

SENATE BILL NO. 2377

Introduced by

Senators Patten, Kannianen

Representative Headland

1 A BILL for an Act to amend and reenact sections 57-39.10-01, 57-39.10-02, 57-39.10-03, and
2 57-39.10-05 of the North Dakota Century Code, relating to state-tribal agreements for the
3 administration and collection of alcoholic beverages wholesale tax and alcoholic beverages
4 gross receipts tax within the exterior boundaries of a reservation in this state and within the
5 Trenton Service Area; and to provide for application.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Section 57-39.10-01 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-39.10-01. Authority to enter state-tribal alcoholic beverages wholesale tax,**
10 **tobacco products wholesale tax, and alcoholic beverages gross receipts tax agreements.**

11 1. The governor, in consultation with the tax commissioner, may enter separate
12 agreements on behalf of the state with the governing body of the Three Affiliated
13 Tribes of the Fort Berthold Reservation, Sisseton-Wahpeton Oyate of the Lake
14 Traverse Reservation, Standing Rock Sioux Tribe, Spirit Lake Tribe, and Turtle
15 Mountain Band of Chippewa Indians. Each agreement must comply with this chapter
16 relating to the collection, administration, enforcement, and allocation of the state
17 alcoholic beverages wholesale taxes under chapters 5-01, 5-02, and 5-03 for sales of
18 alcoholic beverages, including beer, wine, sparkling wine, and distilled spirits, for
19 delivery to licensed retailers or sale directly to consumers located within the exterior
20 boundaries of the Fort Berthold Reservation, that portion of the Lake Traverse
21 Reservation located in this state, the Spirit Lake Reservation, that portion of the
22 Standing Rock Reservation located in this state, or the Turtle Mountain Reservation,
23 including areas within the Trenton Service Area. The tax commissioner shall conduct a

1 review of any proposed agreement under this chapter to determine if its provisions can
2 be administered and enforced.

3 2. The governor, in consultation with the tax commissioner, may enter separate
4 agreements on behalf of the state with the governing body of the Three Affiliated
5 Tribes of the Fort Berthold Reservation, Sisseton-Wahpeton Oyate of the Lake
6 Traverse Reservation, Standing Rock Sioux Tribe, Spirit Lake Tribe, and Turtle
7 Mountain Band of Chippewa Indians. Each agreement must comply with this chapter
8 relating to the collection, administration, enforcement, and allocation of the state
9 tobacco products wholesale taxes under chapter 57-36 for tobacco products sold by
10 licensed wholesalers for delivery to licensed retailers or sold by licensed retailers
11 directly to consumers within the exterior boundaries of the Fort Berthold Reservation,
12 that portion of the Lake Traverse Reservation located in this state, the Spirit Lake
13 Reservation, that portion of the Standing Rock Reservation located in this state, or the
14 Turtle Mountain Reservation, including areas within the Trenton Service Area. The tax
15 commissioner shall conduct a review of any proposed agreement under this chapter to
16 determine if its provisions can be administered and enforced.

17 3. The governor, in consultation with the tax commissioner, may enter separate
18 agreements on behalf of the state with the governing body of the Three Affiliated
19 Tribes of the Fort Berthold Reservation, Sisseton-Wahpeton Oyate of the Lake
20 Traverse Reservation, Standing Rock Sioux Tribe, Spirit Lake Tribe, and Turtle
21 Mountain Band of Chippewa Indians. Each agreement must comply with this chapter
22 relating to the collection, administration, enforcement, and allocation of the state
23 alcoholic beverages gross receipts tax under chapter 57-39.6, imposed and collected
24 within the exterior boundaries of the Fort Berthold Reservation, that portion of the Lake
25 Traverse Reservation located in this state, the Spirit Lake Reservation, that portion of
26 the Standing Rock Reservation located in this state, or the Turtle Mountain
27 Reservation, including areas within the Trenton Service Area. The tax commissioner
28 shall conduct a review of any proposed agreement under this chapter to determine if
29 its provisions can be administered and enforced.

