



Mohegan
Tribe

Working Group to Examine the Taxation of Federally Recognized Tribal Nations

MOHEGAN TRIBE'S PRESENTATION TO
THE WORKING GROUP

The Mohegan Tribe and Dual Taxation

- The Mohegan Tribe fully supports the elimination of dual taxation on tribal lands so long as it is done so while maintaining parity for both federally recognized Tribes and without harm to the Tribes' neighboring towns and residents.
- The Mohegan Tribe remains committed to working together toward this goal while recognizing that it is impossible to separate the compulsory "agreement" on payments to Montville, (required of the Mohegans by the State of CT to settle our land claims), from the fair and equitable elimination of dual taxation.
- We appreciate the State's willingness to correct this unfair practice equitably, while ensuring that the same mistakes of the past in treating the Tribal nations disparately are not repeated.

What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

- The Workgroup's first meeting included a brief summary of case law concerning taxation in Indian Country.
- As Undersecretary Dayton, Office of Policy and Management, explained at our first meeting, unless Congress has said otherwise, trust land is immune from real property taxation. **This is true for the Mashantucket Pequot Tribe (MPT). Mohegan's trust land (over 700 acres) is subject to real property taxation.**
- Undersecretary Dayton explained that a Tribe's tangible property is exempt from taxation, unless Congress has said otherwise. **This is true for MPT. Mohegan's tangible property (over 700 acres) is mostly subject to taxation.**
- Regarding taxation of non-Indian personal property, Undersecretary Dayton summarized the balancing of interests test that has resulted in unpredictable decisions.



What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

Mohegan provides the following on-reservation services:

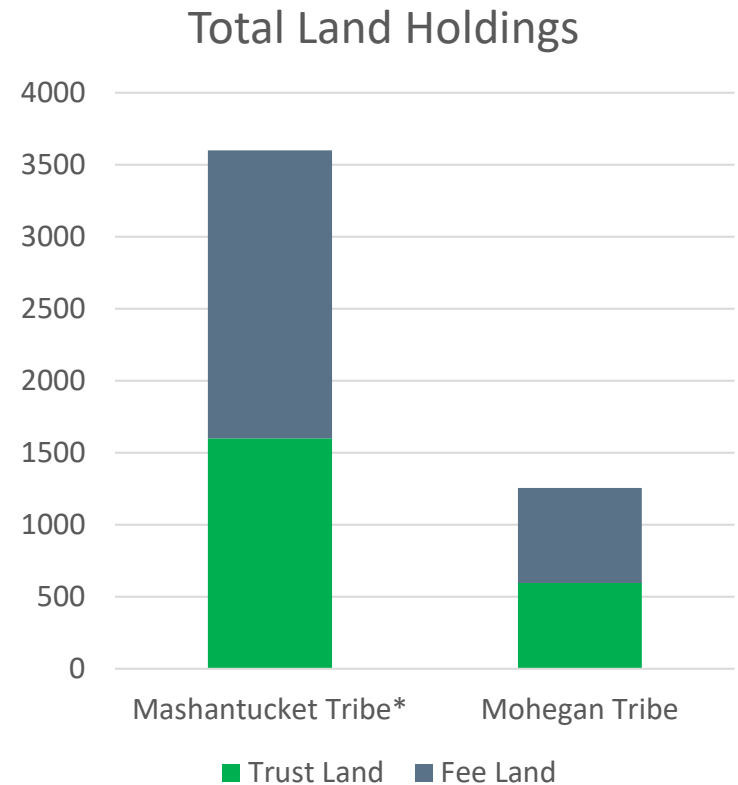
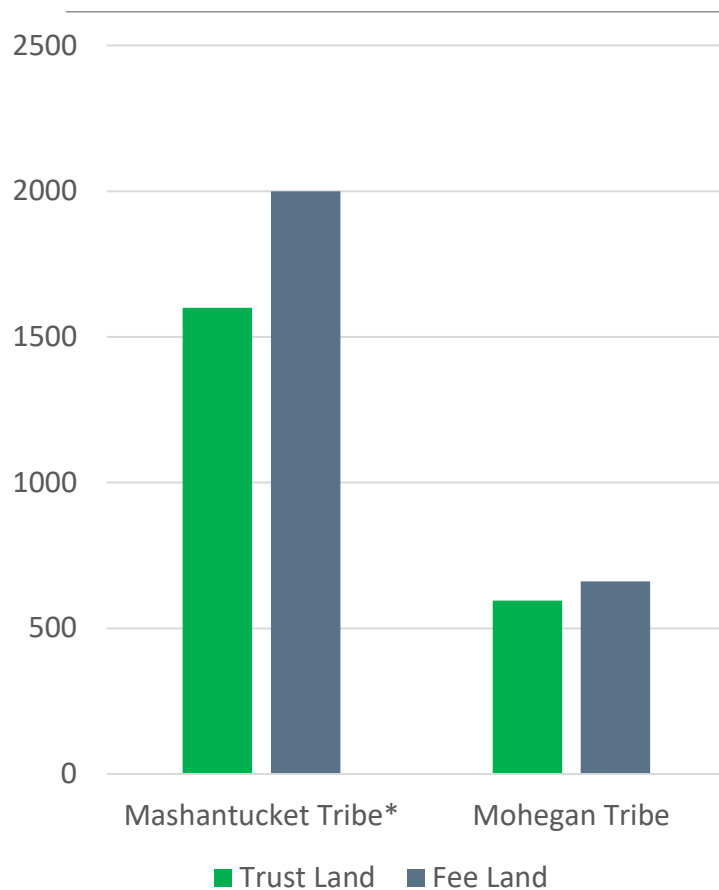
- Police, Fire, and Ambulance
- Regulation of health and safety, including workplace safety
- Social services
- Building permits and certificates of occupancy
- Public works, including all road maintenance and snow removal
- Natural Resources protection
- Housing
- Utilities
- Tribal court system

