



# Senate

General Assembly

**File No. 202**

January Session, 2025

Senate Bill No. 1188

*Senate, March 25, 2025*

The Committee on Planning and Development reported through SEN. RAHMAN of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT ESTABLISHING A PROPERTY TAX EXEMPTION FOR PROPERTY LOCATED ON CERTAIN INDIAN LANDS.**

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

1 Section 1. Section 12-81 of the general statutes is amended by adding  
2 subdivision (84) as follows (*Effective October 1, 2025, and applicable to*  
3 *assessment years commencing on or after October 1, 2025*):

4 (NEW) (84) Real property and tangible personal property located on  
5 reservation land held in trust for a federally recognized Indian tribe.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2025, and applicable to assessment years commencing on or after October 1, 2025</i>	12-81(84)
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**PD** Joint Favorable

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## **OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 26 \$</b>	<b>FY 27 \$</b>
East Windsor; North Stonington; Norwich; Preston; Sprague; Stonington; Waterford	Potential Grand List Reduction	None	See Below
Ledyard; Montville	Grand List Reduction	None	See Below

## **Explanation**

The bill exempts certain real and personal property located on reservation land. This will result in a grand list reduction for Ledyard and Montville beginning in FY 27.<sup>1,2</sup> This may also result in a potential grand list reduction to other towns to the extent additional property is taken into trust.

## **The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the value of qualifying property.

<sup>1</sup> In past years, Ledyard and Montville have collected approximately \$600,000 each in personal property taxes from property that would be exempt under this bill.

<sup>2</sup> A grand list reduction results in a revenue loss given a constant mill rate. However, it is likely a town will adjust its mill rate to offset any potential revenue loss.

**OLR Bill Analysis****SB 1188*****AN ACT ESTABLISHING A PROPERTY TAX EXEMPTION FOR PROPERTY LOCATED ON CERTAIN INDIAN LANDS.*****SUMMARY**

This bill establishes a property tax exemption for real property and personal property located on reservation land that is held in trust for a federally recognized Indian tribe. The exemption applies regardless of ownership (i.e. it applies to Indian and non-Indian owned property).

With exceptions, federal law precludes taxing federally recognized tribes for real or personal property they own, and in some cases lease, on their reservations (see BACKGROUND). Additionally, existing state law specifically exempts from property tax (1) reservation land held in trust by the state and (2) motor vehicles garaged on a reservation that tribal members or their spouses own (CGS § 12-81(2) & (71)).

EFFECTIVE DATE: October 1, 2025, and applicable to assessment years starting on or after that date.

**BACKGROUND*****Related Case Law***

The U.S. Supreme Court has ruled that under the U.S. Constitution states may not tax federally recognized Indian reservations and the Indians on them without clear congressional authorization to do so (*Oklahoma Tax Commission v. Chickasaw Nation*, 515 U.S. 450 (1995)). Local governments, as political subdivisions of the states, are generally subject to the same limitation.

Federal law does not necessarily preempt taxing non-Indian businesses or non-Indian property on reservations. In *Mashantucket Pequot Tribe v. Town of Ledyard*, 722 F.3d 457 (2d Cir. 2013), the Second

Circuit Court of Appeals held that the town could levy personal property taxes on slot machines owned by a non-Indian lessor and leased to the tribe for its exclusive use for on-reservation gaming. In doing so, it overturned a decision by the district court that found the property tax to be preempted by federal law.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea    20    Nay   0    (03/07/2025)