

UNFINISHED BUSINESS

Bill No: SB 1235
Author: Rubio (D), et al.
Amended: 8/18/26
Vote: 27 - Urgency

PRIOR SENATE VOTE NOT RELEVANT

NOTE: On August 11, 2026, the Senate Governmental Organization Committee held an informational hearing on the tribal-state gaming compact between the Fort Mojave Indian Tribe, and amendments to the tribal-state gaming compact between the State of California and the Pechanga Band of Indians, and amendments to the tribal state gaming compact between the State of California and the Picayune Rancheria of Chukchansi Indians of California.

ASSEMBLY FLOOR: Passed, 8/26/26

SUBJECT: Tribal gaming: compact ratification

SOURCE: Author

DIGEST: This bill ratifies the Tribal-State Gaming Compact between the State of California and the Fort Mojave Indian Tribe. This bill also ratifies two separate amendments to the tribal-state gaming compacts entered into between the State of California and the Pechanga Band of Indians, and the Picayune Rancheria of Chukchansi Indians of California

Assembly Amendments delete the contents of this bill and instead ratify the Tribal-State Gaming Compact between the State of California and the Fort Mojave Indian Tribe and two separate amendments to the tribal-state gaming compacts between the State of California and the Pechanga Band of Indians, and the Picayune Rancheria of Chukchansi Indians of California.

ANALYSIS:

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.

This bill:

- 1) Ratifies the tribal-state gaming compact between the State of California and the Fort Mojave Indian Tribe, execute on July 20, 2026.
- 2) Ratifies two separate amendments to the tribal-state gaming compacts entered into between the State of California and the Pechanga Band of India, and the Picayune Rancheria of Chuckchansi Indians of California

- 3) 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.
- 4) Contains an urgency clause.

Background

Fort Mojave Indian Tribe Compact. The Tribal-State Gaming Compact between the Fort Mojave Indian Tribe was executed on July 20, 2026. The Compact authorizes the Tribe to operate a maximum of 1,200 slot machines at no more than two 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).

If the Tribe operates 350 slot machines the Compact requires the Tribe to pay 0.5% of Net Win to an Impact Mitigation Fund and distribute those funds to non-tribal law enforcement, emergency services, and service agencies with demonstrated impacts from the gaming facilities, as specified.

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 notes 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.

The Fort Mojave Indian Tribe is a federally recognized tribe located along the Colorado River in the vicinity of Needles, California. The Tribe's reservation covers nearly 42,000 acres in the tri-state area of Arizona, California, and Nevada. The Tribe currently operates the Avi Resort and Casino in Laughing, Nevada, and the Spirit Mountain Casino in Arizona. While the Tribe entered into a tribal-state

gaming compact with the State of California in 2004 which authorized the Tribe to operate up to 1,500 slot machines, the Tribe does not operate a casino in California.

First Amendment to the Tribal-State Compact Between the State of California and the Pechanga Band of Indians. The First Amendment to the Tribal-State Gaming Compact between the State of California and Pechanga Band of Indians was executed on August 05, 2026. The Amended Compact amends an 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. The Amended Compact also includes an approximate 20-year extension in exchange for the Tribe agreeing not to challenge the revenue terms during the life of the compact.

The Tribe's 2016 Compact requires the Tribe to pay \$21 million to "Local Community Credit Fund (Fund)" which was established to provide funding to local jurisdictions for such things as improved fire, law enforcement, public transit, education, tourism, or other services. Rather than payments into the California Native American Education and Scholarship Fund, the Amended Compact requires the Tribe to pay an additional \$3 million into the Fund beginning on January 1, 2027. Every year thereafter, the Tribe is required to pay an additional \$2 million per year until reaching \$32 million per year. The Amended Compact provides that the Tribe, in its sole discretion, can decrease the annual amount payable into the Fund, provided that the annual amount shall never be reduced by \$21 million. The Amended Compact makes it clear that the Tribe "makes this decision in the exercise of its sovereignty and in furtherance of its longstanding commitment to the beneficial projects and purposed served by the Fund."

In 2016, the Tribe entered into a new tribal-state compact [ratified by AB 2358 (Gonzalez), Chapter 285, Statutes of 2016] that authorized the Tribe to operate up to 5,500 slot machines at no more than two gaming facilities located on those Indian lands held in trust for the Tribe. Under the terms of the 2016 Compact, the Tribe has agreed to pay into the Special Distribution Fund (SDF) its pro rata share of costs the State incurs for the performance of its duties.

