

CONCURRENCE IN SENATE AMENDMENTS

AB 2539 (Ramos)

As Amended August 20, 2026

2/3 vote. Urgency

SUMMARY

This bill would ratify the tribal-state gaming compact (Compact) entered into between the State of California (State) and the Yurok Tribe of the Yurok Reservation, California (Tribe), executed on August 4, 2026.

Senate Amendments

- 1) Ratify the tribal-state gaming compact entered into between the State of California and the Yurok Tribe of the Yurok Reservation, California, executed on August 4, 2026.
- 2) Provides that, in deference to tribal sovereignty, certain actions are not deemed projects for purposes of the California Environmental Quality Act (CEQA); and, stipulate, except as expressly provided, that none of the provisions shall be construed to exempt a city, county, or city and county, or the Department of Transportation from CEQA requirements.
- 3) Add an urgency clause.

Existing law:

- 1) Provides, under the Indian Gaming Regulatory Act (IGRA), for the negotiation and conclusion of compacts between federally recognized Indian tribes and the State for the purpose of conducting Class III gaming activities on Indian lands within a State as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments.
- 2) Authorizes expressly a number of tribal-state gaming compacts between the State of California and specified Indian tribes.
- 3) Authorizes the conduct of Class III gaming activities to the extent such activities are permitted by state law, a gaming compact has been concluded by a federally recognized tribe and the State, and the compact has been approved by the Secretary of the Interior.
- 4) Limits the operation of Class III gaming activities to Indian lands acquired on or before October 17, 1988. Provides, for certain exceptions to conduct gaming activities on Indian lands acquired after October 17, 1988.
- 5) Defines "Indian lands" to mean all lands within the limits of any Indian reservation, and any lands title to which is either held in trust by the United States for the benefit of any Indian tribe, or individual, or held by any Indian tribe or individual subject to restriction by the U.S. against alienation and over which an Indian tribe exercises governmental power.
- 6) Requires the State to negotiate to conclude a compact in good faith with an Indian tribe having jurisdiction over the Indian lands upon which the Class III gaming activity is to be conducted. Provides the U.S. district courts with jurisdiction over any cause of action initiated by a tribal government alleging that the State failed to negotiate in good faith to

conclude a compact. Prescribes the remedy, mediation supervised by the courts, if it is found that the State failed to negotiate in good faith to conclude a compact.

- 7) Authorizes the Governor, under the California Constitution, to negotiate and conclude compacts, subject to ratification by the Legislature.

COMMENTS

Note. On August 11, 2026, the Assembly Committee on Governmental Organization held an informational hearing regarding the content of the tribal-state compact between the State and the Yurok Tribe of the Yurok Reservation, California.

Background on Compact and Tribe.

The Tribe is the largest federally recognized Native American tribe in California, with more than 5,000 members. Their ancestral homelands and the Yurok Indian Reservation span a 44-mile corridor along the lower Klamath River and Pacific coast in Del Norte and Humboldt counties.

The Tribe currently operates the Redwood Hotel Casino, which consists of two separate entities, the Redwood Holiday Inn Express and the Redwood Casino. The Redwood Holiday Inn Express is a 60-room hotel complete with an exercise room and pool. The Redwood Casino, located in Klamath, CA, currently hosts 99 Class III gaming devices and includes the Abalone Bar and Grill. The development of the Redwood Hotel Casino is only a portion of a broader master plan for the Tribe, community, which also includes the Yurok Construction Corporation, Yurok Indian Housing Authority, Yurok Language Department, Yurok Office of Emergency Services, Yurok Telecommunications Corp, and the Yurok Tribal Court.

This Compact authorizes the Tribe to operate a maximum of 349 slot machines at no more than three gaming facilities located on eligible Indian lands held in trust for the Tribe.

The Tribe has agreed to pay the State its pro rata share of costs the State incurs for the performance of its duties under the Compact. The Compact does not require the Tribe to pay into the Revenue Sharing Trust Fund (RSTF) or the Tribal Nation Grant Fund (TNGF).

