



CALIFORNIA TRIBAL  
BUSINESS ALLIANCE

August 22, 2006

Governor Arnold Schwarzenegger  
State Capitol  
Sacramento, CA 95814

Dear Governor Schwarzenegger:

We are writing to express our concern for the future of the Indian Gaming Revenue Sharing Trust Fund and to offer a suggestion for the protection of this vital fund's future integrity.

As you know, the Revenue Sharing Trust Fund (RSTF), the only one of its kind in the nation, is an essential part of the tribal-state compacts in California. In creating the RSTF, California's tribal-state gaming compacts promised annual payments of \$1.1 million dollars to each non-gaming tribe. The goal behind this promise was to extend a hand to non-gaming tribes and to provide them some financial benefit from tribal gaming revenues, which greatly benefit the gaming tribes and the state. This year, approximately 71 of California's 107 tribes will qualify for assistance from the fund.

The 1999 compacts required payments into the RSTF and the Special Distribution Fund (SDF). The SDF has several purposes, but the first priority use of the SDF is to transfer funds to the RSTF when there are insufficient funds to make the promised \$1.1 million payment to non-gaming tribes. In fiscal year 2005-2006 the RSTF could pay only 44% of the promised \$1.1 million to each non-gaming tribe. Accordingly, \$48.5 million was transferred from the SDF to the RSTF to provide the additional funds necessary to make the full payment to non-gaming tribes.

Recent amendments to tribal-state gaming compacts negotiated by your Administration are maintaining gaming tribes' payments into the RSTF, but are eliminating payments to the SDF. As more of the 1999 tribal-state gaming compacts are amended without payments into the SDF, the SDF will be starved of the funding necessary to make-up the funding deficiency in the RSTF, as well as funding for its other beneficiaries.

To protect this vital ability of the SDF to backfill the funding deficiency in the RSTF, our tribes propose that tribal-state gaming compacts include language requiring the flexibility to direct a portion of the gaming tribes' compact payments to the state to the RSTF in an



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amount sufficient for the RSTF to fulfill the promise of \$1.1 million in annual revenue sharing payments to each non-gaming tribe. These payments to the RSTF from the state's share of compact fee payments would be in addition to the fixed RSTF payments also required by the amended compacts, and which each gaming tribe has readily agreed to pay. We believe this method will address the funding deficiencies in the RSTF.

This safety net for the RSTF will not affect any gaming tribes since it will not increase payments they agreed to make to the state, nor will it reduce the revenues to the state as it simply redirects payments otherwise paid to the SDF. This safety net will protect the most vulnerable and impoverished of California tribes, its non-gaming tribes, by providing adequate funds to the RSTF to keep the promise made by California tribes, the state government and the voters. We cannot forget those tribes that are in less fortunate circumstances.

Sincerely,

A handwritten signature in black ink, appearing to be "Bobby Barrett", with a horizontal line extending to the right across the signature.

Bobby Barrett, Chairman  
California Tribal Business Alliance Board of Directors