30 4. ~~An agreement under this chapter must include the alcoholic beverages wholesale tax,~~
31 ~~tobacco products wholesale tax, and the alcoholic beverages gross receipts tax.~~

1 **SECTION 2. AMENDMENT.** Section 57-39.10-02 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **57-39.10-02. Requirements for all state-tribal tax agreements.**

4 Any agreement entered under this chapter must comply with this section.

5 1. The agreement must include:

6 a. A statement that the parties to the agreement are not forfeiting any legal rights to
7 apply each party's respective taxes by entering an agreement, except as
8 specifically set forth in the agreement;

9 b. A statement recognizing the sovereign rights of the state and the tribe or tribes;
10 and

11 c. A statement that:

12 (1) The rights of each party must be determined by the terms of the agreement
13 with respect to the taxes subject to the agreement;

14 (2) Neither party may seek additional entitlement or seek to deny entitlement on
15 any federal ground, including federal pre-emption, whether statutorily
16 provided for or otherwise with respect to the taxes that are the subject of an
17 agreement;

18 (3) Both parties shall defend the agreement from attack by third parties;

19 (4) A taxpayer may not be required to pay both the state tax and the tribal tax
20 but shall pay only one tax to one government in an amount established by
21 the agreement; and

22 (5) The state and tribal government shall cooperate to collect only one tax and
23 share or refund the revenue as specified in the agreement.

24 2. Any tribally owned entity or other entity owned in whole or part by a tribal member,
25 whether chartered under state law or tribal law, and operating within the exterior
26 boundaries of ~~a reservation~~the Fort Berthold Reservation, that portion of the Lake
27 Traverse Reservation located in this state, the Spirit Lake Reservation, that portion of
28 the Standing Rock Reservation located in this state, or the Turtle Mountain
29 Reservation, including areas within the Trenton Service Area, is subject to the state's
30 tax or taxes and regulatory requirements of the tax subject to an agreement.

- 1 3. The tax commissioner retains authority to collect, administer, and enforce the taxes
2 subject to an agreement under this chapter, including the authority to audit, assess,
3 refund, credit, or determine the exempt or nonexempt status of any transaction, for
4 taxes collected within the exterior boundaries of ~~a reservation in this state~~the Fort
5 Berthold Reservation, that portion of the Lake Traverse Reservation located in this
6 state, the Spirit Lake Reservation, that portion of the Standing Rock Reservation
7 located in this state, or the Turtle Mountain Reservation, including areas within the
8 Trenton Service Area, in the manner provided by the applicable state laws.
- 9 4. ~~Any~~The federal district court for the western division of North Dakota is the venue for
10 any controversy or claim between the tribe or tribes and the state, arising out of or
11 relating to an agreement under this chapter, ~~is subject to binding arbitration in~~
12 ~~accordance with the processes and procedures provided in the agreement between~~
13 ~~the tribe or tribes and the state. Any issues concerning the jurisdiction of the state to~~
14 ~~impose a tax are expressly excluded from the scope of the arbitration.~~
- 15 5. An agreement under this chapter must give the tax commissioner, after consulting with
16 the governor, and a tribe or tribes the authority to terminate an agreement with or
17 without cause.
- 18 6. An agreement may begin no sooner than the first day of a calendar quarter which is at
19 least ninety days after the agreement is signed by both parties. The tribe or tribes and
20 the state must provide the initial population required by ~~sections 57-39.10-03~~
21 and section 57-39.10-04 no fewer than sixty days before the effective date of the
22 agreement.

23 **SECTION 3. AMENDMENT.** Section 57-39.10-03 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **57-39.10-03. Alcoholic beverages wholesale tax agreement requirements.**

26 The governor may enter an alcoholic beverages wholesale tax agreement with a tribe or
27 tribes if the agreement complies with section 57-39.10-02 and this section.

