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FISCAL IMPACT REPORT

SPONSOR Lujan, B **ORIGINAL DATE** 2/20/07
LAST UPDATED 3/15/07 **HB** 1298
SHORT TITLE Tribal Compact Negotiation Time Limits **SB** _____
ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 1134; Relates to SJR 21

SOURCES OF INFORMATION

LFC Files

Responses Received From

Gaming Control Board (GCB)

Indian Affairs Department (IAD)

Attorney General's Office (AGO)

SUMMARY

Synopsis of Bill

House Bill 1298 amends the Compact Negotiation Act to limit the negotiation period that will apply to compact amendments considered during the 2007 regular legislative session. If the 2007 legislature approves amendments to the 2001 tribal gaming compacts for some tribes, the bill will require additional tribes to request an identical compact amendment within 240 days of legislative approval of compact amendments. A tribe that does not request an amendment identical to one approved by the 2007 legislature within 240 days will be required to seek legislative approval at a later date to receive the amendments.

The bill will also allow a tribe that has not yet entered a 2001 tribal gaming compact with the state will have 240 days after entering the 2001 compacts to request an amendment identical to the one approved by the 2007 legislature before requiring legislative approval.

The original bill contained an emergency clause, but since it did not pass the house with less than a 2/3 majority, the emergency clause is dropped and the bill will become effective 90 days after

the legislature's adjournment on June 15, 2007.

SIGNIFICANT ISSUES

Proposed amendments to the 2001 tribal gaming compacts have been agreed to by 10 of the 13 tribes that have entered the 2001 gaming compacts with the state. The Pueblos of Acoma and Pojoaque and the Mescalero Apache Nation have not agreed to the proposed amendments.

The bill would require tribes sign the new terms within 240 days of legislative approval of the amendments for the other 11 tribes. The legislature will have approved the proposed amendments if the House passes Senate Joint Resolution 21.

Amendments to the 2001 gaming compacts, to which all 13 of the state's gaming tribes have agreed, are as follows:

- The revenue sharing rate paid by tribes will increase. All tribes except Jicarilla are expected to distribute more revenue to the state general fund. General fund revenue is expected to increase by about \$9 million per year once all 10 tribes sign the proposed amendments (see Fiscal Implications).
- The term of the compacts will be extended by 22 years from the end of FY15 to the end of FY37.
- Each tribe will be limited to having two casinos, with an exception for Laguna Pueblo, which already operates three casinos. Laguna Pueblo will be prohibited from expanding the operations of the Route 66 Casino Express beyond the level of operations on December 1, 2006.
- Tribes will be required to afford tribal gaming establishment employees due process of law and an appeals process in the event that an employee receives an adverse insurance determination. Tribes will also be allowed to elect to participate in the State's benefit system, a change that may benefit state employees by increasing the size of the pool.
- The amount each tribe is required to pay the state each year for the costs of administering the compacts will increase. The 2001 compact requires each tribe to pay the state \$100 thousand per year, plus an additional 3 percent adjustment each year for inflation. The proposed amendment will require each tribe to pay the state \$116 thousand per year, plus an additional 5 percent inflation adjustment.
- Tribal representatives will be required to meet annually with representatives of the Governor, the State House of Representatives and the State Senate to discuss compact issues.
- Non-tribal racetrack casinos will be prohibited from increasing operating hours or the maximum number of slot machines. If the state permits racetrack casinos to have longer operating hours or more machines, the tribal revenue sharing agreement will become ineffective. Currently, racetrack casinos are allowed to operate up to 18 hours per day and up to 112 hours per week. Non-tribal casinos are currently allowed to operate 600 slot machines or up to 750 slot machines if they lease machines from other racetrack casinos.
- The total number of racetrack casinos will be limited to six; five racetrack casinos are currently licensed in New Mexico (Albuquerque Downs, Ruidoso Downs, Sunray Park, Sunland Park, and Zia Park). Prior to granting the approval of an application to a sixth racetrack or an application of one of the existing racetrack casinos to change its location, the State Racing Commission will be required to solicit and consider tribal views on the racetrack casino application.

DUPLICATION, RELATIONSHIP

House Bill 1298 duplicates Senate Bill 1134.

House Bill 1298 relates Senate Joint Resolution 21, passage of which would give legislative approval of the proposed compact amendments.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Tribes that do not sign a compact amendment identical to any approved by the 2007 legislature will have an indefinite amount of time to request an identical amendment without legislative approval.

SS/mt