

Property Tax Concerns and Tribal Trust Lands in Connecticut

November 2023

Dual Taxation Overview

- Dual Taxation is the circumstance of one government reaching into the territory of another government to impose taxes.
- Both tribes agree on the facts below:
 - Ledyard charges non-tribal businesses on Mashantucket land \$553,000 (as of 2023) in personal property taxes i.e., Hard Rock Café
 - This is equivalent to .4979% of 1 mill in Ledyard
 - Montville charges non-tribal businesses on Mohegan land \$554,000 (as of 2023) in personal property taxes i.e. Michael Jordan's Steakhouse
 - This is equivalent to .3849% of 1 mill in Montville
- Tribal government provides all associated “municipal services” to these non-Tribal businesses: police, fire, public health and safety etc.
- Out of respect for the sovereign nature of each tribe, it is requested that the state eliminate the ability of neighboring municipalities to impose personal property taxes on tribal trust lands. Neither tribe is seeking compensation from the state of Connecticut.

Tribal Governance Costs

Cost of Tribal Government Services on Reservation		
	MPTN Expenditures	Mohegan Expenditures
Tribal Government	\$56,637,000	\$96,899,000
Housing (Family)	\$853,000	
Health Services (FQHC)	\$5,761,000	
Education/After School Services	\$2,495,000	
Utilities (Water/Sewer/Electric)	\$21,492,000	\$946,000
Public Works/ Infrastructure	\$28,071,000	\$4,390,000
Public Safety (Police/Fire/Court)	\$9,876,000	\$14,322,000
Museum - Included in government operations 300,000 sq ft		
Total Cost	\$125,185,000	\$116,557,000

Tribal Economic Impacts

Businesses off Reservation	
MPTN	Mohegan
Foxwoods El San Juan (PR)	Mohegan Sun Pennsylvania
Norwich Inn and Spa - Norwich	Inspire South Korea
Command Holdings - CT	Resorts Casino Atlantic City
Norwich Inn and Spa - Providence	ilani Washington State
Lake of Isles - No. Stonington	Fallsview Canada
Two Trees Hotel - Ledyard	Casino Niagara
Preston Plains Water Co. - Preston	Mohegan Casino at Virgin Hotels Las Vegas
Pequot Health Care - CT	Upcoming Manhattan New York
Wondr Nation - CT	Pautipaug Golf Course
	Jersey Mikes (5)

Individuals Employed by Respective Tribal Nations				
	Foxwoods	MPTN (Not at Casino)	Mohegan Sun	Mohegan (Not at Casino)
Number of Employees	3,500	1,500	5,121	502

Tribal Economic Impacts Continued

Assessed Values of Properties as of 2022		
Top Ten Taxpayer	Mashantucket	Mohegan
Ledyard	\$21,058,613	Not in Top Ten
Montville	Not in Top Ten	Not in Top Ten
North Stonington	\$13,856,990	Not in Top Ten
Sprague	Not in Top Ten	\$2,084,870
Norwich	\$9,895,960	Not in Top Ten
Preston	\$1,587,200	Not in Top Ten
Stonington	\$11,707,260	Not in Top Ten
Waterford	Not in Top Ten	Not in Top Ten
East Windsor	Not in Top Ten	Not in Top Ten
Total Assessed Value of Property	\$58,106,023	\$2,084,870

Taxes Paid to Ledyard	Mashantucket
Two Trees Hotel	\$447,265
Other MPTN Properties	\$329,808
Total	\$777,073

Taxes Paid to Montville	Mohegan
Other MT Properties	Information forthcoming
Total	

Tribal Economic Impacts Continued

Do Towns receive state aid as a result of reservation activity?

Mashantucket Pequot-Mohegan Fund Annual Distribution	
Ledyard	\$1,391,000
Montville	\$1,446,162

FY 23 PILOT Payment from State		
Ledyard	\$1,000,994	97.5% of this payment is related to land in trust
Montville	\$2,133,345	63.3% of this payment is related to land in trust

Education Overview

Is there an educational cost to the Towns related to the reservation?

Education	Total Students	Total Students from the Reservation	Total Special Education Students	Total Special Education Students from the reservation	Total excess cost	Total excess cost from the reservation
Ledyard	2435	84*	260	31	20	1
		3% of total students	11% of total students	11.5% of special education students	1%	1.2%
Montville	2017	0*	397	0	23	N/A
		0%	20%	0%		N/A

*State Department of Education reports that there are 69 American Indian students in Ledyard and 12 American Indian students in Montville.

Education Overview

Is there educational revenue to the Towns related to the reservation?

