

# Finance, Revenue and Bonding Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-6933

AN ACT CONCERNING AN EXAMINATION OF THE TAXATION OF REAL PROPERTY AND TANGIBLE PERSONAL PROPERTY LOCATED ON CERTAIN

**Title:** INDIAN LANDS.

**Vote Date:** 4/19/2023

**Vote Action:** Joint Favorable

**PH Date:** 4/14/2023

**File No.:**

***Disclaimer:** The following Joint Favorable Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

### **SPONSORS OF BILL:**

Finance, Revenue and Bonding Committee on behalf of the Mashantucket Pequot Tribal Nation.

Co-Sponsors of similar legislation, House Bill 5467:  
Representative Nolan, 39th District.  
Representative Conley, 40th District.  
Representative Bumgardner, 41st District.

### **REASONS FOR BILL:**

This bill establishes a working group to examine the taxation of real property and tangible personal property located on Indian reservation lands. Connecticut has two Federally recognized Tribal Nations - Mashantucket Pequots and Mohegans. Each has a different property tax agreement with their neighboring municipalities, and this bill aims to address tax parity within the agreements.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

[Sandra Allyn-Gauthier, First Selectwoman, Town of Preston](#) supported this bill, stating that a working group is essential to examine the taxation of real property and tangible personal property concerning certain Indian lands. All stakeholders need to participate in the process to collaborate and reach mutually agreed-upon terms to avoid unintended consequences. This will strengthen partnerships with communities and provide an optimal outcome for all stakeholders. Proposed bills such as this one, could impact our Town Grand List, and future revenue. The Mashantucket Pequot Tribe is one of our top ten taxpayers.

[Rodney Butler, Tribal Chairman, Mashantucket Pequot Tribal Nation](#) testified in support of House Bill 6933. There has been a lot of confusion around this legislation. Mr. Butler first addressed some of the misconceptions. Montville and Ledyard both tax the personal property (such as furniture, fixtures, and equipment (FF&E)) - of non-Indian restaurants and stores operating at Mohegan Sun and Foxwoods Resort Casino, respectively. According to the fiscal note on this bill from last year, Montville assesses \$700,000 annually on non-Indian lessees or vendors on the Mohegan Reservation and Ledyard assesses \$600,000 annually on the Mashantucket Pequot Reservation. This, even though no municipal services are utilized within Mashantucket to support the non-Indian property owners. Tribal police, tribal firefighters, tribal health inspectors and in our case, water, and sewer, are all provided by tribal government. Allowing Montville and Ledyard to continue taxing this property on our reservation lands, compromises our own abilities to raise the revenue necessary to support tribal government functions. Continuation of this taxation policy not only impacts the Mashantucket Pequots and Mohegans, but also the State of Connecticut which reaps the benefits of any new development through new jobs and increased gaming revenue as well as the downstream effects of both. Economic development opportunities within tribal communities are regularly threatened by and lost due to the uncertainty of neighboring governments seeking to impose taxes within tribal jurisdictions.

Much has been said about adjacent towns losing revenue. First and foremost, property taxes paid to the towns on tribally owned fee land will NOT change. In fact, Mashantucket Pequot is among the largest taxpayers in Ledyard and North Stonington, based on its land holdings outside the reservation. The two issues are separate. This legislation has no impact on the PILOT payments the towns receive for land taken into trust by the two Tribes or the money received from the Pequot-Mohegan Fund based on gaming revenues. The intent and impact of the underlying legislation is completely unrelated to the voluntary agreement that Mohegan has with the Town of Montville. Mohegan is in no way disadvantaged by passage of the core dual taxation proposal. Mohegan's concern about their voluntary agreement with the Town of Montville may have merit but, it is a separate and distinct issue and discussion from the one we are advancing on dual taxation. That said, we always support the right of an individual Tribe to renegotiate their agreements and we support Mohegan in their effort.

[James Gessner, Chairman, The Mohegan Tribe](#) supported this bill, stating that decades ago, the State of Connecticut urged the Mohegan Tribe to enter a relationship with its host community to avoid litigation, and further delay the Mohegan Tribes nearly 20-year journey to federal recognition and land settlement. Our willingness to do so helped pave the way for a framework that since benefitted Connecticut with billions of dollars of revenue and reestablished our tribal lands. We have continued this cooperative spirit in the years since, not only with the state but with our neighboring communities. It is in that context that we have made clear this session that we very much support the codification into law of the rightful sovereign status of Connecticut's Native American tribes. We have made clear that while we support the aim of this conversation, our support for any legislation or change to state policy is contingent on two critical factors. First, that Connecticut should not take any action that would provide a disparate tax situation for one tribe within Connecticut's border, over another. Second, that Connecticut should also not abruptly deprive municipalities like Montville of significant state funding which they rely on to provide services to their residents. We have made this position clear in testimony and in numerous direct meetings and conversations with elected officials, both local, regional, and state, as well as our fellow sovereign, the Mashantucket Pequot Tribal

Nation. We look forward to partnering with the working group that would be established by House Bill 6933.

[Ronald McDaniel, Mayor, Town of Montville](#) supported this bill, stating that he is supportive of an in-depth analysis to examine the short- and long-term effects of any proposed changes. Indigenous people have been denied their inherent rights to sovereignty and self-determination. Establishment of a working group to examine the taxation of reservation land held in trust for federally recognized Indian Tribes in the state, and tangible personal property located on such reservation land, would be a crucial step in the ensuring justice for indigenous people. This could also strengthen the relationships between tribal governments and the municipalities.

#### **NATURE AND SOURCES OF SUPPORT:**

[Randy Collins, Advocacy Manager, Connecticut Conference of Municipalities \(CCM\)](#) stated that they support establishing a working group to examine the issues of land held in trust for federally recognized tribal nations and taxation on tangible personal property on tribal lands. The issue of taxation has been a point of contention over the last few years and the creation of a working group consisting of all stakeholders may create an opportunity for all sides to reach a mutually agreeable solution that addresses the unique status and positions of all involved.

[Chuck Bunnell, Chief of Staff, The Mohegan Tribe](#) testified that they respect the approach to formally study this issue and identify how we can come to a fair solution for the Tribes, the surrounding communities, and the State. For a historical context, the State of Connecticut urged the Mohegan Tribe to enter a relationship with the Town of Montville to avoid litigation and as a prerequisite for the state to advocate for establishing the Mohegan reservation. That is the reason we are faced with different financial constructs, and it is central to understanding that any solution must treat both federally recognized tribes with parity. Chairman Gessner and the Mohegan Tribal Council want to make clear that they support the underlying goal of Connecticut codifying into its law the rightful sovereign status of Connecticut's Native American tribes on the issue of taxation.

The Mohegan Tribe has been committed to its neighboring communities financially, economically, and philanthropically. The Tribe aids these municipalities in various ways from providing public safety, emergency response services, to major investments in infrastructure development, and utilities. This support is provided not by contract or agreement, but out of respect for their neighbors and a responsibility to work collaboratively with them. Our testimony today is to make sure that we maintain a system that ensures fairness and equity.

#### **NATURE AND SOURCES OF OPPOSITION:**

None expressed.

**Reported by: Jean Holloway**

**Date: April 28, 2023**