Mohegan provides the following services to the surrounding community:

- Police, Fire, and Ambulance
- Paramedic

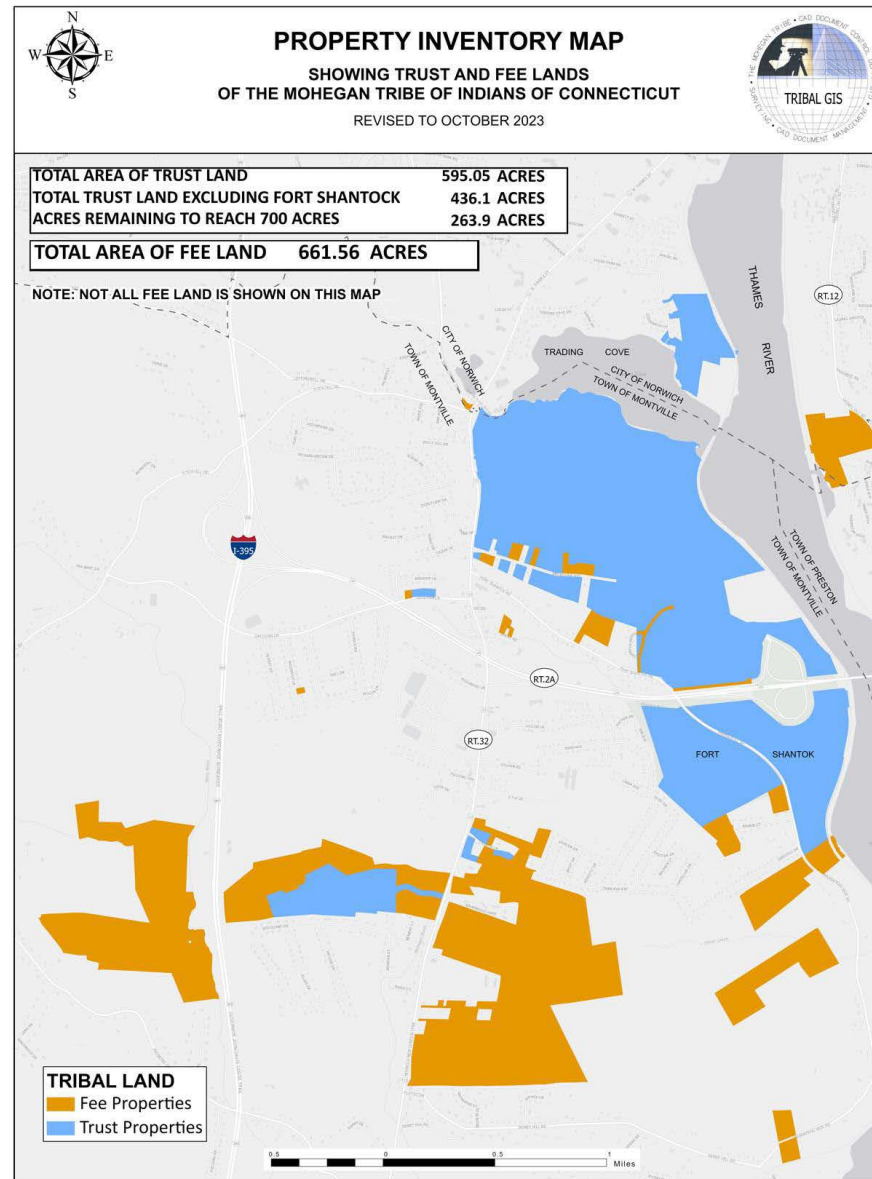


What is dual taxation and how is it considered dual taxation on each Tribe's trust property?



* Estimate based on news reports

What is dual taxation and how is it considered dual taxation on each Tribe's trust property?