Impact Aid	
Ledyard	Town receives \$5,458 per child. \$458,472 is for MPTN (which is 84 students). \$544,807 is for military students (which is 100 students). There is a small amount received from children of workers employed by the MPTN
Montville	Town does not apply but they are eligible for this funding. 33% of Mohegan workers live in Montville according to a Ct DOT report. (1,650 from Montville of 5,000 total employees.)

Is there any in-kind educational benefit from the Tribe to the Town?

2 MPTN staff visit Ledyard Schools twice per week per Memorandum of Understanding.

Education Overview – Ledyard

Estimated State Entitlement/Calculated Grants:

- Total: \$11,624,199
- Agricultural Science Program – FY 2023 Payments \$1,051,239
- Excess Cost – Special Ed FY 2023 Payments \$943,236

Estimated Federal Funds/Calculated Grants:

Grant	Fiscal Year	Budget Reference	Most Recent Approved Allocation	Payments	Most recent reported expenditures	Grant Balance
Title IV Part A	2023	2023	\$17,356	0	0	\$17,356
ARP ESSER Funds	2021	2021	\$1,855,487	\$1,400,000	\$1,400,000	\$455,487
Title I Part A	2024	2024	\$247,682	\$0	\$0	\$247,682
Title II Part A	2024	2024	\$41,784	\$0	\$0	\$41,784
IDEA 611	2024	2024	\$568,301	\$0	\$0	\$568,301
IDEA 619	2024	2024	\$21,014	\$0	\$0	\$21,014

Education Overview - Montville

Estimated State Entitlement/Calculated Grants:

- Est. FY 24 Education Cost Sharing Grant: \$12,802,864
- Excess Cost – Special Ed FY 2023 Revenue \$592,444

Estimated Federal Funds/Calculated Grants:

Grant	Fiscal Year	Budget Reference	Most Recent Approved Allocation	Payments	Most recent reported expenditures	Grant Balance
Title I Part A	2023	2023	\$314,885	\$258,055.08	\$257,408.73	\$56,829.92
Title II Part A	2023	2023	\$53,016	\$39,681	\$39,843.14	\$13,335
Title III EL	2023	2023	\$14,795	\$12,022	\$9,816.86	\$2,772.95
IDEA 611	2023	2023	\$640,787	\$328,813.02	\$322,473.18	\$311,973.98
IDEA 619	2023	2023	\$15,384	\$8,840.15	\$8,832.48	\$6,543.85
Title IV Part A	2023	2023	\$22,395	\$16,897.50	\$16,897.50	\$5,497.50
ARPA ESSER	2021	2021	\$2,469,755	\$395,158.74	\$394,703	\$2,074,596.26
IDEA 611	2024	2024	\$640,787	\$0	\$0	\$640,787
IDEA 619	2024	2024	\$15,384	\$0	\$0	\$15,384

Public Safety / Infrastructure Overview

Mutual Aid				
	Mashantucket		Mohegan	
	Each Month	Yearly	Each Month	Yearly
	Mutual Aid going to other towns			
Fire Aid	3.77	45.2	3.33	40
EMS Aid	Contracted with American Ambulance		16.08 *	193
Paramedic Intercept	Contracted with American Ambulance		130.2 *	1563
Mutual Aid from other Towns				
Fire Aid	0.15	1.8	0.5	6
EMS Aid				
Paramedic Intercept				

* Insurance pays a portion of the cost of EMS and Paramedic Services

Other - Mashantucket Related Expenditures to Support Infrastructure in Ledyard

Item	Detail	Cost
Dam/Culvert	Lantern Hill North 2013	\$615,000
Bridge	Shewville Road Bridge 2015	\$362,000
Paving	Coachman Pike 2015	\$192,000
Paving	Jessica Lane 2023	\$50,000
	TOTAL	\$1,219,000

Public Safety Overview Continued

Are the municipal police forces comparable in size and cases to other similarly sized municipalities?

Town	Population	# of Sworn Officers	Traffic Stops (3yr average)	Traffic Stops 2022	DUIs (3yr average)	DUIs 2022
Montville	18,387	31 (Established in 2023)	2300	2486**	89	55
East Lyme	18,788	31	1,212	1,637	40.3	50
Stonington	18,480	42	700	1,063	57.66	75
Wilton	18,457	43	3,461	4,068	33.66	32
Madison	17,565	33	1,085.33	1,200	19.66	21
Suffield	15,731	21	700.33	958	19	20
Ledyard*	15,413	23 (Established in 2017)	2,607.66	2986**	38.66	47
Plainfield	15,143	20	1,357.33	1,658	47.66	44
Cromwell	14,317	27	1,114.66	1,038	46.66	53
Mashantucket	457	39 + 6 pt	23.5	17	2	2
Mohegan	54	40	9.6	26	0	0

* Relative to pistol permits there were 7 applications and 6 permits that were approved in the past 6 years

** Traffic stop numbers have been turned over for review and mapping to determine if they are related to the Reservation or business of the casino.

