

Referred to Committee on APPROPRIATIONS

Introduced by:

**AN ACT ESTABLISHING A PROPERTY TAX EXEMPTION FOR
PROPERTY LOCATED ON CERTAIN INDIAN LANDS AND
AUTHORIZING CREDITS FOR PAYMENTS MADE TO LEDYARD
AND MONTVILLE FOR EXEMPT PROPERTY**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-81 of the 2023 edition of the general statutes is amended by adding subdivision (83) as follows (*Effective [insert date] and applicable to assessment years commencing on or after [insert date]*):

(NEW) (83) (a) Real property and personal property located on any land held in trust by the United States for a federally recognized Indian tribe.

(b) Notwithstanding the other provisions of this section, any tribe entitled to the exemption under 12-81(1) and (83)(a) for real property or personal property located on land held in trust by the United States for a federally recognized Indian tribe shall receive a credit equal to the amount paid with respect to such real property or tangible personal property if such payment was made by a lessee, sublessee, or by the tribe pursuant to a lease or contract with the tribe or instrumentality of the tribe or pursuant to an agreement between the tribe and a local government. Such credit shall be applied to any contribution or other payments due from the tribe to the State pursuant to a memorandum of understanding. A tribe may claim such credit within 30 days of payment to a local government or as soon thereafter as the tribe deems appropriate.

Statement of Purpose:

State and local governments generally may not tax real or personal property owned by tribes on trust lands. The State and the Town of Montville have settlement agreements with the Mohegan Tribe that are unfair and inequitable because they effectively impose such taxes on certain tribal trust lands and tribal personal property on trust lands, with the risk of dual taxation for non-tribal businesses looking to do business on tribal lands. With regard to state or local government taxation of non-Indian personal property on tribal trust lands, courts apply an interest-balancing test that can lead to inconsistent results and dual taxation on tribal trust lands. This legislation addresses the uncertainty of whether the State and Town settlement agreements provide for the taxation of non-Indian personal property on Mohegan trust lands.

The Bill respects tribal sovereignty by exempting certain property located on tribal trust lands from personal property taxes and providing a credit against other financial obligations of tribes to the state for any real or personal property payments made to a local government. If a Tribe, a tribal entity, lessee, or sublessee makes payments of, or in lieu of, such taxes on tribal trust lands, the Bill allows for the Tribe to claim a credit against any payment made to the State pursuant to a Memorandum of Understanding in an amount equal to such amounts paid to a local government.

Nothing herein impacts the State's distribution of the Mashantucket Pequot and Mohegan Fund, any distribution formula of the Fund, or diminishes other grants to Ledyard and Montville as casino host communities.