What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

Status Quo

	Mashantucket Pequot Tribe		Mohegan Tribe to 700 Acres		Mohegan after 700 acres	
	MPT	TOWN	MT	TOWN	MT	TOWN
Real Estate Tax on Tribal Trust lands	Can Tax	Cannot Tax	Can Tax	\$500k annually	Can Tax	Can Tax
Tribal Personal Property Tax on Trust Lands	Can Tax	Cannot Tax	Can Tax	Cannot Tax	Can Tax	Can Tax
Non-Indian Personal Property Tax on Trust Lands	Can Tax	Can Tax	Can Tax	Can Tax	Can Tax	Can Tax

DUAL TAXATION

What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

Result if Legislation Does Not Address Montville Agreement

	Mashantucket		Mohegan over 700 acres	
	MPT	TOWN	MT	TOWN
Real Estate Tax on Tribal Trust lands	Can Tax	Cannot Tax	Can Tax	Can Tax
Tribal Personal Property Tax on Trust Lands	Can Tax	Cannot Tax	Can Tax	Can Tax
Non-Indian Personal Property Tax on Trust Lands	Can Tax	Cannot Tax	Can Tax	?

Dual Taxation



What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

Status Quo – Who pays taxes to local governments

	Mashantucket Currently	Mohegan Currently	Mohegan after 700 acres
Real Estate Tax on Tribal Trust lands	Does Not Pay	\$500k annually to town for capital improvements	\$500k annually Tribe pays 100% on every acre over 700 acres
Tribal Personal Property Tax on Trust Lands	Does Not Pay	Does Not Pay	Tribe pays effectively 100%
Non-Indian Personal Property Tax on Trust Lands	Vendors Pay	Vendors Pay	Vendors Pay

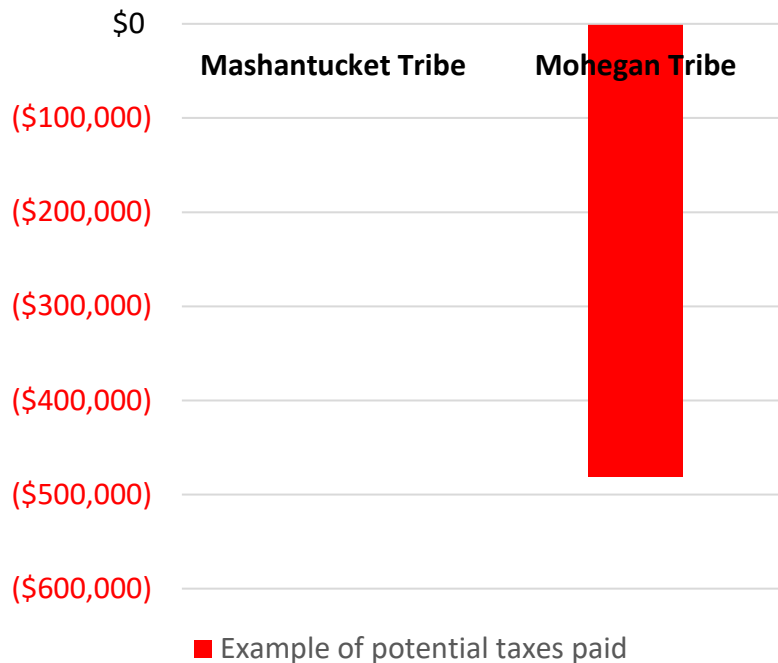
What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

Who pays taxes to local governments if Legislation Does Not Address Montville Agreement

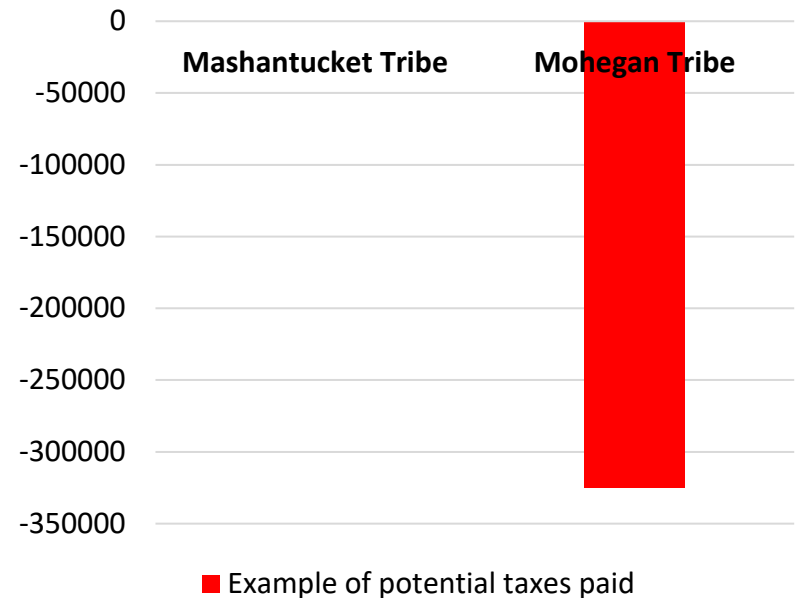
	Mashantucket	Mohegan
Real Estate Tax on Tribal Trust lands	Does Not Pay	\$500k annually 100% on anything over 700 acres
Tribal Personal Property Tax on Trust Lands	Does Not Pay	Effectively 100% on any personal property located on lands over 700 acres
Non-Indian Personal Property Tax on Trust Lands	Does Not Pay	Litigation