- 28 1. The taxes subject to an agreement under this section are the state's alcoholic
29 beverages wholesale taxes under chapters 5-01, 5-02, and 5-03, as may be amended
30 subsequently by the legislative assembly, for alcoholic beverages sold by licensed
31 wholesalers, domestic wineries, domestic distilleries, microbrew pubs, brewer taproom

1 licensees, and direct shippers, for delivery to licensed retailers or sale directly to
2 consumers located within the exterior boundaries of the Fort Berthold Reservation,
3 that portion of the Lake Traverse Reservation located in this state, the Spirit Lake
4 Reservation, that portion of the Standing Rock Reservation located in this state, or the
5 Turtle Mountain Reservation, including areas within the Trenton Service Area.

6 2. A tribe or tribes shall impose taxes equal to the state's alcoholic beverages wholesale
7 taxes on all sales of alcoholic beverages sold by licensed wholesalers, domestic
8 wineries, domestic distilleries, microbrew pubs, brewer taproom licensees, and direct
9 shippers, for delivery to all persons within the exterior boundaries of the ~~reservation in-~~
10 ~~this state~~ Fort Berthold Reservation, that portion of the Lake Traverse Reservation
11 located in this state, the Spirit Lake Reservation, that portion of the Standing Rock
12 Reservation located in this state, or the Turtle Mountain Reservation, including areas
13 within the Trenton Service Area.

14 3. Chapters 5-01, 5-02, and 5-03, and title 81 of the North Dakota Administrative Code, -
15 not in conflict with federal law or the agreement, govern the collection and
16 administration of the taxes subject to an agreement under this section.

17 4. ~~The amount of tax revenue allocated to the tribe~~ collected from taxable transactions
18 and activities within the exterior boundaries of the Fort Berthold Reservation, that
19 portion of the Lake Traverse Reservation located in this state, the Spirit Lake
20 Reservation, that portion of the Standing Rock Reservation located in this state, or the
21 Turtle Mountain Reservation, including areas within the Trenton Service Area,
22 pursuant to an agreement under this section must be equal to an amount determined
23 by multiplying the enrolled membership of the tribe by the state alcohol revenue per
24 capita. ~~The state alcohol revenue per capita is the quarterly collections of the state's~~
25 ~~alcoholic beverages wholesale taxes designated for deposit in the state general fund~~
26 ~~divided by the state's total population as determined in the most recent actual or~~
27 ~~estimated census data published by the United States census bureau~~ allocated eighty
28 percent to the tribe and twenty percent to the state.

29 5. ~~Except as provided in subsection 6 of section 57-39.10-02, the enrolled membership~~
30 ~~of the tribe must be certified to the state by September thirtieth of each year during the~~
31 ~~term of the agreement. The enrolled membership of the tribe must consist of the~~

1 number of enrolled members of the tribe physically residing within the exterior
2 boundaries of the portion of the tribe's reservation located in this state. The enrolled
3 membership of the tribe must be based on the tribe's enrollment office records, the
4 bureau of Indian affairs enrollment records, or other records maintained by the tribe.
5 The previous year's certified enrollment number must be used if the tribe does not
6 issue a certification by September thirtieth, unless the tribe demonstrates the certified
7 enrollment number has increased or decreased. The manner in which the state and
8 tribe resolve issues arising under this subsection must be specified in the agreement.

9 **SECTION 4. AMENDMENT.** Section 57-39.10-05 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-39.10-05. Alcoholic beverages gross receipts tax agreement requirements.**

12 The governor may enter an alcoholic beverages gross receipts tax agreement with a tribe or
13 tribes if the agreement complies with the requirements of section 57-39.10-02 and this section.

