CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 10, 2006

H.R. 4893
Restricting Indian Gaming to Homelands of Tribes Act of 2006

As ordered reported by the House Committee on Resources on July 26, 2006

H.R. 4893 would amend provisions in the Indian Gaming Regulatory Act (IGRA) related to off-reservation Indian gaming. Specifically, the legislation would add new restrictions on tribes operating Indian gaming outside their existing reservations. Based on information from the Department of the Interior (DOI), CBO estimates that implementing H.R. 4893 would not have a significant impact on the federal budget. Enacting the bill would not affect revenues or direct spending.

H.R. 4893 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would limit the ability of tribes to operate gaming on land put in trust after 1988. Because both the outlook for gaming on these lands under current law and the impact of the changes made by the bill are very uncertain, CBO cannot determine whether the aggregate cost to tribes would exceed the annual threshold established in UMRA ($64 million in 2006, adjusted annually for inflation) in any of the next five years. The bill contains no private-sector mandates as defined in UMRA.

The bill would amend Section 20 of the IGRA, which generally prohibits gaming on lands placed into trust after October 17, 1988 (IGRA's enactment date). Section 20 includes a number of exceptions to that rule, but this bill would narrow those exceptions, further limiting tribes' opportunities to operate gaming. One exception now allows tribes to operate gaming if they receive a special determination from DOI and approval of the state's governor. H.R. 4893 would eliminate these "two-part determinations" for all but those tribes that had an application pending before March 7, 2006. It also would add new conditions even for tribes that submitted their applications before that date. In addition, the bill would impose new conditions to the exceptions for newly created or restored tribes, including requirements that these tribes gain the governor's approval and mitigate the direct effects of gaming on local governments. Finally, the bill would completely eliminate the exception for land acquired through the settlement of a land claim.

The costs of these new mandates would include the lost earnings of any tribe unable to operate gaming under IGRA because of these changes, as well as any additional expenses tribes might incur to mitigate the effects of gaming on the local communities. Based on information provided by DOI, CBO estimates that the new conditions imposed by this bill would affect, at least to some extent, about 50 applications from tribes seeking approval from DOI for gaming on recently acquired lands. It is difficult to predict how many of those, if any, would be approved in the next five years under current law, or how many of that group would be eliminated or delayed as a result of this bill, but the lost earnings from even one gaming operation could be substantial. A number of existing Indian gaming operations have annual revenues of more than $100 million. CBO also cannot predict how much more tribes would pay to local communities as a result of this bill, in part because tribes often agree to make similar payments under current law.

Some provisions in H.R. 4893 would benefit Indian tribes, as well as local governments. The bill would allow tribes to create partnerships, where one tribe would host a gaming facility for another tribe. Also, requiring tribes to make payments to local governments would benefit those governments.

On May 17, 2006, CBO transmitted a cost estimate for S. 2078, the Indian Gaming Regulatory Act of 2006, as ordered reported by the Senate Committee on Indian Affairs on March 29, 2006. Both pieces of legislation would restrict off-reservation gaming; however, the Senate bill contains additional provisions related to the National Indian Gaming Commission.

The staff contacts for this estimate are Matthew Pickford (for federal costs), who can be reached at 226-2860, and Marjorie Miller (for the impact on state, local, and tribal governments). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.