

REGION: North County tribe wants to renegotiate gambling deal

By EDWARD SIFUENTES esifuentes@nctimes.com | Posted: Tuesday, July 5, 2011 9:00 pm

The Pala Band of Mission Indians in North County says it wants to renegotiate its gambling agreement with the state following the Rincon Band of Mission Indians' court victory last week against the state over casino payments.

Pala, which operates a casino and resort complex on its reservation east of Fallbrook, agreed in 2004 to pay millions into the state's general fund in exchange for more slot machines. The tribe pays about \$18 million a year, said Pala Chairman Robert Smith.

Then-Gov. Arnold Schwarzenegger offered Rincon, which operates a Harrah's-brand hotel and casino near Valley Center, a similar deal but the tribe rejected the offer and sued the state in federal court. Rincon argued the payments amounted to an illegal tax and the courts agreed.

Rincon won the lawsuit last week after the U.S. Supreme Court declined to hear the state's appeal of a lower court's decision.

Smith said Pala wants a new deal based on the court's decision.

"I think the revenue we pay to the state needs to be re-evaluated," Smith said.

The tribe is willing to keep paying, but not into the general fund, Smith said. He would prefer that the payments be used to address local problems, such as law enforcement, fire protection and road improvements, the chairman said.

The state's general fund is its main pot of money to pay for government operations. The state is partly responsible, along with tribes and the federal government, for overseeing tribal gambling, which voters legalized in 2000.

If other tribes follow Pala's lead, the state could lose hundreds of millions in revenue, making its budget woes much worse. Fifteen tribes, including Pala, pay a combined total of \$360 million a year into the general fund, according to the state.

Thus far, no other tribes have stepped forward to renegotiate their agreements since last week's court decision. The Viejas Band of Mission Indians in East County, which has an agreement similar to Pala's, said last week that it has no

plans to renegotiate.

The Pauma Band of Mission Indians, which operates a casino in Pauma Valley, also has an agreement similar to Pala and Viejas, but it sued the state in 2009 to withdraw from the 2004 agreement. Last year, a federal judge said Pauma will not be required to make payments to the state until the suit is decided.

Officials with the Pechanga Band of Mission Indians in Temecula, which operates one of the most successful casinos in the state, could not be reached for comment on Tuesday. Pechanga also pays into the state's general fund under an agreement struck between the Schwarzenegger administration and Pechanga in 2008.

Cheryl Schmit, director of the gambling watchdog group Stand Up for California, said she was not surprised by Pala's request to renegotiate its agreement. Schmit said she believes Pala will negotiate a good agreement.

"The Pala tribe has always made good business decisions and I am confident that they will not propose terms that will erode public support," she said. "Should tribes choose to ignore the concerns of the public, they risk the loss of the gaming monopoly."