What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

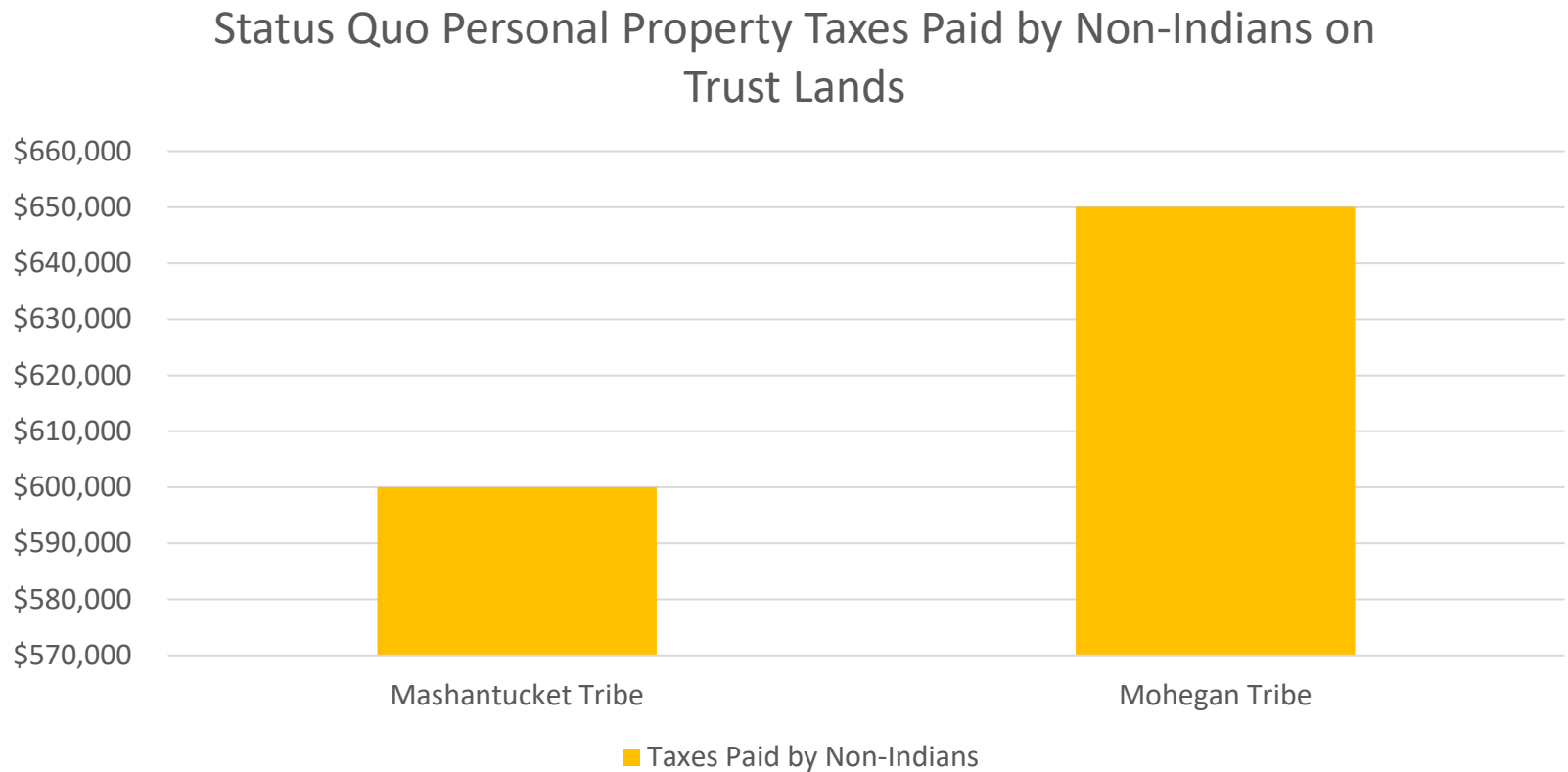
Status Quo Real Estate Taxes Paid by Tribes on Trust Lands Over 700 or Under Legislation that does not address Montville Agreement