- 14 1. The taxes subject to an agreement under this chapter are the state's alcoholic
15 beverages gross receipts tax under chapter 57-39.6, as may be amended
16 subsequently by the legislative assembly, for taxable transactions and activities
17 occurring exclusively within the exterior boundaries of the Fort Berthold Reservation,
18 that portion of the Lake Traverse Reservation located in this state, the Spirit Lake
19 Reservation, that portion of the Standing Rock Reservation located in this state, or the
20 Turtle Mountain Reservation, including areas within the Trenton Service Area.
- 21 2. A tribe or tribes shall impose a tax equal to the state's alcoholic beverages gross
22 receipts tax on all sales at retail of alcoholic beverages within the exterior boundaries
23 of the reservation in this state Fort Berthold Reservation, that portion of the Lake
24 Traverse Reservation located in this state, the Spirit Lake Reservation, that portion of
25 the Standing Rock Reservation located in this state, or the Turtle Mountain
26 Reservation, including areas within the Trenton Service Area.
- 27 3. Chapters 57-39.2 and 57-39.6, and title 81 of the North Dakota Administrative Code,
28 not in conflict with federal law or the agreement, govern the administration of the taxes
29 subject to an agreement under this section.
- 30 4. The governor and the tribe or tribes must agree the tribe or tribes may not impose any
31 direct or indirect tribal tax or fee on retailers, transactions, or activities subject to the

1 tax agreement. This subsection does not apply to tribal business and alcohol license
2 fees or tribal employment rights office fees.

3 5. ~~The amount of tax revenue allocated to the tribe~~collected from taxable transactions
4 and activities within the exterior boundaries of the Fort Berthold Reservation, that
5 portion of the Lake Traverse Reservation located in this state, the Spirit Lake
6 Reservation, that portion of the Standing Rock Reservation located in this state, or the
7 Turtle Mountain Reservation, including areas within the Trenton Service Area,
8 pursuant to an agreement under this section must be equal to ~~an amount determined~~
9 ~~by multiplying the enrolled membership of the tribe by the state alcoholic beverages~~
10 ~~gross receipts tax revenue per capita. The state alcoholic beverages gross receipts~~
11 ~~tax revenue per capita is the quarterly collections of the state's alcoholic beverages~~
12 ~~gross receipts tax designated for deposit in the state general fund divided by the~~
13 ~~state's total population as determined in the most recent actual or estimated census~~
14 ~~data published by the United States census bureau~~allocated eighty percent to the tribe
15 and twenty percent to the state.

16 6. ~~Except as provided in subsection 6 of section 57-39.10-02, the enrolled membership~~
17 ~~of the tribe must be certified to the state by September thirtieth of each year during the~~
18 ~~term of the agreement. The enrolled membership of the tribe must consist of the~~
19 ~~number of enrolled members of the tribe physically residing within the exterior~~
20 ~~boundaries of the portion of the tribe's reservation located in this state. The enrolled~~
21 ~~membership of the tribe must be based on the tribe's enrollment office records, the~~
22 ~~bureau of Indian affairs enrollment records, or other records maintained by the tribe.~~
23 ~~The previous year's certified enrollment number must be used if the tribe does not~~
24 ~~issue a certification by September thirtieth, unless the tribe demonstrates the certified~~
25 ~~enrollment number has increased or decreased. The manner in which the state and~~
26 ~~tribe resolve issues arising under this subsection must be specified in the agreement.~~

27 7. a. Notwithstanding any other provision of state law, the agreement must contain
28 provisions in which:

29 (1) Except as otherwise provided by law, the tax commissioner shall maintain
30 the confidentiality of tax information relating to and gathered under the
31 terms of an agreement as provided in section 57-39.2-23;

1 (2) The tribe or tribes may receive a list of retailers located within the exterior
2 boundaries of the reservation Fort Berthold Reservation, that portion of the
3 Lake Traverse Reservation located in this state, the Spirit Lake Reservation,
4 that portion of the Standing Rock Reservation located in this state, or the
5 Turtle Mountain Reservation, including areas within the Trenton Service
6 Area, and the amount of tax collected from each retailer during a reporting
7 period; and

8 (3) The tribe or tribes agree to protect the confidentiality of tax information
9 received from the tax commissioner.

10 b. The agreement must specify the processes or procedures necessary to
11 safeguard the confidential nature of the tax information.

12 8-7. Alcoholic beverages gross receipts taxes imposed under chapters 11-09.1 and
13 40-05.1 are not subject to ~~allocation~~ under an agreement entered under this chapter.

14 **SECTION 5. APPLICATION.** This Act applies to agreements entered on or after the
15 effective date of this Act.