Pursuant to the Compact, operating within the authorized threshold of gaming devices preserves the Tribe's classification as a Limited-Gaming Tribe. Accordingly, the Tribe bears no obligation hereunder to remit funds for the mitigation of potential local government impacts, if any.

Certain terms of the Compact related to licensing, regulatory, patron protection, and public health provisions are substantially the same as recent compacts. Specifically, the Compact includes a Tribal Labor Relations Ordinance (TLRO), which provides that gaming may commence only after the Tribe has adopted a TLRO that allows for a secret ballot election and union neutrality.

The Compact's preamble states that, "Gaming Activities conducted by the Tribe on the Yurok Reservation are intended to promote the Tribe's economic development and self-sufficiency."

Once effective (legislative ratification and federal approval required), this Compact will be in full force and effect for 25 years following the effective date.

Key Provisions of the Compact:

Scope of Class III Gaming Authorized. The Tribe is authorized to operate up to 349 slot machines, banking or percentage card games, and any devices or games that are authorized under state law to the California State Lottery, provided that the Tribe will not offer such games through use of the Internet unless others in the state not affiliated with or licensed by the California State Lottery are permitted to do so under state and federal law. The Tribe can operate off-track wagering on horse races at a satellite wagering facility pursuant to the requirements outlined in the Compact (Appendix C). The Tribe shall not engage in Class III gaming that is not expressly authorized in the Compact.

Authorized Gaming Facility. The Tribe may establish and operate no more than three gaming facilities and engage in Class III gaming only on eligible Indian lands held in trust for the Tribe, located within the boundaries of the Tribe's reservation.

Payments to the Special Distribution Fund (SDF). The Tribe shall pay to the State, on a pro rata basis, the costs the State incurs for the performance of all its duties under this Compact, as established by the monies appropriated in the annual Budget Act for the performance of their duties under Class III gaming Compacts.

Payments to the RSTF or the TNGF. The Compact does not require the Tribe to pay into either the RSTF or the TNGF.

Distribution by Tribe to Local Governments. Under the terms of this Compact, the Tribe will remain a Limited-Gaming Tribe when operating Gaming Activities based on the authorized number of Gaming Devices. Accordingly, the Tribe has no obligation under this Compact to distribute funds to mitigate impacts of gaming, if any, on local governments.

Exclusivity. Provides that in the event the exclusive right of Indian tribes to operate Class III gaming in California pursuant to the California Constitution is abrogated by the enactment, amendment, or repeal of a state statute or constitutional provision or the conclusive and dispositive judicial construction of a statute or the State Constitution by a California appellate court after the effective date of this Compact, that gaming devices may lawfully be operated by non-Indian entities, the Tribe shall have the right to terminate this Compact, as specified.

Labor Provisions. Provides that the gaming activities authorized by this Compact may only commence after the Tribe has adopted an ordinance identical to the TRLO, referenced as Appendix D of the Compact, and the gaming activities may only continue as long as the Tribe maintains the ordinance. If the Tribe employs 250 or more persons in a tribal casino facility, then the provisions of the TLRO become effective. The TLRO makes it clear that employees shall have the right to self-organization, to form, to join, or assist employee organizations, to bargain collectively through representatives of their own choosing. The TLRO provides for a secret ballot election and union neutrality. After the certification that 30% of the eligible employees in a bargaining unit have expressed an interest in the union, a notice of election shall be issued, and the election shall be concluded within 30 calendar days thereafter. Employees may mail in ballots provided they are received by election day. Union representation requires an affirmative vote of 50% plus one of all votes cast.

Additional Compact Components:

Gaming Ordinance and Regulations. All gaming activities conducted under this Compact shall, at a minimum, comply with a gaming ordinance duly adopted by the Tribe and approved in accordance with IGRA and all applicable rules, regulations, procedures, specifications, and standards duly adopted by the National Indian Gaming Commission (NIGC), the Tribal Gaming Agency, and the State Gaming Agency, and with the provisions of this Compact, as specified.

