

Planning and Development Committee JOINT FAVORABLE REPORT

Bill No.: SB-1188

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

Vote Date: 3/7/2025

Vote Action: Joint Favorable

PH Date: 2/3/2025

File No.: 202

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SPONSORS OF BILL:

Planning and Development Committee.

REASONS FOR BILL:

This bill seeks to establish a property tax exemption for real property and tangible personal property located on certain Indian lands.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

Chuck Bunnell, Chief of Staff – Mohegan Tribe

Bunnell expresses strong support for codifying the rightful sovereign status of Connecticut's Native American tribes to act as the taxing authority on their own lands. However, he highlights that the bill does not treat both federally recognized tribes equally. The Mohegan Tribe is uniquely bound by agreements with the State of Connecticut and the Town of Montville, requiring them to continue paying effective property taxes on any trust lands over 700 acres. This includes a Payment in Lieu of Taxes equal to the highest property tax previously paid by the former land occupant, United Nuclear Corporation. Bunnell emphasizes that while the bill's intent is important, it does not recognize the constraints the Mohegan Tribe still faces. Despite this, the Mohegan Tribe remains committed to supporting neighboring communities through services like emergency response and infrastructure, done not by contract but out of responsibility and respect.

Rodney Butler, Chairman – Mashantucket Pequot Tribal Nation

Butler supports the bill, stating that it addresses the longstanding injustice of municipalities taxing personal property located on sovereign tribal land, despite those towns not providing services there. He explains that the Mashantucket Pequot Tribal Nation provides all its own public services (police, fire, water, energy, etc.) and that dual taxation hinders their economic development efforts. He draws parallels to unfair scenarios like East Hartford taxing businesses in Hartford. Butler notes that other states such as Mississippi, North Carolina, and Nevada have already passed laws limiting such taxation. He argues this bill offers a narrow, fair solution to dual taxation that will benefit both tribes and the state. The tribe remains a significant taxpayer outside reservation lands and supports additional state funding to assist affected towns. In 2024 alone, Mashantucket contributed over \$141 million in gaming revenue to the state. He concludes that S.B. 1188 respects tribal sovereignty and helps remove barriers to tribal economic growth.

NATURE AND SOURCES OF OPPOSITION:**Paul DiGianvittorio**

DiGianvittorio supports S.B. 1188 and its goal of establishing a property tax exemption for property located on certain Indian lands.

Fred Allyn III, Mayor – Town of Ledyard

Mayor Allyn opposes the bill, stating that Ledyard and Montville, the two towns most affected, were not consulted. He estimates a loss of over \$500,000 in tax revenue from non-Indian businesses operating at the casinos. He warns this will strain already distressed towns and increase residential tax burdens, especially since Ledyard is 90% residential. He clarifies the tax applies only to furniture, fixtures, and equipment (FF&E) of non-tribal entities, not tribal buildings, or land.

Ulla Barclay, Town Councilor – Killingly

Barclay opposes the bill, citing concerns from constituents about increasing density and state overreach into local zoning. She believes this bill is part of a broader ideological effort (like Desegregate CT) to undermine local control and force housing changes that don't align with each municipality's unique character.

Randy Collins, Associate Director of Policy – Connecticut Conference of Municipalities (CCM)

Collins opposes the bill, stating it would result in significant revenue losses—over \$700,000 for Montville and \$600,000 for Ledyard. He highlights past court rulings upholding the towns' rights to tax personal property owned by third parties on tribal lands. He stresses that these towns already bear the costs of supporting two of the largest casinos in the country and that removing this tax would place even more financial burden on them.

Betsy Gara, Executive Director – Connecticut Council of Small Towns (COST)

Gara opposes the bill, arguing that it would overturn a U.S. Second Circuit Court of Appeals decision that upheld Ledyard and Montville's right to tax non-tribal property on tribal land. She says this would shift the tax burden to already overstretched residents and businesses and ignore the towns' rising service costs due to the presence of tribal casinos.

John Henkel

Henkel opposes S.B. 1188 and the creation of a property tax exemption for property located on certain Indian lands.

Reported by: Shai Richards

Date: 3/21/2025