

**2023 SENATE FINANCE AND TAXATION**

**SB 2377**

# 2023 SENATE STANDING COMMITTEE MINUTES

**Finance and Taxation Committee**  
Fort Totten Room, State Capitol

SB 2377  
1/31/2023

Relating to state-tribal agreements for the administration and collection of alcoholic beverages wholesale tax and alcoholic beverages gross receipts tax within the exterior boundaries of a reservation in this state; and to provide for application.
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**9:00 AM Chairman Kannianen** opens hearing.

Senator present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

**Discussion Topics:**

- Fiscal note
- Current agreement
- Exterior boundaries
- Wholesale tax
- Tax split
- Bill resolution

**9:01 AM Senator Patten** introduced bill.

**9:03 AM Brian Kroshus – ND Tax Commissioner**, verbally in favor.

**9:13 AM Mark Fox – Chairman of the Mandan, Hidatsa and Arikara (MHA) Nation**, in favor. #18147

**9:40 AM John Ward – Attorney for ND Wine and Wholesalers**, verbally in favor.

**9:49 AM Nathan Davis**, verbally neutral.

**9:51 AM Chairman Kannianen** adjourns hearing.

*Nathan Liesen, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

SB 2377  
2/1/2023

relating to state-tribal agreements for the administration and collection of alcoholic beverages wholesale tax and alcoholic beverages gross receipts tax within the exterior boundaries of a reservation in this state; and to provide for application.

**3:01 PM Chairman Kannianen** opens meeting.

Senators present: **Kannianen, Weber, Patten, Piepkorn, Rummel, Magrum**

### Discussion Topics:

- 80-20 agreement

**3:01 PM Senator Patten** introduced Dee Walt.

**3:02 PM Dee Walt – Tax Commissioners Office**, provided information.

**3:12 PM Senator Patten** motioned to adopt Amendment LC 23.1111.01001 #19758.

**3:13 PM Senator Piepkorn** seconded.

Senators	Vote
Senator Jordan Kannianen	y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

**3:13 PM Senator Patten** motions a Do Pass as amended.

**3:13 PM Senator Piepkorn** seconded.

<b>Senators</b>	<b>Vote</b>
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

**3:15 PM Senator Patten** will carry.

**3:17 PM Chairman Kannianen** adjourns hearing.

*Nathan Liesen, Committee Clerk*

February 1, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2377

- Page 1, line 4, remove "and within the"
- Page 1, line 5, remove "Trenton Service Area"
- Page 1, line 22, remove the second the comma
- Page 1, line 23, remove "including areas within the Trenton Service Area"
- Page 2, line 14, remove ", including areas within the Trenton Service Area"
- Page 2, line 27, remove ", including areas within the Trenton Service Area"
- Page 3, line 29, remove ", including areas within the Trenton Service Area"
- Page 3, line 29, overstrike the comma
- Page 4, line 7, remove ", including areas within the"
- Page 4, line 8, remove "Trenton Service Area."
- Page 5, line 5, remove ", including areas within the Trenton Service Area"
- Page 5, line 12, remove ", including areas"
- Page 5, line 13, remove "within the Trenton Service Area"
- Page 5, line 14, overstrike "Chapters" and insert immediately thereafter "A tribe or tribes shall adopt ordinances in conformity with chapters"
- Page 5, line 14, remove the underscored comma
- Page 5, line 15, remove "not in conflict with federal law or the agreement."
- Page 5, line 15, overstrike "govern" and insert immediately thereafter "governing"
- Page 5, line 16, after "administration" insert "by the tax commissioner"
- Page 5, line 21, remove ", including areas within the Trenton Service Area"
- Page 6, line 20, remove ", including areas within the Trenton Service Area"
- Page 6, line 26, remove ", including areas within the Trenton Service Area"
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- Page 6, line 28, after "administration" insert "and collection"
- Page 6, line 28, after "taxes" insert "by the tax commissioner"

BR  
182  
2-1-2023

Page 7, line 7, remove ", including areas within the Trenton Service Area"

Page 8, line 5, remove ", including areas within the Trenton Service"

Page 8, line 6, remove "Area."

Renumber accordingly

*DR*  
*Zfz*  
*2-1-2023*

**REPORT OF STANDING COMMITTEE**

**SB 2377: Finance and Taxation Committee (Sen. Kannianen, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2377 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

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Renumber accordingly



**2023 HOUSE FINANCE AND TAXATION**

**SB 2377**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

SB 2377  
3/7/2023

A bill relating to state-tribal agreements for the administration and collection of alcoholic beverages wholesale tax and alcoholic beverages gross receipts tax within the exterior boundaries of a reservation in this state.

**Vice Chairman Hagert** opened the hearing at 11:37 AM.

**Members present:** Chairman Headland, Vice Chairman Hagert, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Toman, Representative Finley-DeVile, and Representative Ista. **Members absent:** Representatives D. Anderson and Steiner.

### Discussion Topics:

- Alcohol tax
- Dual taxation
- Single uniform tax on the reservation
- Tribal-state shared tax agreement

**Mark Fox, Chairman of the MHA Nation**, testified in support (#22476).

**Senator Patten** verbally introduced the bill in support.

**John Ward, North Dakota Wine Liquor Association**, verbally testified in support.

**Brian Kroshus, State Tax Commissioner**, verbally explained the details of the bill.

**Chairman Headland** closed the hearing at 11:50 AM.

**Representative Fisher** moved a **Do Pass**.

**Representative Olson** seconded the motion.

### Roll call vote:

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	AB
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVile	Y
Representative Jay Fisher	Y

Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	AB
Representative Nathan Toman	Y

**Motion carried 12-0-2**

**Representative Finley-DeVile is the bill carrier.**

**Chairman Headland** adjourned at 11:53 AM.

*Mary Brucker, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2377, as engrossed: Finance and Taxation Committee (Rep. Headland, Chairman)**  
recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).  
Engrossed SB 2377 was placed on the Fourteenth order on the calendar.

**TESTIMONY**

**SB 2377**



## **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.



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Title.02000

Adopted by the Senate Finance and Taxation  
Committee

February 1, 2023

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Tribal Business Council

Office of the Chairman  
Mark N. Fox

**SENATE BILL 2377**  
**HOUSE FINANCE AND TAXATION COMMITTEE**  
**MARCH 7, 2023**

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

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