Prohibitions Regarding Minors. The Tribe shall prohibit persons under the age of 21 years from being present in any room or area in which gaming activities are being conducted unless the person is en route to a non-gaming area of the Gaming Facility, or is employed at the Gaming Facility in a capacity other than as a gaming employee. If the Tribe permits the consumption of alcoholic beverages in the Gaming Facility, the Tribe shall prohibit persons under the age of 21 from purchasing, consuming, or possessing alcoholic beverages. The Tribe shall also prohibit persons under the age of 21 from being present in any room or area, in which alcoholic beverages may be consumed, except to the extent permitted by the gaming facility's California Department of Alcoholic Beverage Control license.

Licensing Requirements and Procedures. All persons in any way connected with the gaming operation or gaming facility who are required to be licensed or to submit to a background investigation under IGRA, and any others required to be licensed under this Compact, including, without limitation, all gaming employees, gaming resource suppliers, financial sources, and any other person having a significant influence over the gaming operation, must be licensed by the Tribal Gaming Agency. Also, every gaming employee must obtain, and thereafter maintain current, a valid tribal gaming license, as specified.

Inspection and Testing of Gaming Devices. Gaming devices will have to be tested, approved and certified by an independent gaming test laboratory or state governmental gaming test laboratory to ensure they are being operated according to specified technical standards. Also, it requires the Tribal Gaming Agency to maintain adequate records that demonstrate compliance with software and hardware specifications. The State Gaming Agency is authorized to inspect gaming devices in operating at the gaming facility.

Minimum Internal Control Standards (MICS). The Tribe must conduct its gaming activities pursuant to an internal control system that implements MICS that are no less stringent than those contained in the MICS of the federal NIGC standards, as specified. It requires gaming to operate pursuant to a written internal control system that reasonably assures that assets are safeguarded and accountability over assets is maintained; liabilities are properly recorded and contingent liabilities are properly disclosed; financial records are accurate and reliable; transactions are performed in accordance with the Tribal Gaming Agency's authorization; access to assets is permitted only in accordance with the Tribal Gaming Agency's approved procedures; recorded accountability for assets is compared with actual assets; and, functions, duties and responsibilities are appropriately segregated and performed by qualified personnel.

Problem Gambling. The gaming operation must establish a program, approved by the Tribal Gaming Agency, to mitigate pathological and problem gaming by implementing specified measures.

Patron Disputes. The Tribal Gaming Agency must promulgate regulations governing patron disputes over the play or operation of any game, including any refusal to pay to a patron any alleged winnings from any gaming activities that include specified minimum standards.

Compliance Enforcement. It is the responsibility of the Tribal Gaming Agency to conduct on-site gaming regulation and control in order to enforce the terms of this Compact, IGRA, NIGC gaming regulations, state gaming agency regulations, and the gaming ordinance, to protect the integrity of gaming activities and the gaming operation for honesty and fairness, and to maintain the confidence of patrons that tribal governmental gaming in California meets the highest standards of fairness and internal controls. To meet those responsibilities, the Tribal Gaming Agency shall promulgate rules and regulations for these purposes.

Tobacco Provisions. The Tribe is required to provide a non-smoking area in the gaming facility. The Tribe shall utilize a ventilation system throughout the gaming facility that exhausts tobacco smoke.

Alcohol Provisions. Makes it explicit that the purchase, sale, and service of alcoholic beverages shall be subject to state law (Alcoholic Beverage Control Act).

Workers' Compensation. The Tribe agrees to participate in the State's workers' compensation program with respect to employees at the casino. In lieu of participation in the State's system, a Tribe may create and maintain a system through self-insurance, which includes specified provisions, including hearings before an independent tribunal. All disputes arising from the workers' compensation laws shall be heard by the State Workers' Compensation Appeals Board (Board) pursuant to the California Labor Code. The Tribe acknowledges the jurisdiction of the Board in such manners. In lieu of participation in the State's system, the Tribe may create and maintain a system through self-insurance, which includes specified provisions, including hearings before an independent tribunal. Furthermore, the Tribe agrees that it will participate in the State's unemployment compensation program for providing benefits and unemployment compensation disability benefits to employees at the casino. The Tribe shall withhold all taxes due to the State, except for Tribal members living on the Tribe's reservation, and forward such amounts to the State.

