



Gaming

New Mexico gaming, even without the lottery, is a more-than-billion-dollar industry that generates hundreds of millions of dollars a year for tribes, racetracks, veteran and fraternal organizations, and state government. In addition to the college scholarships funded through the lottery, gaming generates more than \$125 million for the state general fund. Almost all of that comes through taxes on racetrack casinos – racinos – and payments from tribes, which pay a share of gaming revenues in exchange for a monopoly on table games and the right to operate slot machines along with racetracks and fraternal and veteran organizations.

What's Legal

Non-lottery gaming in New Mexico is managed by the State Racing Commission, which regulates horse racing and wagering, and the Gaming Control Board, which regulates charitable bingo, charitable raffles, and slot machines and other casino-style games at racetracks and fraternal and veterans clubs. The Gaming Control Board also oversees the gaming compacts between the state and tribes.

Horse racing has been legal in New Mexico since 1940 but casino-style gambling did not become legal until 1997, after the enactment of the federal Indian Gaming Regulatory Act. The lottery has been in place since 1995.

Under state law, racetrack casinos can operate up to 750 slot or other electronic gaming machines and must pay a state tax equal to 26 percent of “net win” – wagers less prizes and certain other costs. Racetrack casinos must also allocate 20 percent of the net win to horse race purses, the money paid to winning horse owners.

State law does not restrict the number of racinos, but the state’s agreement with gaming tribes limits the number to six. Five are in operation; the launch of a sixth has been delayed by litigation over its location.

State law allows nonprofit veterans’ and fraternal organizations to operate up to 15 machines for member use only. These clubs must pay 10 percent of the net win to the state.

Two New Mexico tribal casinos also have sports betting operations, and more are expected to add “sportsbooks.” Sports betting is illegal in New Mexico but not specifically prohibited in the gaming compacts.

Tribal Gaming

The Indian Gaming Regulatory Act, guided, in part, by a U.S. Supreme Court ruling that tribes cannot conduct gambling otherwise illegal in the state, creates three classes of gaming with different rules for each. Class I and II games are exclusively

under the control of the tribe. Class I includes traditional Indian games and Class II covers bingo and similar games, including electronic or computer versions.

Tribes must reach an agreement with the state to conduct Class III gaming, including slot machines, table games, and other casino-style gambling, and the gaming compact must be approved by the U.S. Interior Department. In New Mexico, compacts are negotiated by the governor and must be approved by the Legislature before Interior review. Fourteen tribes with 24 casinos operate under a 2015 compact that expires in 2037. Depending on the volume, the compacts call for tribes to share between 2 percent and 9.5 percent of the net win.

Notably, Pojoaque Pueblo launched a legal fight over the 2015 compacts and did not sign until 2017. Required by the U.S. Attorney to set aside an amount equal to what it would owe to the state while fighting the compacts, the pueblo reached an agreement with the state in 2019 to pay \$6.2 million of the approximately \$10 million it reserved.

Revenues

While tribal and non-tribal gaming revenue varies year to year, both have been dropping steadily. In addition, tribes are not required to share revenue from electronic Class II machines, which the industry promotes as providing the same player experience as Class III machines. Although not now in widespread use, electronic Class II machines could significantly reduce state revenues should use increase.

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 New Mexico Gaming Control Board website is www.nmgcb.org.
- The New Mexico Racing Commission website is nmrc.state.nm.us.
- The National Indian Gaming Commission website is nigc.gov.