



Gaming

Gaming in New Mexico generates hundreds of millions of dollars for tribes, racetracks, state government, and veteran and fraternal organizations each year. Even without considering the lottery, gaming is a more-than-billion-dollar industry, funding the state's lottery scholarship and generating more than \$125 million for the state general fund. Revenue comes primarily through taxes on racetrack casinos—racinos—and payments from revenue sharing with tribes, which in exchange receive exclusive right to operate table games and the right to operate slot machines along with racetracks and fraternal organizations.

What's Legal

The Gaming Control Board and the State Racing Commission, which regulates horse racing and wagering, oversee and manage the state's non-lottery and Class III games — slot machines and other casino-style games. The Gaming Control Board also oversees the gaming compacts between the state and tribes.

Although horse racing has been legal in New Mexico since 1940, the lottery did not become legal until 1995 and casino-style gambling did not become legal until the governor signed legislation in 1997 authorizing the first compacts with tribes after the enactment of the federal Indian Gaming Regulatory Act.

Under state law, racetracks can operate up to 750 gaming machines and must pay a state tax equal to 26 percent of “net win,” wagers less prizes and certain other costs. Race-track casinos must also allocate 20 percent of the net win to horse race purses, the money paid to winning horse owners. State laws allows nonprofit veterans' and fraternal organizations to operate up to 15 machines for member use only and requires the clubs to pay the state 10 percent of the net win.

While it is illegal to operate an unlicensed sports betting location in New Mexico, wagering on sports is not illegal, and the tribal gaming compact does not prohibit tribal casinos from operating sportsbooks. The number of tribes with sports betting grew from two in 2019 to five in 2022.

Tribal Gaming

Following a series of lawsuits, including most notably a U.S. Supreme Court Ruling in California that a tribe can operate any gambling already legal in the state free of state control, the federal Indian Gaming Regulatory Act created three classes of gaming with differing rules. Class I and II games are exclusively under the control of the tribes. Class I includes traditional Indian games and Class II covers bingo and similar games, including electronic or computer ver-

sions. Tribes must reach an agreement with the state to conduct Class III gaming, which includes slot machines, table games, and other casino-style gambling.

New Mexico has gaming compacts, which are negotiated by the governor but must be approved by the Legislature and then by the U.S. Interior Department, with all 14 tribes that operate casinos. The 2015 compact, which all gaming tribes have signed, expires in 2037.

Revenues

Depending on the volume of the net win, the compacts call for tribes to share between 2 percent and 9.5 percent of the net win. Because electronic bingo and other Class II games are exclusive to tribes, the state does not receive revenues for these games and has no way to estimate the potential revenue lost to their operation by tribes. The industry promotes Class II machines as having the same player experience as Class III machines, but unlike with Class III machines, tribal casinos are allowed to serve alcohol on a floor with Class II games.

While tribal and nontribal gaming revenue varies year to year and was upended by pandemic-related closures, revenue from both has been dropping steadily,

Lottery

Revenue from the various games operated by the New Mexico Lottery Authority supports the authority and lottery scholarships for New Mexico college students. For more information, see [Finance Facts: Lottery and Lottery Scholarships](#).

For More Information:

- The Gaming Control Act is found in Section 60-2E NMSA 1978.
- The 2013 LFC evaluation, [Operational Effectiveness of Gambling Oversight in New Mexico](#), is available under program evaluations on the LFC website.
- Information on the Committee on Compacts is available under committee information at www.nmlegis.gov.
- The New Mexico Gaming Control Board website is gcb.nm.gov.
- The New Mexico Racing Commission website is nmrc.state.nm.us.
- The National Indian Gaming Commission website is <https://www.nigc.gov/>.