Health and Safety Standards. The Tribe must establish procedures for addressing harassment, discrimination, and retaliation for all classifications protected under federal and state law. Furthermore, the Tribe must maintain a \$2 million insurance policy for these purposes and adopt an ordinance that includes a dispute resolution process.

Building Codes and Fire Safety. In order to assure the protection of the health and safety of all gaming facility patrons, guests, and employees, the Tribe shall adopt and shall maintain throughout the term of this Compact, an ordinance that requires any covered gaming facility construction to meet or exceed the applicable codes. Gaming facility construction, expansion, improvement, modification or renovation must also comply with the federal Americans with Disabilities Act.

Emergency Services Accessibility and Possession of Firearms. The Tribe must make reasonable provisions for adequate emergency fire, medical, and related relief and disaster services for patrons and employees. Also, the Compact prohibits the possession of firearms by any person in the gaming facility at all times except for federal, state, or local law enforcement personnel, or tribal law enforcement or security personnel, as authorized.

Force Majeure Clause. The Compact states that in the event of a force majeure beyond the Tribe's control that cause the Tribe's gaming facility to be inoperable or operate at significantly less capacity, the Tribe and the State agree to meet and confer for the purposes of discussing the

event and appropriate actions. In the instance that a force majeure event impacts more than 50% of tribal gaming operations located in California, the State and the Tribe agree to allow the State to elect to meet and confer with several or all tribes that have been impacted by the force majeure event for the purpose of discussing the event and appropriate actions, given the circumstances.

Changes in Market Conditions. The Compact requires the State, within 45 days of the Tribe's written request, to participate in good faith negotiations with the Tribe to amend its compact where the state basis for the Tribe's request is changed conditions that adversely affects the Tribe's gaming operation and the Tribe's obligations under this Compact therefore becomes unduly onerous or creates new opportunities to expand its gaming operation beyond the limitations on gaming devices or gaming facilities of this compact. The State has no obligation to enter into negotiations unless the Tribe provides information adequate to prove that its request meets required basis for negotiations.

Entitlement to Renegotiate. If the State authorizes any person to conduct a new form of Class III gaming not expressly authorized in this Compact, the parties, at the Tribe's request, shall enter into good-faith negotiations pursuant to IGRA to amend this Compact for the purpose of adding the newly authorized Class III gaming activity and make other appropriate related amendments.

Effective Date. This Compact shall not be effective unless and until all of the following have occurred: the Compact is ratified by statute in accordance with state law and notice of approval or constructive approval is published in the Federal Register. Once effective, this Compact shall be in full force and effect for 25 years following the effective date.

Amendment by Agreement. The terms and conditions of this Compact may be amended at any time by the mutual and written agreement of both parties, provided that each party voluntarily consents to such negotiations in writing. Any amendments to this Compact shall be deemed to supersede, supplant and extinguish all previous understandings and agreements on the subject.

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

According to the author, the Compact's preamble declares that "the Tribe and the State have concluded that this Compact protects the interests of the Tribe and its members, the surrounding community, and the California public, and will promote and secure long-term stability, mutual respect, and mutual benefit."

Arguments in Support

None on file.

Arguments in Opposition

None on file.

FISCAL COMMENTS

Unknown.

VOTES:

ASM GOVERNMENTAL ORGANIZATION: 22-0-0

YES: Blanca Rubio, Davies, Alvarez, Berman, Bryan, Carrillo, Dixon, Fong, Gabriel, Gallagher, Gipson, Macedo, McKinnor, Nguyen, Pacheco, Ramos, Michelle Rodriguez, Solache, Soria, Ta, Valencia, Wallis

ASSEMBLY FLOOR: 68-0-12

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

ABS, ABST OR NV: Arambula, Berman, Bonta, Dixon, Flora, Harabedian, Hart, Hoover, Irwin, Papan, Celeste Rodriguez, Schiavo

UPDATED

VERSION: August 20, 2026

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