The Tribe currently operates the Pechanga Resort and Casino, which was first opened in 2002 and currently employs approximately 5,000 employees. According to the Tribe's website, the Pechanga Resort and Casino has one of the largest casino floors in the country with 200,000 square feet of gaming space that

features, 5,500 slot machines, 152 table games, a High Limit Salon and private rooms.

First Amendment to the Tribal-State Compact Between the State of California and the Picayune Rancheria of Chuckchansi Indians of California. On June 11, 2026, the State of California agreed to a one-year extension with the Picayune Rancheria of Chukchansi Indians of California which is still operating under their original 1999 compact, to allow the Tribe to operate under the terms of their 1999 compact until December 31, 2027.

The State of California in 1999 and 2000 entered into over 60 tribal-state gaming compacts with tribes in California pursuant to the IGRA. These compacts are collectively referred to as the 1999 Compacts. The 1999 Compacts were for an initial 20-year term, with a termination date of December 31, 2020. However, the 1999 Compacts included an automatic 18-month extension to June 30, 2022. Four years ago, the State of California agreed to an additional 18-month compact extension with approximately 26 tribes that allowed them to operate under the terms of their 1999 compact until December 31, 2023. Three years ago, the State of California agreed once again to a one-year compact extension with 22 tribes who are still operating under their original 1999 compacts to allow them to operate under the terms of their 1999 compacts until December 31, 2024. Two years ago, the State of California once again agreed to a one-year compact extension with three tribes, including the Picayune Rancheria of Chukchansi Indians of California, which allowed these tribes to operate under the terms of their 1999 compacts until December 31, 2025. Last year, the State once again agreed to a one-year extension with the Picayune Rancheria of Chukchansi Indians of California, which allowed the tribe to continue to operate under the terms of their 1999 compact until December 31, 2026. A majority of the tribes with 1999 Compacts now have new compacts, but there are a handful of tribes that are still operating under the 1999 Compacts.

The 1999 Compacts allow, but do not require, the State and a tribe to amend the term of the Tribe's 1999 Compact by mutual and written agreement. To be effective, an amendment solely to extend the term of a 1999 Compact requires ratification by the California Legislature, but it does not require approval by the Secretary pursuant to 25 Code of Federal Regulations section 293.5.

The amendment to extend the 1999 Compacts until December 31, 2027, would not preclude the State and the 1999 Compact tribes from agreeing to further extensions should both agree it is appropriate.

The Picayune Rancheria of Chukchansi Indians of California are a federally recognized Indian tribe established by executive order in 1988 by the United States Government. The Picayune Rancheria, founded in 1912 and located in Coarsegold, California, covers 160 acres in Madera County and serves as the tribal land.

Today the Tribe operates the Chukchansi Gold Resort and Casino in Coarsegold, California. According to the casino's internet website, patrons can immerse themselves "in the dynamic atmosphere of our Firehouse Lounge and directly in front of California Market Buffet, where high-energy gaming awaits in a smoke-free haven." The casino boasts a 73,000 square-foot gaming floor and features 2,000 slot machines as well as a selection of 40 table games. Additionally, the facilities include 20 electric vehicle charging stations on the first and fourth floors of the parking garage.

Indian Gaming Regulatory Act. In 1988, Congress enacted IGRA to provide a statutory basis for the operation and regulation of gaming on Indian lands. IGRA provides that an Indian tribe may conduct gaming activity on Indian lands if the activity "is not specifically prohibited by federal law and is conducted within a State which 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 black jack 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.”

Chicken Ranch Rancheria Decisions. 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 negotiations. 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

Revenue Sharing Trust Fund (RSTF). Existing law creates in the State Treasury the RSTF for the receipt and deposit of moneys derived from gaming device license fees that are paid into the RSTF pursuant to the terms of specified tribal-state gaming compacts for the purpose of making distributions to non-compacted California tribes (e.g., federally-recognized non-gaming tribes and tribes that operate casinos with fewer than 350 slot machines).

Revenue in the RSTF is available to the California Gambling Control Commission, upon appropriation by the Legislature, for making distributions of \$1.1 million annually to non-compact tribes. The RSTF was created as part of the 1999 compacts, which, in conjunction with the passage of Proposition 1A, created gaming compacts with approximately 60 California tribes. Non-compact tribes are considered third-party beneficiaries of the 1999 compacts.

Tribal Nation Grant Fund. This particular fund was created to complement the RSTF and provides for the distribution of funds to non-gaming tribes, upon application of such tribes for purposes related to effective self-governance, self-determined community, and economic development. Payments from this fund are intended to be made to non-gaming tribes on a “need” basis, upon application.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT: (Verified 8/20/26)

None received

OPPOSITION: (Verified 8/20/26)

None received

Prepared by: Felipe Lopez / G.O. / (916) 651-1530
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