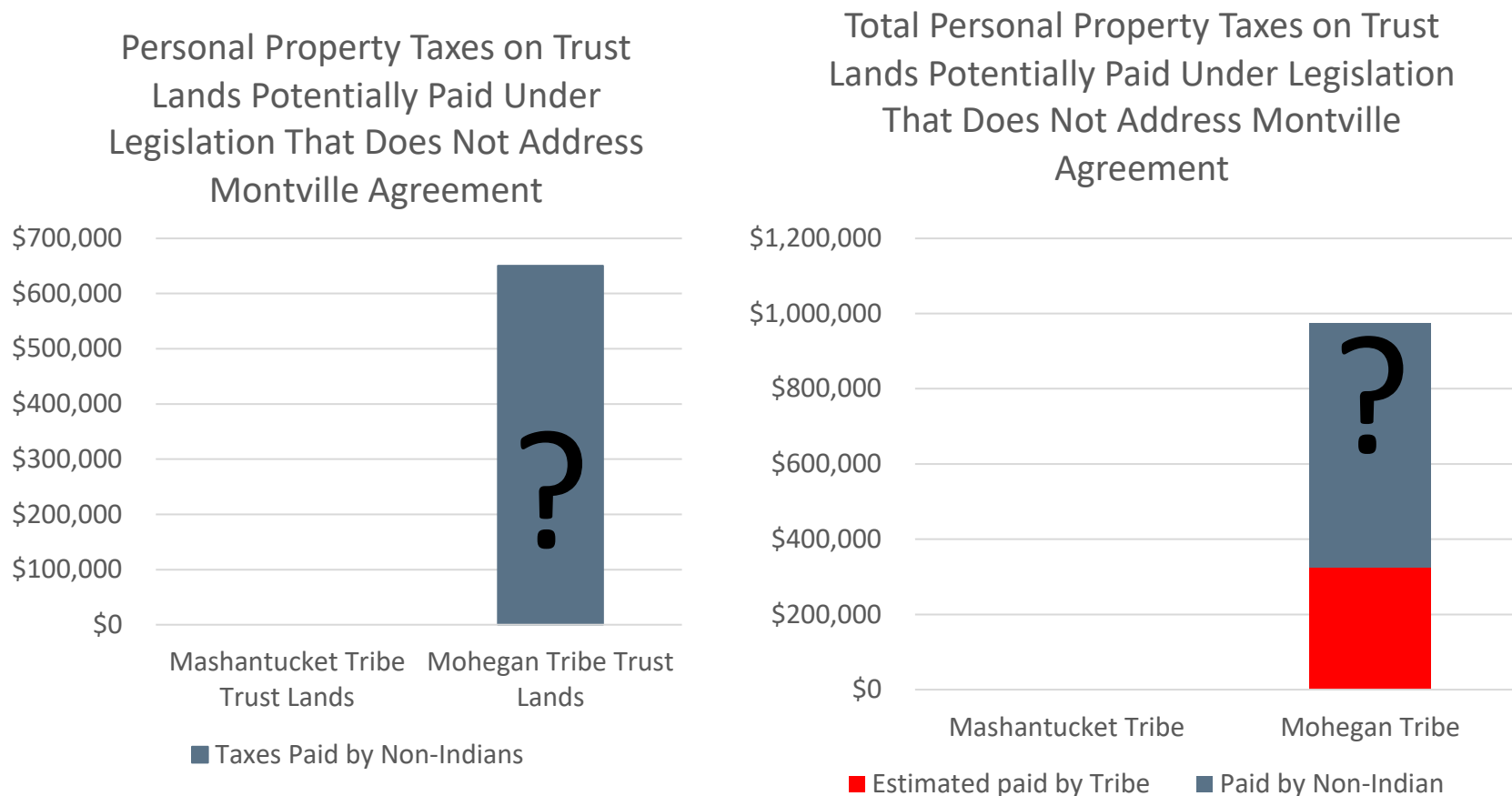
Status Quo Personal Property Taxes Paid by Tribes on Trust Lands Over 700 Acres or Under Legislation that does not Address Montville Agreement



What is dual taxation and how is it considered dual taxation on each Tribe's trust property?

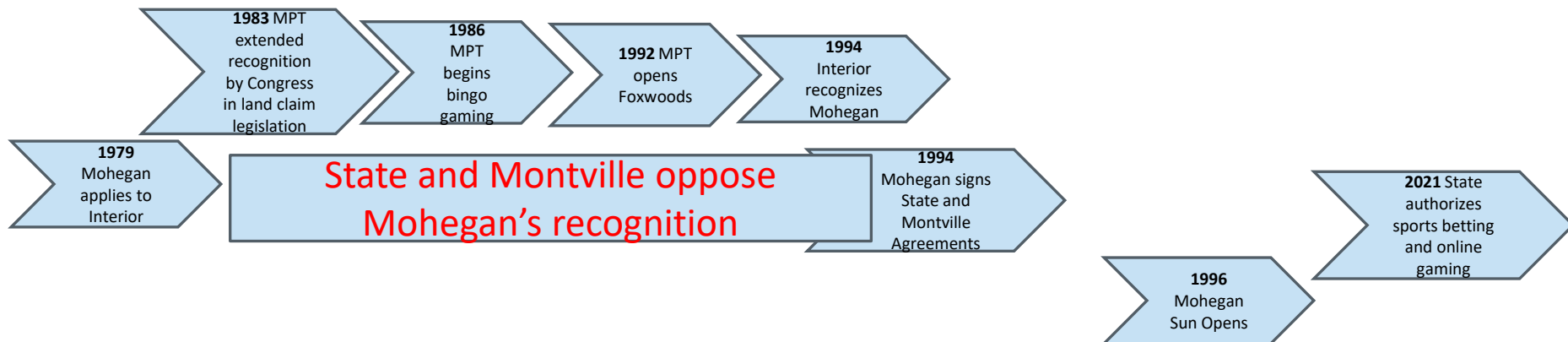


What is dual taxation and how is it considered dual taxation on each Tribe's trust property?