Taxation Overview

If there was a 3% increase in taxes each year by the Town what would the increased cost be on the non-tribal vendors?

	Current Rates		Y1		Y2		Y3		Y4		Y5
Ledyard	\$553,315	\$16,599	\$569,915	\$17,097	\$587,012	\$17,610	\$604,622	\$18,139	\$622,761	\$18,683	\$641,444
Montville	\$554,835	\$16,645	\$571,480	\$17,144	\$588,624	\$17,659	\$606,283	\$18,188	\$624,471	\$18,734	\$643,205
			Y6		Y7		Y8		Y9		Y10
Ledyard	\$641,444	\$19,243	\$660,687	\$19,821	\$680,508	\$20,415	\$700,923	\$21,028	\$721,951	\$21,659	\$743,609
Montville	\$643,205	\$19,296	\$662,502	\$19,875	\$682,377	\$20,471	\$702,848	\$21,085	\$723,933	\$21,718	\$745,651

Current Mill Rates

Ledyard	34.56	1 mill raises \$1,111,309
Montville	27.77	1 mill raises \$1,441,536

Separate Matter for Consideration: **Mohegan Tribe Settlement Agreements**

- **Mohegan Settlement Agreements are separate and distinct from dual taxation issues associated with non-tribal businesses operating on trust land as referenced in the previous slides. Both tribes benefit equally from passage of the core dual taxation proposal related to non-Tribal businesses.**
- Any changes made to the Mohegan Settlement Agreements **may be subject to (federal) Department of Interior approval**. That is **NOT the case** for any proposals related to the core issue of dual taxation of non-Tribal businesses. The state has full purview over the proposed exemption for non-Tribally owned businesses operating on trust land as referenced in the previous slides.
- **Mohegan & Montville Settlement Agreement– Signed June 16, 1994**
 - Requires a \$500,000 payment yearly to the Montville capital account.
 - Requires a one-time payment of \$3 million to develop a water distribution system for Montville which will include Mohegan’s needs.
 - Requires use of the Preston Incinerator to dispose of waste and allows Montville to add the refuse to its tonnage.
 - Requires an upgrade and then use of Montville's wastewater collection and treatment system.
 - Requires Mohegan to pay for the services of Rome, Frankel, and Kennelly to work towards attaining at least 1% of the gaming funds and a \$3 million payment for Montville.
 - For any land acquired in trust beyond initial 700 acres, requires Mohegan Tribe to pay PILOT for 1) real property taxes that would be due on such land if it were not tax exempt; and 2) all tribally-owned motor vehicles and personal property located on such land (with some limited exceptions for some computers/data processing/telecommunications equipment).
- **Mohegan & State Settlement Agreement – Signed April 4, 1994**
 - Set up Mohegan’s obligation to pay PILOT on trust land holdings that exceed 700 acres in an amount that would be paid if the property were not tax exempt.
- **Bureau of Indian Affairs Approved December 5, 1994**
- **These issues of Tribal Property are specific to only Mohegan and should be addressed.**

Conclusions

Passage of an exemption for non-Tribal businesses operating on trust land is warranted for the following reasons:

1. Each federally recognized Tribe is a sovereign government that supports all the “municipal” needs of the non-Tribal businesses operating on their trust lands. These businesses receive no services from the Towns of Ledyard and Montville.
2. Allowing Ledyard and Montville to continue taxing non-tribal businesses undermines the ability of each tribe to support its own infrastructure and governmental needs.
3. Both Tribes are economic engines in the state and CT should support their endeavors and respect their sovereign rights.
4. Passage of an exemption treats each tribe equally.

Consequences of passage of the exemption legislation.

1. Passage of an exemption for non-tribal businesses would result in an approximate annual revenue reduction of \$500,000 to \$700,000 for both Ledyard and Montville.
2. To hold Ledyard and Montville harmless the state should commit an annual Mashantucket Pequot-Mohegan Fund increase of the 2023 revenues received by each town for this taxation. This would not increase with the advent of any new economic development on the reservation.

Subsequent Action Warranted

1. Montville should immediately STOP taxing motor vehicles on Mohegan tribal lands. There is not any substantiation warranting such taxation.

Mohegan Settlement Agreements

1. Connecticut should remove section 1F regarding PILOT payments from the Mohegan/State Settlement Agreement.
2. Mohegan and Montville should commence discussions immediately to bring agreement to a standard recognizing the tribe’s sovereignty.