

Subj: **California: Compact delay lets tribe forgo \$30-million payment to California**
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Los Angeles Times

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From the Los Angeles Times

Compact delay lets tribe forgo \$30-million payment to California

Gov. Schwarzenegger agreed to give the Sycuan extra time to enact a casino-expansion compact approved by voters in February. Three other tribes must begin payments by the end of July.

By Nancy Vogel

Los Angeles Times Staff Writer

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SACRAMENTO — Exploiting a loophole in a deal struck with Gov. Arnold Schwarzenegger, a San Diego County Indian tribe has avoided paying the cash-strapped state \$30 million in gambling profits.

Voters in February allowed four tribes to expand their casino operations in exchange for a larger share of their revenues. Three of the tribes must make the payments their compacts demand by the end of next month, but the Schwarzenegger administration last week said the Sycuan band of the Kumeyaay Nation could wait until next year to start payments.

That permission came four days after the Sycuan gave \$45,000 to the campaign for a November redistricting initiative promoted by Schwarzenegger. Sycuan spokesman Adam Day called the timing of the donation "a total coincidence."

A Schwarzenegger spokeswoman also denied any connection between the \$45,000 and the agreement.

"It's not a donation that the governor solicited," said Julie Soderlund. "Regardless, the governor doesn't make decisions about policy based on anything other than what he feels is best for the state of California."

Excusing the Sycuan will cost the state \$30 million, according to H.D. Palmer, spokesman for the California Department of Finance.

Some opponents of the Schwarzenegger deals are saying, "I told you so."

Doug Elmets, who represents gambling tribes that fought the others' expansion, faults the Sycuan for not living up to its compact and the governor for not holding them to it. The two parties cut a side deal, he said, beyond what voters approved.

"It doesn't look good, because clearly the governor and the tribes made it appear as if this was going to be real money," Elmets said. "And now it looks like it's phony."

The Sycuan invoked a clause in its compact with Schwarzenegger, struck in August 2006, saying the tribal council had to approve the accord by Dec. 15, 2006. Otherwise, the governor could void the agreement.

The tribal council did not meet its deadline. But the governor declined to scrap the deal, agreeing instead to the delay. Schwarzenegger's legal affairs secretary, Andrea Lynn Hoch, said the postponement of payments was justified because the compact is good for the state and the tribe.

Day said the tribe wanted to plan its casino expansion before enacting the terms of the new agreement.

The Sycuan, like other tribes, has made payments to state-administered funds set up to help tribes without casinos and to help local governments cope with increased traffic and other casino side effects. Under their agreements with Schwarzenegger, some of the four tribes' money will go to the state budget.

The Sycuan now has until January to ratify the compact. Once the pact takes effect, the tribe must make payments quarterly.

The compact calls for \$20 million a year from the tribe plus 15% of the revenue from any slot machines it adds.

Of the four accords that were at stake in February, only one besides Sycuan's -- that of the Morongo Band of Mission Indians -- required tribal council approval. The Morongo tribe ratified its deal in November 2006, long before the Legislature, U.S. Department of Interior and voters statewide gave approval.

The Sycuan, a tribe of roughly 130 members, spent \$5 million on its campaign to persuade voters to approve its compact, which allows 3,000 more slot machines in its 2,000-slot casino near El Cajon.

The tribes with new deals -- the Sycuan, the Morongo, the Pechanga Band of Luiseño Indians and the Agua Caliente Band of Cahuilla Indians -- spent \$83 million campaigning for their casino expansions. Their main argument was that the deals

would generate billions of dollars for state coffers over the next 20 years.

During the campaign, Schwarzenegger appeared in television ads touting the financial benefits of the accords for taxpayers.

Opponents argued that the agreements would unleash one of the biggest gambling expansions in U.S. history and leave it up to the tribes to calculate California's share of slot machine revenue.

Palmer said he expects the state to get \$527 million from the new deals through June 2009.

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