not relate to jurisdiction over gaming on Indian lands, or the trust obligation of the United States to Indians. 25 U.S.C. Section 2710(d)(8)(B).

Indian Gaming Regulatory Act. In 1988, Congress enacted the Indian Gaming Regulatory Act (IGRA) to establish a statutory framework for the operation and regulation of gaming on Indian lands. Under IGRA, an Indian tribe may conduct gaming activities on its lands if the activity "is not specifically prohibited by federal law and is conducted within a State that does not prohibit such gaming activity."

IGRA distinguishes between three classes of gaming (Class I, Class II, and Class III) and provides for different forms of regulation for each class. Class I gaming includes "social games" for minor prizes or "traditional forms of Indian gaming." Class II gaming is defined to include bingo and card games that are explicitly authorized by the laws of the state, or that are not explicitly prohibited by the laws of the state and are played at any location in the State, so long as the card games are played in conformity with those laws and regulations. Class III gaming includes such things as slot machines, casino games, and banked card games such as blackjack and baccarat. Class III gaming may only be conducted under terms of a compact negotiated between an Indian tribe and a State.

IGRA was enacted against a legal background in which Indian tribes and individuals generally are exempt from state taxation within their own territory. IGRA provides that with the exception of assessments permitted under the statute, to defray the State's costs of regulating gaming activity, IGRA shall not be interpreted as conferring upon a State authority to impose any tax, fee, charge, or other assessment upon an Indian tribe to engage in Class III activity. Nor may a State refuse to enter into negotiations based on the lack of authority to impose such a tax, fee, charge, or other assessment.

When a tribe requests negotiations for a Class III compact, IGRA requires the State to negotiate with the Indian tribe in good faith. IGRA provides a comprehensive process to prevent an impasse in compact negotiations, which is triggered when a tribe files suit alleging that the State has refused to negotiate or has failed to negotiate in good faith.

Before 2000, the California Constitution prohibited Class III gaming. In 2000, California voters approved Proposition 1A, which had been proposed by the Governor and passed by the Legislature. Proposition 1A amended the California Constitution to permit the State to negotiate

compacts with federally recognized Indian tribes for certain Class III gaming activities. Because non-Indian parties were still forbidden from operating gaming facilities, Proposition 1A granted Indian tribes a "constitutionally protected monopoly on most types of Class III games in California."

Rincon Decision. In 2004, the Rincon Band of Mission Indians sued the State of California in federal court after negotiations for a new gambling agreement with then-Governor Schwarzenegger fell apart. The Tribe believed the Governor was violating federal law by insisting that tribes pay money into the state's General Fund in exchange for more slot machines.

In July 2011, the U.S. Supreme Court declined to review a Ninth Circuit Court's decision that ruled the state could not require the Rincon Band tribe to pay a percentage of slot machine revenue into California's General Fund for more gaming devices. The Ninth Circuit had affirmed a lower court decision that the new financial concessions were nothing more than a state tax on tribal casino revenues, which is prohibited by IGRA. The court concluded that a "non-negotiable, mandatory payment of 10% of net win into the State treasury for unrestricted use yields public revenue and is [therefore] a tax and that the court was therefore required to consider the State's demand as evidence of bad faith under IGRA's statutes."

The Rincon decision has changed the dynamics of tribal-state compact negotiations in California.

Chicken Ranch Rancheria Decision. In 2021, the Chicken Ranch Rancheria of Me-Wuk Indians, along with four other tribes—the Blue Lake Rancheria, Chemehuevi Indian Tribe, Hopland Band of Pomo Indians, and Robinson Rancheria—filed suit against the State of California and Governor Gavin Newsom. The tribes alleged that the state violated IGRA by failing to negotiate new Class III gaming compacts in good faith.

According to the complaint, California insisted on compact terms covering family law, environmental regulation, and tort liability—subjects that the tribes argued were outside IGRA's limited scope, which allows negotiation only on matters directly related to the operation of gaming activities. In July 2022, the Ninth Circuit Court of Appeals upheld the district court's finding that California's demands exceeded IGRA's bounds and therefore constituted bad-faith negotiation. The court ordered the parties to move forward under IGRA's remedial process. Under that process, if the parties are ultimately not able to agree on a compact, a mediator reviews each side's "last best offer" and selects the proposal that best aligns with federal law, and the U.S. Department of the Interior (through the Assistant Secretary for Indian Affairs) issues Secretarial Procedures regulating the tribe's gaming operation without state involvement.

This outcome was viewed by Indian tribes as a significant affirmation of tribal sovereignty and a rejection of state overreach in tribal gaming regulation. The Governor's office believes the terms of this Compact are consistent with this court decision.

According to the Author

The Amended Compact's preamble notes, "the State and the Nation have therefore concluded that this Second Amendment protects the interests of the Nation and its members, the surrounding community, and the broader California public, and that it will promote and secure long-term stability, mutual respect, and mutual benefits."

Arguments in Support

According to the Yuhaaviatam of San Manuel Nation, "AB 1579 represents a balanced and responsible agreement that advances the principles of tribal self-governance, economic self-sufficiency, and government to government collaboration that have long been a positive basis for California's relationship with tribal nations. This compact amendment will allow the Nation to continue planning its future and ensure we maintain our self-reliance and not only provide for our tribal citizens but also continue the philanthropy and economic development and opportunity we have fostered across Southern California."

Arguments in Opposition

None on file.

FISCAL COMMENTS

Unknown.

VOTES:**ASM HUMAN SERVICES: 7-0-0**

YES: Lee, Castillo, Calderon, Elhawary, Blanca Rubio, Ahrens, Tangipa

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Bauer-Kahan, Calderon, Caloza, Ellis, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 75-0-5

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Arambula, Chen, Gabriel, Kalra, Celeste Rodriguez

UPDATED

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