What agreements do the Tribes have with the Towns and what is the impact of those agreements?

- Mashantucket Pequot Tribe shared that they do not have agreements with any Town, including Ledyard.
- Mohegan was effectively obligated to enter into agreements with both the State and Montville. State leveraged litigation threat to extract unconscionable concessions.
- Difference due to change in the political environment in CT from early 80s to mid-1990s and how the Tribes were recognized.



What a
the Town

Blumenthal

Mohegan lawyer,
chief differ on
land claim tactics

By VIRGINIA GROARK
Day Staff Writer

Montville — Attorney General Richard Blumenthal, setting the stage for possible land claim negotiations, said Wednesday he is inclined not to appeal the Mohegan Indians' federal recognition.

Sue Whipple, a Mashantucket Pequot, stands in front of the lights outside her home.

particular option. The \$30,000. If it is nized into a exempt the to paid \$ sesse.

Place Your Bets: A New Casino

Mohegan Sun Will End Foxwoods' Local Monopoly



Among the slot machine devotees at Mohegan Sun on Wednesday night was Anna Capuano, 78, of Stratford, Conn.

By JONATHAN RABINOVITZ

UNCAVILLE, Conn., Oct. 16 — Michael Giguere sipped a Coke and looked ill. It was late Wednesday afternoon, and in a few minutes, 20,000 people would be streaming through the doors of Mohegan Sun, a giant new casino that is opening to the public on Saturday.

Mr. Giguere, a 20-year-old Montville resident who until that moment had worked only as a roofer, was about to sweat through his first full shift as a blackjack dealer, a test for him and 5,500 other employees of the new casino. After 16 weeks of training, he was panicking about whether he would spin out the cards smoothly, collect and pay out his bets properly, and avoid spilling the chips.

"I'm too nervous to talk," Mr. Giguere said. "Please leave me alone."

Only a year or so ago, the dealers, waitresses and cashiers had been welders, machinists, nurses and engineers, working for companies that were laying people off or closing whole divisions. For them, and this region, the opening of the casino offers a ray of hope, and yet one more sign of how southeastern Connecticut has moved away from the blue-collar manufacturing that was once its hallmark to a very different industry.

With the opening of Mohegan Sun, a casino the size of three and a half football fields in a factory complex that used to make nuclear reactor components, this part of the state now has two of the three largest casinos in the nation.

Only 18 miles away from the new casino, owned by the 1,160-member Mohegan tribe, is Foxwoods Resort Casino on the Mashantucket Pequot reservation in Ledyard, the world's most profitable casino with more visitors last year, at least 20 million, than the combined populations of New York City, Los Angeles and Chicago.

Mohegan Sun will end the monopoly over the New England gambling market that Foxwoods has enjoyed for several years and may cut into its revenues, estimated to exceed \$1 billion this year. But

Continued on Page B6

Comparing Connecticut's Casinos

The opening of the Mohegan Sun casino on Saturday will end Foxwoods Resort Casino's monopoly of the New England gambling market. Here's a glance at the two competitors.

Mohegan Sun

OWNERS

Mohegan Indians, a tribe of 1,100. Close allies of the British in 17th-century war against the Mashantucket Pequot tribe. Lost their reservation in 19th century; regained it last year.

PARTNERS

A principal partner is Sol Kerzner, South African gaming mogul with casinos around world.

GAMING SPACE

About 170,000 square feet, third largest in the nation, with 2,500 slot machines, 180 table games and a 1,500-seat bingo hall.

RELATIONS WITH NEIGHBORING TOWN

Montville Mayor wishes them the best of luck.

EMPLOYEES

About 5,500

Foxwoods Resort

OWNERS

Mashantucket Pequot, a tribe of 380. Dominated Connecticut in early 17th century until British and Indian allies almost killed off all the Pequot. Have had reservation for more than 150 years.

PARTNERS

None.

GAMING SPACE

About 250,000 square feet, the nation's largest, with 4,428 slot machines, 308 table games, a 3,000-seat bingo hall, Keno and an off-track betting center.

RELATIONS WITH NEIGHBORING TOWN

Mayors of Ledyard and other towns are suing the tribe for its efforts to annex land.

