

Finance, Revenue and Bonding Committee

JOINT FAVORABLE REPORT

Bill No.: House Bill 5474

AN ACT ESTABLISHING A PROPERTY TAX EXEMPTION FOR PROPERTY
Title: LOCATED ON CERTAIN INDIAN LANDS.

Vote Date: 4/6/2022

Vote Action: Joint Favorable

PH Date: 3/25/2022

File No.: 602

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SPONSORS OF BILL:

Introducers:

The Finance, Revenue and Bonding Committee

Co-Sponsors:

Rep. Edwin Vargas, 6th District

Rep. Anthony L. Nolan, 39th District

Rep. Geraldo C. Reyes, 75th District

Rep. Larry B. Butler, 72nd District

REASONS FOR BILL:

This bill would establish a property tax exemption for property on the land of a federally recognized Indian tribe that is owned or leased by a third party.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

[Rodney Butler, Chairman – Mashantucket Pequot Tribal Nation](#) supported this bill, saying it would codify state recognition of his tribe's territory and sovereign status. Chairman Butler states that as a separate sovereign nation, the Pequot Tribe provides government services on its Reservation including a police force and a public safety building that is home to their police force and fire department. The Tribe self-funds up to \$30 million annually to these services. Because of the Tribe's limited population, some of the residents do receive educational services in other jurisdictions, but Chairman Butler states that the costs of these services are largely reimbursed through federal dollars, distributions from the Pequot-Mohegan Fund and

payment in lieu of taxes (PILOT) payments from the State. The litigation between the Tribe and the Town of Ledyard in the Second Circuit Court decision was a different decision than the district court that also heard this case. Because of this, Chairman Butler thought it was appropriate for the State Legislature to take up and resolve this issue on a government-to-government basis with the Tribe. Chairman Butler also stated that this bill solely addresses the personal and real property within Indian country. It does not impact any taxes that is already currently paid to the towns for property owned outside of its territory. Chairman Butler stated that to them, this is a matter of respecting sovereignty and treating us no different than any other government would be treated.

NATURE AND SOURCES OF OPPOSITION:

[Fred B. Allyn and Ron McDaniel, Mayors, Towns of Ledyard and Montville](#) opposed this bill, predicting an annual revenue loss of \$600,000 from Ledyard and \$700,000 from Montville. The Town of Ledyard with the support of the Connecticut Attorney General's Office brought legal action against a private enterprise conducting business at Mashantucket for non-payment of taxes of business equipment and fixtures. The case took eight years to litigate, and ultimately the 2nd Circuit Court ruled the town of Ledyard had the right to impose the tax under federal law. Mayors Allyn and McDaniel stated that the impact of these gaming/entertainment facilities are both positive and negative . The facilities provided jobs during the Great Recession. Mayors Allyn and McDaniel stated that the impacts to the town's roads, bridges, police, emergency services and schools has been tremendous. Both of the municipalities have had to double the size of their police force and have experienced substantial changes to their respective school systems.

[Randy Collins, Advocacy Manager, Connecticut Conference of Municipalities](#) opposed this bill, stating it would create a new property tax under CGS 1Section 2-81 through the exemption of real and personal property held on tribal property. Mr. Collins stated that this bill would not impact real or personal property owned by either of the tribal nations, but only property currently taxable and owned or leased by a third party. The impact that this exemption would have to the towns of Montville and Ledyard would be very detrimental. These towns would see a revenue loss of more than \$700,000 and \$600,000. Mr. Collins stated that the towns of Montville and Ledyard have long carried a disproportionate burden from hosting the two largest gaming casinos in the country and have incurred expenses to maintain local infrastructure and provide adequate public safety.

[Betsy Gara, Executive Director, Connecticut Council of Small Towns \(COST\)](#) opposed this bill, stating it would effectively reverse the decision of the 2nd United States Circuit Court of Appeals, which held that the towns of Ledyard and Montville could appropriately levy taxes on personal property owned or leased by a third party. Ms. Gara stated that exempting such property from local property taxes would shift an unfair burden on residents and other businesses that are already overburdened.

[David Godbout, Connecticut Resident](#) opposed the bill on the grounds that the current session of the Connecticut General Assembly is illegal, in breach of Article 3, Section 16 of the State Constitution.

Reported by: Christina Pen

Date: 4/21/2022