

SENATE THIRD READING
SB 542 (Limón)
As Amended August 17, 2026
Majority vote. Urgency

SUMMARY

This bill would ratify the Second Amendment (Second Amendment) to the Tribal-State Gaming Compact entered into between the State of California (State) and the Santa Ynez Band of Chumash Indians (Tribe) executed on August 4, 2026.

Major Provisions

- 1) Ratify the second amendment to the tribal-state gaming compact between the State and the Tribe, executed on August 4, 2026, in accordance with the federal Indian Gaming Regulatory Act of 1988 (IGRA).
- 2) Provide 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, or any state agency or local jurisdiction, from CEQA requirements.
- 3) Declare that it is to take effect immediately as an urgency statute.

COMMENTS

NOTE: On August 11, 2026, the Assembly Committee on Governmental Organization held an informational hearing on the 2nd Amendment to the Tribal-State Gaming Compact entered into between the State of California and the Santa Ynez Band of Chumash Indians executed on August 4, 2026.

Background.

The Second Amendment to the Tribal-State Gaming Compact between the State and the Tribe was executed on August 4, 2026. The Amended Compact amends an existing 2015 Compact, to avoid potential litigation after the Ninth Circuit's decision in Chicken Ranch (see below). The Amended Compact authorizes the Tribe to operate an additional 500 gaming devices (slot machines), increasing the maximum number of authorized gaming devices to 3,000. The Amended Compact also extends the term of the 2015 Compact by approximately 20 years, through December 31, 2061, in exchange for the Tribe's agreement not to challenge the revenue-sharing provisions during its term.

In 2015, the Tribe entered into a new tribal-state gaming compact (ratified by AB 1540 (Gray) Chapter 531, Statutes of 2015) that authorized the Tribe to operate up to 2,500 slot machines at no more than two gaming facilities located on those Indian lands held in trust for the Tribe. The Tribe agreed to pay the State its pro rata share of the costs the State incurs for the performance of its duties under the Compact as well as 6% of the casino's net win, to be shared with tribes that are not gaming or that otherwise are not substantially benefiting from gaming. Additionally, the 2015 Compact provided a framework for the sharing of gaming revenue with the County of Santa Barbara and other local jurisdictions.

The Tribe is a federally recognized tribe listed in the Federal Register. Located in Santa Barbara County and established on December 27, 1901, the reservation is home to more than 250 members, according to the Tribe's website.

The Tribe currently operates the Chumash Casino Resort, featuring approximately 2,300 slot machines, 45 table games, various restaurants, shopping, a spa, and a pool. The resort employs roughly 1,800 Santa Barbara County residents.

The Amended Compact's preamble further states, "the Tribe and the State intend that this Amendment shall take effect upon execution by authorized representatives of the Tribe and the State, ratification by the State Legislature, and approval by the Secretary of the Interior pursuant to IGRA."

Once effective (legislative ratification and federal approval required), this Amended Compact shall be in full force and effect until December 31, 2061.

Key Provisions of the Amended Compact:

Additional Gaming Devices Authorized. The Amended Compact authorizes the Tribe to operate up to 3,000 Gaming Devices (slot machines). The Tribe's 2015 Compact authorized the Tribe to operate up to 2,500 slot machines.

Environmental Impact Analysis. Consistent with the Chicken Ranch Decision, the Amended Compact deletes provisions in the 2015 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.

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, neither 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 Compact.

Insurance Coverage and Claims. The Amended Compact deletes current tort law provisions in the Tribe's 2015 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 compact is scheduled to expire in December 2042. This amendment extends the term of the Tribe's 2015 Compact through December 31, 2061.

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, "in order to address issues with the Compact arising from Chicken Ranch as well as other potential areas for improvement identified by the Tribe and the State in the spirit of maintaining a Compact that provides mutual benefits and reflects a mutually respectful government-to-government relationship, the Tribe and the State have agreed to amend the Compact as set forth herein."

Arguments in Support

None on file.

Arguments in Opposition

None on file.

FISCAL COMMENTS

Unknown.

VOTES**SENATE FLOOR: Vote Not Relevant**

YES:

NO:

ABS, ABST OR NV:

ASM NATURAL RESOURCES: Vote Not Relevant

YES:

NO:

ABS, ABST OR NV:

ASM EMERGENCY MANAGEMENT: Vote Not Relevant

YES:

NO:

ASM APPROPRIATIONS: Vote Not Relevant

YES:

NO:

UPDATED

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CONSULTANT: Eric Johnson / G.O. / (916) 319-2531

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