EMPLOYEES

About 10,200

APRIL 1, 1993

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ations

Local appeal

Indian Non-Intercourse Act of 1790. At the request of West Hartford attorney Jerome M. Griner, who is representing the tribe, the Mohegans' land claim was stayed until a decision was made about the tribe's petition for federal recognition.

Now that the tribe has been recognized, Griner said he will soon contact U.S. District Court Judge Peter C. Dorsey, who is hearing the case.

Griner said the state's objection until now was that the tribe
See APPEAL page A16

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What agreements do the Tribes have with the Towns and what is the impact of those agreements?

May 1994 State/Mohegan Agreement

The Tribe shall make payments in lieu of taxes on real property it acquires in an amount equal to the tax that would be paid on such property were the same not exempt from taxation, unless agreement is reached with a municipality for a lesser amount. The Tribe shall have the same right of



What agreements do the Tribes have with the Towns and what is the impact of those agreements?

May 1994 State/Mohegan Agreement

3. Cooperation of Parties. The parties agree to cooperate

-9-

fully in requesting and supporting passage by the United States Congress of the statute described in paragraph 4 and in implementing the executive action described in that paragraph.

The parties also agree that further proceedings in the Tribe's pending land claim against the State shall be stayed while such legislation is pending; provided, however, that this stay shall terminate on December 31, 1994, unless extended by agreement of the parties, or earlier if the Court, upon motion by either party, determines that favorable action by Congress within a reasonable time does not seem likely.

June 1994 Montville/Mohegan Agreement

4. Commitments of Both Parties. Both parties agree to

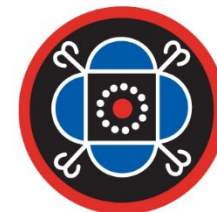
cooperate fully in requesting and supporting enactment of federal and State of Connecticut legislation and/or execution of other legally binding actions to implement the terms of this Agreement. The parties specifically agree to seek federal legislation implementing provisions of this Agreement as set forth in Exhibit A to this Agreement.

What agreements do the Tribes have with the Towns and what is the impact of those agreements?

June 1994 Montville/Mohegan Agreement

2. Commitments of the Mohegan Tribe. The Mohegan Tribe agrees:

a. To make payments of \$500,000 from the Tribe's gaming revenues to the Town's Capital Budget on each annual anniversary date of the commencement date of slot machine (i.e., video facsimile) gaming activities on Land Claim Reservation Lands, if such gaming activities are conducted on



Mohegan
Tribe

What agreements do the Tribes have with the Towns and what is the impact of those agreements?

June 1994 Montville/Mohegan Agreement

i. To make to the Town annual payments in lieu of taxes, on all land outside the Land Claim Reservation Lands held in trust by the United States on behalf of the Mohegan Tribe as follows:

The Tribe shall make payments in lieu of taxes on real property it acquires in an amount equal to the tax that would be paid on such property were the same not exempt from taxation under federal or state law, unless agreement is reached with the Town for a lesser amount.



What agreements do the Tribes have with the Towns and what is the impact of those agreements?

June 1994 Montville/Mohegan Agreement

j. Except for personal property located on Land Claim Reservation Lands and motor vehicles garaged thereon, the Tribe agrees to make to the Town annual payments in lieu of taxes on all tribally owned motor vehicles and personal property located on land held in trust by the United States on behalf of the Mohegan Tribe with the exclusion of:

The Tribe shall make such payments in lieu of taxes in an amount equal to the tax that would have been paid on such personal property were the same not relieved from taxation pursuant to applicable exemptions accorded to the Mohegan Tribe under federal law. Such assessments and payments shall

What are the settled expectations of the Towns?



What is the impact on both Tribes for personal property if level of exemption is \$1.3M

- If the language that failed to pass in the prior session is adopted, the State will:
 - eliminate dual taxation for the Mashantucket Pequot Tribe
 - continue dual taxation for the Mohegan Tribe and
 - ignite litigation between Montville and Mohegan which will poison the relationship
- Language that failed to pass in prior session will exacerbate Connecticut's unequal treatment of the Tribes, returning to the misguided policy of the mid-1990s.



What is the impact on both Tribes under current proposal?

