



MANDAN, HIDATSA & ARIKARA NATION
Three Affiliated Tribes * Fort Berthold Indian Reservation
404 Frontage Road New Town, ND 58763
Tribal Business Council

Office of the Chairman
Mark N. Fox

SENATE BILL 2377
SENATE FINANCE AND TAXATION COMMITTEE
JANUARY 31, 2022

TESTIMONY OF MARK N. FOX, CHAIRMAN
MANDAN, HIDATSA AND ARIKARA NATION

Mr. Chairman and members of the Committee, my name is Mark Fox, I am the Chairman of the Mandan, Hidatsa and Arikara (MHA) Nation. The MHA Nation supports Senate Bill 2377, a bill that allows for a fair collection of a single alcoholic beverages wholesale tax and alcoholic beverages gross receipts tax under state-tribal agreements.

By federal statute, the sale and consumption of alcohol by any person is prohibited in Indian Country unless it is authorized by both state and tribal law. The tribal liquor law must be approved by the Secretary of Interior. Because federal law requires that the sale of alcohol conform to both state and tribal law, dual state and tribal taxation of alcohol is an ongoing issue. For over 70+ years of alcohol being sold on the Reservation the MHA Nation has not received one dime in alcohol taxes collected by the state, due in large part to the dual taxation issue. I believe both the MHA nation and the state of North Dakota are aligned on the proposition that dual state and tribal taxation is a significant burden on tribal economic development.

We have worked together these past years to eliminate dual taxation as it relates to taxes on oil and gas and motor fuel, and it is time to do the same with respect to alcohol taxes. This bill will eliminate dual taxation and provide for A single uniform tax on the reservation.

During past Legislative and interim Committee Sessions beginning in 2017, we worked together to come up with an agreement to share alcohol taxes. Unfortunately, legislation adopted in 2019 did not solve the problem because the tax sharing methodology was unworkable, it did not account for the tribes right to share taxes from all sales generated on the reservation. As a result, not a single tax agreement was signed under the 2019 legislation.

SB 2377 is intended to fix this problem.

SB 2377 allows for 80% of the revenue collected from alcohol sales on the reservation to be distributed to the tribes and the remainder to the state. The 80/20 split recognizes that reservation alcohol sales place a disproportionate burden on tribal government and that the majority of services provided around the sale and consumption of alcohol on the reservation are provided by the tribal government.

The tribal share collected under SB 2377 will help relieve the tremendous amount of money that we spend to provide treatment and alcohol related services for our members addicted to alcohol. At any given time, we have approximately 180 members in treatment for all services that we provide for an average of 90 days, with approximately 50 inquiries for treatment each week. The cost is exponential. For example, in 2020, we were billed \$9.3 million from facilities providing treatment for alcohol dependency of our tribal members.

The sale and consumption of alcohol on the reservation also places a disproportionate burden on our judicial system. For example, 90% of all criminal cases in our Fort Berthold District Court are alcohol or drug related. Our tribal police respond to countless calls that result from the sale and consumption of alcohol on the reservation. Domestic violence involving our members and nonmembers remains an ongoing problem, as does human trafficking, alcohol related injuries and deaths from vehicle accidents, and overdoses. The notion that persons who benefit from the sale of alcohol must pay their fair share of taxes to the tribal government shouldering the burdens created by these alcohol sales should be self-evident.

SB 2377 provides a fair mechanism to share taxes generated from the sale and consumption of alcohol on the reservation. Mr. Chairman, we urge a do pass of SB 2377. Thank you.