Mohegan Proposal for Equity and Fairness

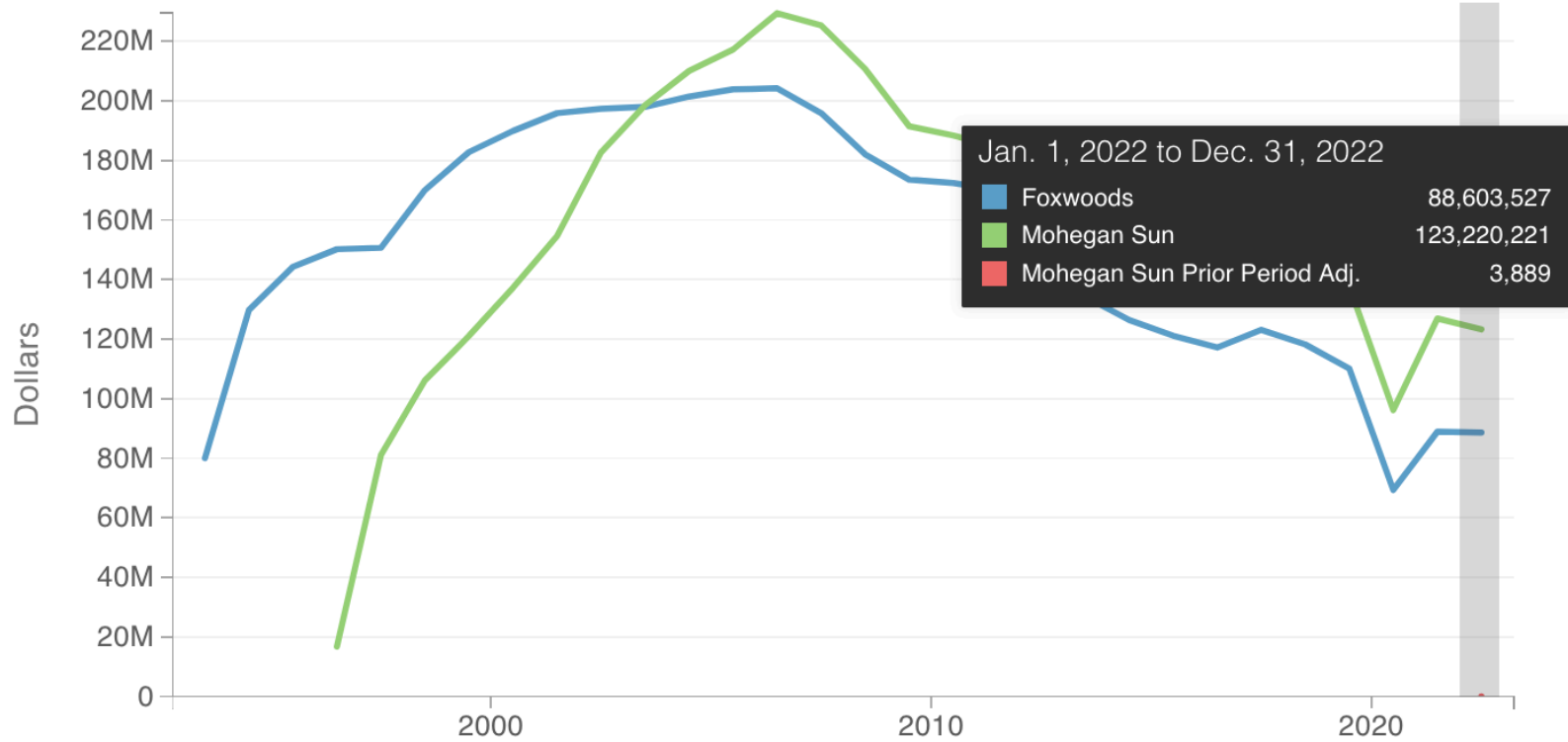
1. End taxation of non-Indian personal property on trust land.
2. Provide Tribes dollar-for-dollar credit to Mashantucket Pequot and Mohegan Fund for payment of real estate and personal property taxes paid by Tribes or non-Indians on trust lands to local governments.
3. Impact on State of Tribal dollar-for-dollar credit to Mashantucket Pequot Mohegan Fund is de minimus given that funds are being paid to Towns.



What is the impact on both Tribes under current proposal?

Total Slot Machine Contributions to State by Each Casino Over Time

See current year's data at: <https://portal.ct.gov/DCP/Gaming-Division/Gaming/Gaming-Revenue-and-Statistics>



What is the impact on both Tribes under legislation that does not address Montville Agreement?

Who pays taxes to local governments if Legislation Does Not Address Montville Agreement

	Mashantucket	Mohegan
Real Estate Tax on Tribal Trust lands	Does Not Pay	\$500k annually 100% on anything over 700 acres
Tribal Personal Property Tax on Trust Lands	Does Not Pay	Effectively 100% on any personal property located on lands over 700 acres
Non-Indian Personal Property Tax on Trust Lands	Does Not Pay	Litigation

This appears to be a National issue. Why should the State take unilateral action?

- State set floor for taxation of tribal trust lands over 700 acres and opened door to tribal personal property thereon.
- Opportunity for the State to provide equity to both Tribes given that Tribes provide multitude of services on trust lands.
- Opportunity to ensure Tribes and Towns, as host communities, are on equal footing.
- Federal action in the near term is unlikely.
- Connecticut recently has led on National issues such as on-line gaming, sports betting, and the Indian Child Welfare Act.
- State should continue modern approach of equity and fairness.



What have other States done to address the issue?

- Maine – addressing restrictive settlement act.
- Michigan – agreements with tribes rather than litigation.
- California – changed tribal gaming compacts to promote equity and fairness from earlier, misguided compacts.
- Montana – prohibits taxation of tribal fee land if trust application is pending.





Q&A